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Independence Issues Committee - Minutes of Meetings Meeting of November 20, 1997 Public Session

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November 20, 1997

Independence Issues Committee - Minutes of Meetings

Meeting of November 20, 1997
Public Session

The initial meeting of the IIC was held in the offices of the AICPA in New York on Thursday, November 20.

The public meeting began at 9:00 AM and was attended by:

Committee Members

Barry Barber
Jerry Claiborne
Ed Coulson
Ken Dakdduk
Chuck Horstmann
Bob Kueppers
Ed O'Connell
Frank Pearlman
Jerry Ward

Art Siegel, Executive Director of the ISB, served as Chairman.

Others present by invitation were:

Scott Bayless - SEC
Rick Towers - ISB

Several public observers also were in attendance, and public telephone access to this portion of the meeting was available.

Introduction

Mr. Siegel opened the meeting and welcomed the Committee members and observers. He clarified that while public observers generally will not be granted right of the floor, their input is encouraged, and information on how to contact the staff was presented.

Discussion of Possible Approaches for ISB Distribution of the Profession's White Paper

As mentioned in the Notice of Public Meeting, the primary subject of this initial meeting of the IIC was to consider and recommend to the ISB possible approaches for its distribution of the profession's white paper entitled, "Serving the Public Interest: A New Conceptual Framework for Auditor Independence." (It was noted that, in addition to hard copies made available at the October 20th ISB

meeting, the AICPA has made the white paper available on its website.)

The Committee discussed a number of possibilities for the ISB to consider with regard to the white paper and agreed to recommend that the Board:

1. Distribute, in a neutral "invitation to comment (ITC)" manner, the white paper for comment as soon as reasonably possible.
2. Consider whether additional research may be helpful, but not defer exposure of the ITC for any such research.
3. Include with the ITC:
 - A. A brief ISB cover letter to actively encourage responses;
 - B. A limited group of questions structured to guide responses to be helpful
 - (A Subcommittee was formed to develop recommended questions: Mr. Coulson will be its chairman, and the other members will be Mr. Kueppers and Mr. Pearlman, with the SEC and ISB staffs having observer status.); and, possibly,
 - C. Several illustrative "guidelines" to help readers understand the white paper's intended use of such guidelines to develop its proposed "core principles."
 - (Mr. Siegel indicated that the AICPA will develop the sample guidelines.)

A discussion followed to identify potential organizations to be actively solicited for responses to the white paper ITC. For at least some large volume entities (e.g., the SECPS with its many hundreds of firms), it was suggested that the full white paper need not be attached to the ITC, and that instead mention would be made of its availability on the AICPA website. Individual hard copies would be available upon request.

Other suggestions made for the ITC process included that:

1. IIC members were encouraged to meet with groups to help publicize this effort, provide education and foster responses;
2. It would be helpful if a brief standard presentation were prepared, for example, to help audit partners, efficiently and consistently, educate audit committees and other groups;
3. User focus groups might be helpful in obtaining incisive analysis; and
4. A future research project might be helpful investigating relevant international cultural differences.

Next Meeting

The Committee's next meeting will be on January 13, 1998 in the AICPA's New York offices.

* * * * *

The public meeting was adjourned at 10:30 A.M.

Respectfully submitted,

Richard H. Towers

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