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September 30, 2020

Professional Ethics Executive Committee
Professional Ethics Division
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via Email to Ethics-ExposureDraft@aicpa-cima.com

Re: Comments on Exposure Draft, Proposed revised Interpretation of the AICPA Code of Professional Conduct, Record Requests Interpretation (ET sec. 1.400.200) under Acts Discreditable Rule (1400.001), AICPA Professional Ethics Division dated May 1, 2020

Dear Committee Members:

Grant Thornton LLP appreciates the opportunity to comment on the American Institute of Certified Public Accountants ("AICPA") Professional Ethics Executive Committee's ("PEEC") May 2020 Exposure Draft ("Exposure Draft"), which proposes revised interpretation of the AICPA Code of Professional Conduct "Record Requests" (ET sec. 1.400.200).

Grant Thornton supports PEEC's proposed revisions to help members better understand their ethical responsibilities with respect to requests for records and other information created during a professional engagement. We agree that the proposed revisions to the extant interpretation updates the rules to provide clarity as to when withholding records is permitted if the client does not pay the member for the time and expense to retrieve and copy the client-provided records. Additionally, we agree with PEEC's proposal to allow members to: (a) charge for shipping fees, as such fees reflect an additional cost of providing records to clients; and (b) make information available for the client to pick-up or access via a portal to satisfy the ethical requirement. The extant interpretation also requires the provision of a member's work products only to a beneficiary and the revisions propose adding member-prepared records to paragraph .03 to correct this oversight.

While Grant Thornton supports the proposed standard set forth in the Exposure Draft, we have provided the following comments for PEEC's consideration.

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General Comments

Grant Thornton suggests that PEEC consider developing non-authoritative guidance in the format of a frequently asked questions (FAQs) document that highlights various scenarios and examples where withholding client-provided records is permitted or prohibited under the revised interpretation.

Further, we suggest that PEEC clarify in paragraph .06 that “client-provided records” refers only to “original” client-provided records, and not copies. For example, a tax client that provides *original* financial records in connection with a tax compliance engagement is differently positioned than a client that loads electronic *copies* of a large volume of corporate records to an electronic portal for an advisory engagement. The tax client should be entitled to a return of its original records regardless of whether the member is paid for its services. In contrast, the advisory client never shared its original records with the member and should be expected to retain its original records to the extent needed. If the advisory client does a poor job retaining its original records, it may request from the member the copies previously provided; however, in such cases the member should be permitted to condition its provision of such copies on the payment of fees and expenses. Without this clarification, members may be put in the position of acting as the uncompensated, de facto records managers for clients that do a poor job of their own records management.

Grant Thornton believes clarity should be provided with respect to footnote 2 in the extant interpretation – “Client-provided records are accounting or other records, including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the member by, or on behalf of, the client.” For example, in today’s professional working environment, PEEC should consider how common it is for clients to share original documents since most are copies uploaded electronically and determine if nonauthoritative guidance is needed to clarify today’s common practices as relates to the interpretation.

Grant Thornton believes PEEC should clarify whether the cross reference in .08a should be to paragraphs .06 - .07 versus .03 - .04 or suggests no reference based on the intent of .08a. In reviewing, this paragraph it does not appear to be clear to members.

In line with paragraph .08b of the revised interpretation members may also consider adding safeguard language in engagement letters to make it clear the client has the sole responsibility for maintaining their books and records, the member cannot be relied upon as the clients record keeper or repository. PEEC can consider adding this suggested practice in a FAQs document.

Request for Specific Comments

Below are Grant Thornton’s specific comments as requested in the Exposure Draft.

Grant Thornton agrees with PEEC’s proposed effective date that the interpretation be effective 60 days after publication in the Journal of Accountancy to allow members time to implement the proposed revisions, if needed.

Grant Thornton has no other comments to suggest for consideration.

We would be pleased to discuss our comments with you. If you have any questions, please contact Anna Dourdourekas, National Partner in Charge, Ethical Standards, at Anna.Dourdourekas@us.gt.com or (630) 873-2633.

Sincerely,

/s/ Grant Thornton LLP