

Halsey Beshears, Secretary

Ron DeSantis, Governor

Board of Accountancy
Rules Committee Agenda
January 22, 2020
2:30 p.m.

Phone Conference number
888-585-9008
Pass Code: 683213166

[Notice](#)

Discussion Topics:

1. Consideration of Statute requirement to adopt rules
2. Stakeholder input on pathway to appropriate rules approach
3. Committee Member input on path forward
4. Identification of additional input necessary
5. Drafting of Rules and other assignments

Background Information:

Florida Statutes 473.315 (3) "The board shall adopt rules establishing the standards of practice of public accounting, including, but not limited to, independence, competence, and technical standards."

The Board has repealed its old independence rule and, to comply with the statute, should develop an independence rule.

The purpose of this meeting is to begin to develop a consensus of what kind of rule the Board should adopt as a standard of practice for independence.

Since the statute does not appear to provide a "do nothing" option, the discussion at this meeting should address some threshold concepts along the lines of developing a replacement independence rule in compliance with the statute.

Some options to consider:

1. Limited definitional guidance defining independence in concept. (See Example Exhibit A)
2. Specific rules for Florida identifying the standards of practice.
 - a. Potentially referring to SEC, PCAOB, DOL, Yellow Book or other regulators
 - b. Potentially referring to AICPA, IESBA or other bodies
3. Attempting to adopt AICPA standards as they come
 - a. Solely for independence
 - b. For all professional practice
4. Should/Could the Board delegate to others to make rules for Florida prospectively?
5. What do stakeholders feel is the proper course of action?

6. Does FL allow adoption of rules updates without Board notice and action (delegating prospectively)?

This Rules Committee Meeting will accept input from all participants and committee members.

Exhibit A: Definitional Language

Florida Certified Public Accountants in public practice should be independent in fact (mind) and appearance when providing services under AICPA Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARs), and Statements on Standards for Attestation Engagements (SSAEs) Generally Accepted Government Auditing Standards (GAGAS) Auditing Standards Issued by The Public Company Accounting Oversight Board and Auditing Regulations, Pronouncements and Interpretations of the United States Securities and Exchange Commission (including successor standards and entities) (collectively referred to as attest services).

Independence. Consists of two elements, defined as follows:

- a. Independence of mind (fact) is the state of mind that permits a Certified Public Accountant to perform an attest service without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
- b. Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third party who has knowledge of all relevant information, including the safeguards applied, to reasonably conclude that the integrity, objectivity, or professional skepticism of a licensed Certified Public Accountant and/or licensed firm of Certified Public Accountants is compromised.

This definition should not be interpreted as an absolute. For example, the phrase “without being affected by influences that compromise professional judgment” is not intended to convey that the Certified Public Accountant must be free of any and all influences that might compromise objective judgment. Instead, the Certified Public Accountant should determine whether such influences, if present, create a threat that is not at an acceptable level that a Certified Public Accountant would not act with integrity and exercise objectivity and professional skepticism in the conduct of a particular engagement or would be perceived as not being able to do so by a reasonable and informed third party with knowledge of all relevant information.

In connection with independence, an acceptable level is a level at which a reasonable and informed third party who is aware of the relevant information would be expected to conclude that a Certified Public Accountant’s independence is not impaired.

Threats to Independence include:

- a. Adverse Interest Threat – the Certified Public Accountant’s interest are opposed to the client’s interests.
- b. Advocacy Threat – The Certified Public Accountant engages in activities to promote the client’s interests.
- c. Familiarity Threat – The Certified Public Accountant’s relationship with the client has become too sympathetic to the client’s interests or too accepting of the information provided by the client.

- d. Management Participation Threat – The Certified Public Accountant undertakes the role of client management or similar responsibilities in connection with providing non-attest services.
- e. Self-Interest Threat – The Certified Public Accountant could benefit in some way from an interest in or relationship with the client or some entity associated with the client.
- f. Self-Review Threat – The Certified Public Accountant does not evaluate properly prior judgments, services and/or work performed by the Certified Public Accountant and/or their firm.
- g. Undue Influence Threat – The Certified Public Accountant will subordinate their judgment to someone

7. Other Business

8. Adjourn