

June 8, 2023

Attn: AICPA Professional Ethics Executive Committee
Ethics-Exposedraft@aicpa.org.

Re: Exposure Draft – Proposed new and revised interpretations related to fees

Dear AICPA PEEC:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below to the requests for comment in the above-referenced exposure draft.

a. Do you agree with the use of covered member in the proposed new interpretations? If you disagree, please explain why.

Response: The PSC agrees with the use of covered member in the proposed new interpretations.

b. Do you agree with the engagement scope in the proposed new interpretations, especially where the proposed scope goes beyond IESBA's? If you disagree, please explain why.

Response: The PSC agrees overall with the engagement scope in the proposed new interpretations, subject to the following concern:

- The PSC believes that although a specified quantitative amount for determining fee dependency is not appropriate (e.g., the 30% threshold from the IESBA standard), a discussion of quantitative benchmarks may be helpful to firms, similar to extant professional guidance relating to materiality considerations in an audit of financial statements, such as included in SEC SAB 99.

c. Is it clear that threats related to fee dependency should be considered each year, not just at year five?

Response: Please see our response to question d. below.



d. Do you believe the considerations in paragraphs 12–14, 22, and 23 of the explanation should be included either in the proposed interpretations or as nonauthoritative guidance? If so, please explain why.

Response: The PSC believes the considerations in paragraphs 12-14, 22 and 23 are helpful and should be included in the proposed interpretations. However, we have the following comments and suggestions:

- The exposure draft is not sufficiently clear on the distinction between recommended safeguards in years prior to year 5, during year 5, and subsequent to year 5 (question c. above). Additional clarification would be helpful.
- The distinction between the discussions of firm fee dependency (self-interest threat) and non-audit services (undue influence threat) is not sufficiently clear. We recommend revisions to include, for example, section headings to provide additional clarity.

e. Do you agree that total fees from an attest client should include fees received from entities described under items (a) and (b) of the definition of affiliate? If you disagree, please explain why.

Response: The PSC agrees that total fees from an attest client should include fees received from entities described under items (a) and (b) of the definition of an affiliate.

f. Do you agree that the effective date provides adequate time to implement the proposals? If you disagree, please explain why.

Response: The PSC believes that an effective date of January 1, 2025 provides adequate time to implement the fee proposals.

We appreciate the opportunity to provide input on this exposure draft of proposed new and revised interpretations related to fees dated March 15, 2023.

Sincerely,



Jeffrey L. Johanns, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants