



SENT VIA E-MAIL: KenSiong@ethicsboard.org

March 7, 2018

International Ethics Standards Board for Accountants
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

Re: *Fees Questionnaire*

Dear Members of the International Ethics Standards Board for Accountants:

The American Institute of Certified Public Accountants' (AICPA) Professional Ethics Executive Committee (PEEC) is pleased to submit this response to the International Ethics Standards Board for Accountants (IESBA) on its Fees Questionnaire. The AICPA is the world's largest member association representing the CPA profession, with more than 418,000 members in 143 countries and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.

Throughout its history, the AICPA has been deeply committed to promoting and strengthening independence and ethics standards. Through the PEEC, the AICPA devotes significant resources to independence and ethics activities, including evaluating existing standards, proposing new standards, and interpreting and enforcing those standards.

General Comments

The IESBA has asked for responses to its Fees Questionnaire, specifically to understand "...whether, and, if so, how the level of fees charged by audit firms affect compliance with the fundamental principles and auditor independence." The IESBA states that the purpose of the Questionnaire is to determine "...whether and how the IESBA Code should be further enhanced to address issues relating to the level of fees charged by audit firms."

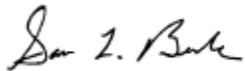
As you are aware, PEEC is comprised of representatives of firms from around the United States. The U.S. competition laws, and in particular the Sherman Act, prohibit contracts, combinations or conspiracies in restraint of trade. While not every agreement among competitors is illegal, the courts have held that certain acts are considered so harmful to competition that they are almost always illegal, regardless of the purpose. Arrangements among individuals or businesses to fix prices, divide markets or rig bids are in this category (deemed "per se illegal").

Because of these provisions, and the fact that PEEC's members could be characterized as competitors under the U.S. competition laws, PEEC wishes to avoid engaging in any conduct on its part that could be perceived as facilitating anticompetitive conduct. The IESBA Fees Questionnaire involves a particularly sensitive topic under the U.S. competition laws, and a response would involve discussions by our PEEC member representatives and their firms to provide a deliberative and collective answer.

Accordingly, to avoid any perception of inappropriate communications or conduct under the U.S. competition laws, PEEC will only respond by stating that it believes that the IESBA Code establishes sufficient and appropriate provisions to assist professional accountants and firms in addressing threats to compliance with the fundamental principles and independence that might be created by the level of fees charged. Should the Board conclude that additional illustrative information on this topic would be useful, the Board may want to consider providing such information in the form of nonauthoritative information. Such nonauthoritative illustrative information is provided starting on page 48 of the [AICPA Plain English Guide to Independence](#).

We appreciate this opportunity to comment. We would be pleased to discuss in further detail our comments and any other matters with respect to the *Fees Questionnaire*.

Sincerely,

A handwritten signature in black ink that reads "Sam L. Burke". The signature is written in a cursive, slightly slanted style.

Samuel L. Burke, CPA
Chair, Professional Ethics Executive Committee

cc: Brian Caswell, CPA, IESBA Member
Myriam Madden, IESBA Member
Toni Lee-Andrews, CPA, PFS, CGMA, Director – Professional Ethics