suralink



Enhancing the client experience while protecting firm independence related to hosting services

Summary

Following extensive research and discussion with member firms, clients, and standard-setting bodies, Suralink has developed a new capability for client users of its platform. This capability, known as Client Data Vault, addresses a very common challenge for member firms and their clients, and provides significant new benefits to both parties.





The Challenge

- AICPA Independence Rules require member firms to terminate attest client access to portal data following the completion of an engagement
- Many clients find significant value in having on-going access to this data, and they regularly reach out to firms to ask the firm to provide (or re-provide) it to them
- This situation creates both friction and frustration for clients, as well as challenges for member firms to manage these requests in a way that still protects their independence

The Solution

- Client Data Vault gives clients a simple way to maintain ongoing access to their portal data by creating an independent commercial relationship with Suralink
- This new capability also provides clients with enhanced tools to utilize their portal data in intelligent and helpful ways for their engagements and other business needs
- Client Data Vault will be 100% optional for clients and will have no impact on the already existing free capabilities they enjoy in Suralink

The Benefits

During testing, pilot clients and member firms strongly validated the value of Client Data Vault.

Pilot client users highlighted several benefits, including:

- Being able to more accurately and quickly provide the data that their firms need to complete engagements efficiently
- Not having to request prior-period engagement data from their firm
- Enhancing their team-member onboarding and business continuity capabilities

Pilot member firms also highlighted several benefits, including:

- Their client's ability to respond to requests more quickly and accurately
- Decreasing their burden and independence risk related to managing client requests for access to prior-period engagement data

Review of the AICPA's independence rule related to hosting services



The AICPA's Code of Professional Conduct requires that "a member in public practice shall be independent in the performance of professional services" *(see 1.200.001 Independence Rule)*.

According to the Interpretations Under the Independence Rule, one of the things that can potentially impact a member's ability to maintain independence is the provision of Nonattest Services to an Attest Client, including providing Hosting Services *(see 1.295.143 Hosting Services)*.

The Interpretations Under the Independence Rule specify that Hosting Services "are nonattest services that involve a member accepting responsibility for... providing electronic security or back-up services for an attest client's data or records" *(see 1.295.143.01c)*.

The Interpretations further state that "when a member provides hosting services, the member is maintaining the attest client's internal control over its data or records. Accordingly, the management participation threat to the member's compliance with the 'Independence Rule' [1.200.001] would not be at an acceptable level, and could not be reduced to an acceptable level by the application of safeguards, and independence would be impaired" *(see 1.295.143.02)*.

The Interpretations specifically allow members to use a portal to "electronically exchange data... with an attest client related to professional services provided by the member to the attest client", regardless of whether those professional services are attest or nonattest in nature.

However, the Interpretations specify that "to avoid providing hosting services, members should terminate the attest client's access to the data or records in the portal within a reasonable period of time after the conclusion of the engagement" *(see 1.295.143.04e)*.



In the associated Ethics Questions and Answers Section 240 "Nonattest Services — Hosting Services" subpart .03 "Terminating Access to Items in a Portal", it provides the following question and answer:

INQUIRY: *What is a reasonable period?*

REPLY: *Members should use professional judgment when determining what a reasonable period of time would be for the specific data or records. The period of time should be practical in that it* ***provides the client sufficient time to retrieve the information*** *from within the portal and* ***not cause the member undue hardship****. The period of time should also be* ***limited in duration and should not be extensive****. A period of time that is consistent with the member's documentation retention policy or a statute of limitations* ***that continues for multiple years would likely be considered extensive and therefore not limited in duration****. For some situations, the member may conclude that* ***no undue hardship would occur within a relatively brief period of time, such as 60 days, and therefore this would be a reasonable period of time for the client to retrieve data*** *or records before access is terminated. In other circumstances, a reasonable period of time may be* ***closer to a year in order to avoid undue hardship for the member****.*



Implications for third-party provided portals like Suralink

Third-party portals like Suralink provide member firms, and their clients, with significant benefits, including enhanced collaboration and efficiency throughout the engagement process, enhanced data security, as well as automations to ensure compliance across their teams and practices.

In addition, third-party software tools like Suralink can enable attest clients to have the possibility to access certain capabilities and features that would not be allowed to be provided by a firm-created or firm-owned portal. This is because attest clients can subscribe to, and establish commercial relationships with, third-party software tools that are entirely independent of their engagement with member firms.

New optional capability for Suralink client users

Following extensive research and discussion with member firms, clients, and standard-setting bodies, Suralink has developed a new capability for client users of Suralink. This capability, known as Client Data Vault, will enable client users and member firms to realize significant benefits, while also being specifically designed to protect and enhance member firm independence.

Key benefits

In our research and testing, it was clear that clients find significant value in being able to access historic engagement information in Suralink's system. In addition, firms highlighted how these client benefits also have knock-on benefits for the firm as well.

The following table summarizes some of the benefits clients and firms experience by having easy access to historic engagement information:

Client Benefit	Context	How It Helps Clients	How It Helps Firms
1. Reusing information across engagements	For many types of requests, firms ask for the exact same information that was already provided by the client in a prior engagement (e.g. articles of incorporation, long-term contracts, etc).	Clients highlight that they find it much faster and more convenient to access this data directly from the portal where it was previously provided, instead of having to look in other places where those documents may be stored.	Faster and easier responses by clients reduce delays and prevent wasteful back-and-forth, speeding up the engagement process and improving client satisfaction.
2. Referencing prior submissions	Providing information to support engagements is a periodic responsibility for client team members, often entailing 12 months to pass between when they engage in the process. Even when the specific data they need to provide is new for each period, the type, format, and source of that data is often similar between different engagement periods.	Clients emphasize that it is very helpful to have a reference to what was provided in prior periods to answer specific requests, because they usually cannot remember what they previously sent. Being able to reference exactly what they previously provided helps them more quickly identify where they got the information (e.g. the system it was pulled from, the specific report that they pulled, etc) and what format it needed to be sent in.	Increases likelihood that clients will respond to requests correctly and completely the first time, as well as reduces client requests for clarification, examples, and other wasteful back-and-forth.
3. Helping new team members get up to speed	Just like member firm teams experience turnover, client teams experience turnover as well. New client team members join regularly and need to get up to speed (often without having the prior team member there to train them).	New client team members value being able to see what was provided by prior team members. In addition, current team members take comfort knowing that, if they are not around, new team members will be able to reference what the current team member previously provided.	Smoother onboarding of new client team members helps firms avoid declines in engagement efficiency when there is client turnover, which firms usually have to otherwise absorb

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Client Benefit	Context	How It Helps Clients	How It Helps Firms
4. Having an added "backup" of key company information	Client teams are often loading a large portion of their key company information into the portal. Most clients, especially small client teams in the middle market, don't have multiple backups of this data, and almost never have it stored in one place. They often don't have the time or resources to consolidate their most important information, create multiple backup locations, or to keep those backups regularly updated	Clients value the backup and disaster recovery capabilities Suralink can provide them, especially because it doesn't require them to do any additional work. This backup helps them ensure they can still access key company information even if their primary system goes down or they lose access for whatever reason.	Clients having reliable access to their key company information removes an independence risk for firms (which is caused by clients sometimes turning to their firm to serve as the "record-keeper" when the client loses documents).

Research across the accounting industry has consistently shown that **client delays and inaccuracies in providing information are the #1 cause of engagement delays and unnecessary rework for firms**. As clients have easier access to information that helps them fulfill requests more timely and accurately, that makes the engagement process more efficient for all parties.

Protecting & enhancing independence

As previously noted, member firms cannot provide their attest clients with ongoing access to historic engagement data without potentially impairing the member's independence.

However, managing this risk is frequently a challenge for member firms. Clients regularly reach out to member firms asking to be re-provided with information from prior engagements, and these requests have the potential to encourage behavior that puts the member firm's independence at risk.

Client Data Vault was designed specifically to address this challenge. If a client chooses to voluntarily establish an independent commercial relationship with a third-party software provider, like Suralink, all parties can benefit.

Client Data Vault allows clients to independently purchase and maintain ongoing access to their previously provided data in Suralink, and to visualize and leverage that data in intelligent and helpful ways. Clients have strongly validated the value of this experience.

Since this access has been independently and optionally purchased by the client from a third-party software provider, the member firm's independence is not at risk of being impaired.

It is important to note that this capability, and the associated cost, will be 100% optional. Clients are not required to purchase anything, and if they choose not to purchase, they will not lose any of their existing functionality for their current or future engagements.

