

August 29, 2024

Attn: AICPA Professional Ethics Executive Committee (PEEC)  
Ethics-exposuredraft@aicpa.org

Re: Exposure Draft – Proposed Revised Interpretation: Executive or Employee Recruiting

Dear AICPA PEEC:

We appreciate the opportunity to provide feedback on the proposed revised interpretation (ET sec. 1.295.135), *Executive or Employee Recruiting*, dated June 10, 2024. The proposal is part of the AICPA's Professional Ethics Executive Committee (PEEC) project to harmonize with ethics standards promulgated by the International Ethics Standards Board for Accountants (IESBA). Primary revisions include additional prohibitions for key positions related to recommending the person to be appointed, and advising on the terms of employment, remuneration or related benefits of a particular candidate.

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 for the request for comment.

**Question a:**

**Do you agree with the addition of the familiarity and undue influence threats when evaluating recruiting services for independence? If you disagree, please explain why.**

Response:

The PSC agrees with the addition of the familiarity and undue influence threats when evaluating recruiting services for independence.

**Question b:**

**Do you agree with the proposal to prohibit some services for key positions but allow them for non-key positions? If you disagree, please explain why.**

Response:

The PSC agrees with the proposal to prohibit some services for key positions but allow them for non-key positions.

**Question c:**

**Do you agree with the addition of examples of services that may be provided by members without impairing independence? If you disagree, please explain why.**



Response:

The PSC agrees with the addition of examples of services that may be provided by members without impairing independence.

**Question d:**

**Do you think there are any positions at an attest client for which the member should not advise on candidate competence? Please explain your response.**

Response:

The PSC believes further clarification is needed to better understand how recruiting services are defined by the AICPA-PEEC. More specifically, the PSC would like to understand whether an actual engagement letter and/or compensation are required to qualify a member's activities as recruiting services and how "recommending" a candidate might differ from an informal "referral" of a known colleague or professional. In addition, the PSC would like to inquire about the rationale behind paragraph .03e, which states that recommending only one candidate to the attest client for consideration of a key position would impair a member's independence. The PSC believes the familiarity threat can be present even if recommending two or more candidates, and therefore requests the PEEC to address the distinction between one and more than one candidate in the proposal.

**Question e:**

**Do you agree with the proposal to prohibit members from negotiating on behalf of an attest client for all positions? If you disagree, please explain why.**

Response:

The PSC agrees with the proposal to prohibit members from negotiating on behalf of an attest client for all positions, as negotiating is a management function.

**Question f:**

**Do you agree that the recommended effective date of January 1, 2026, provides adequate time to implement the proposals? If you disagree, please explain why.**

Response:

The PSC agrees with the recommended effective date of January 1, 2026.

We appreciate the opportunity to submit comments on the proposed revised interpretation *Executive or Employee Recruiting* (ET sec. 1.295.135) dated June 10, 2024.

Sincerely,



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