



Peer Review
Program

Peer Review Board Open Session Materials

August 28, 2019

Teleconference

**AICPA Peer Review Board
Open Session Agenda
August 2019
Teleconference**

Date: Wednesday August 28, 2019

Time: 10:00AM – 12:00PM Eastern Time

- 1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Pope
- 1.2 Approval of Guidance Related to Corrective Action and Implementation Plan Due Date Extensions* – Ms. Gantnier
- 1.3 Discussion of PRIMA Changes Related to SOCs for Cybersecurity and Supply Chains* – Ms. Gantnier
- 1.4 Approval of Guidance Related to Non-Compliance with Expectations for Analytical Procedures in a Review Engagement* – Ms. Gantnier
- 1.5 Discussion of Revised Example Familiarity Threat Policies and Procedures* – Mr. Bluhm
- 1.6 Revisions to Administering Entity Confidentiality Agreements* – Mr. Bluhm
- 1.7 Task Force Updates*
 - Planning Task Force Report – Mr. Pope
 - Oversight Task Force Report – Mr. Bluhm
 - Education and Communication Task Force Report – Ms. Welch
 - Standards Task Force Report – Ms. Gantnier
 - A – Update on Clarified Peer Review Standards*
- 1.8 Technical Director's Report** – Mr. Freundlich
- 1.9 Other Reports*
 - Operations Director's Report* – Ms. Thoresen
 - Report from State CPA Society CEOs* – Mr. Colgan
 - Report on the National Peer Review Committee* – Mr. Fawley
- 1.10 Other Business** – Mr. Pope
- 1.11 For Informational Purposes:
 - A. Compliance Update - Firm Noncooperation*
 - B. Report on Firms Whose Enrollment was Dropped or Terminated*
- 1.12 Future Open Session Meetings**
 - A. October 24, 2019 – Teleconference
 - B. January 30, 2020 – Teleconference
 - C. May 13, 2020 – Durham, NC
 - D. August 6, 2020 – St. Louis, MO
 - E. November 11, 2020 – Durham, NC

* Included on SharePoint

** Verbal Discussion

Committee Delegation of Corrective Actions and Implementation Plan Due Date Changes

Why is this on the Agenda?

The RAB Handbook includes a discussion on waivers and replacements of corrective actions and implementation plans and what a Committee should evaluate when a firm requests these items. It does not include the concept of due date changes; by inference they are currently included in the replacement guidance. This is on the agenda to discuss that the approval of due date changes could be separate from “true” replacements and if Committees should be able to delegate the approval of due date changes to technical reviewers.

Currently many RABs/Committees delegate the approval of due date changes on corrective actions and implementation plans to their technical reviewers. Guidance does not discuss due date changes outside of replacement corrective actions or implementation plans which are not able to be delegated to technical reviewers.

This proposal does not include allowing RABs/Committees to delegate to technical reviewers the ability to waive or replace corrective actions or implementation plans, only due date changes of such items.

RABs/Committees have delegated this authority because many requests are straightforward and reasonable and waiting for a RAB can be time consuming and delay the completion of the corrective action or implementation plan.

Common requests for due date changes include:

- A live CPE course is after the due date
- Personal and medical reasons
- A specific engagement won't be completed by the due date
- Subsequent engagement won't be performed but expect to complete a similar engagement soon
- A qualified reviewer cannot be found or reviewer cannot complete it by the due date
- Remediation of the issues has not been completed

In approximately the last 1.5 years, there have been 531 corrective actions and implementation plans that have had due date changes which impacted 332 reviews.

PRIMA Impact

PRIMA is programmed to give technical reviewers the option to approve or send to RAB so no changes to PRIMA are proposed at this time. Technical reviewers will be responsible for making sure their approvals are in accordance with guidance.

AE Impact

Committees or RABs should discuss and document their policies and procedures related to what a technical reviewer can approve.

Communications Plan

To the administrators and technical reviewers on future calls and via email in a communication with other items after approval

Manual Production Cycle (estimated)

October 2019

Effective Date

Upon approval

Board Consideration

Review and approve the proposed changes to the RAB Handbook included as attachment A.

**Proposed Changes to PRP 3300
Technical Reviewers' Responsibilities Regarding Corrective
Actions and Implementation Plans**

Note: *The following section is Chapter 2, Item VI. In the RAB Handbook (PRP Section 3300)*

VI. Recommendation of Corrective Actions and Implementation Plans

A. It is the peer review committee's responsibility to determine whether it should require any remedial, corrective actions related to the deficiencies or significant deficiencies noted in the peer review report, in addition to actions described by the reviewed firm in its letter of response, and whether it should require an implementation plan in addition to the plan described by the reviewed firm in its response to the findings on the FFC form(s). However, as part of the technical review process, the technical reviewer may make recommendations of corrective actions and implementation plans to the committee or RAB as appropriate.

B. It is the peer review committee's responsibility to determine appropriate due dates for corrective actions and implementation plans. However, approval of due date changes may be delegated to the technical reviewer in some instances. The committee or RAB should consider the nature of corrective actions or implementation plans and the background and experience of the technical reviewer in deciding if the technical reviewer should be authorized to approve due date changes of corrective actions or implementation plans.

The committee or RAB may delegate the approval of due date changes of corrective actions and implementation plans when they meet all the following criteria:

- The firm requested the due date change before the due date
- The new due date is 3 months or less from the original due date

When a request meets the criteria above, technical reviewers should still apply professional skepticism and may submit the request to a RAB. Reasons to submit to a RAB may include but are not limited to the firm's history and experience from the technical review process.

B-C. It is the peer review committee's responsibility to ensure that all corrective actions related to deficiencies or significant deficiencies in the peer review report, and all implementation plans related to findings on FFC forms, have been completed to the satisfaction of the committee. However, review and acceptance of completed corrective actions and implementation plans may be delegated to the technical reviewer in some instances.

In such instances, the technical reviewer should review the results of corrective action(s) or implementation plans to determine if they meet the requirements imposed or approved by the RAB. The committee or RAB should consider the nature of corrective action(s) or implementation plans and the background and experience of the technical reviewer in deciding if the technical reviewer should be authorized to review and act on the results of corrective action(s) or implementation plans. The committee or RAB should consider the

following guidance in deciding whether or not the technical reviewer should be authorized to review and approve results of corrective action(s) or implementation plans.

1. A technical reviewer may accept corrective actions or implementation plans where there are clearly identifiable actions or procedures requested of the firm. Clearly identifiable steps include, but are not limited to, the following:
 - a. Submit proof of CPE taken
 - b. Review of formal CPE plan by outside party
 - c. Submit proof of purchase of third-party provided materials
 - d. Submit proof of licensure
 - e. Submit proof of a specific correction to an engagement which was not performed or reported on in conformity with applicable professional standards in all material respects
 - f. Submit engagements completed subsequent to the peer review that demonstrate correction or resolution of similar matters identified on engagements considered in the review
 - g. Submit a report by an outside party (ordinarily the reviewer) approved by the committee or RAB on the results of actions specified by the committee or RAB, especially related to review of engagements completed subsequent to the peer review, and where the outside party reports the firm's actions were favorable and, as a result, further corrective actions are believed unnecessary
2. Some examples of corrective action(s) or implementation plans that are not clearly identifiable but, nonetheless, may be accepted by a technical reviewer are as follows:
 - a. Submit monitoring report to the committee, when the monitoring report reveals nothing significant related to the firm's system of quality control and no engagements were identified that did not conform with professional standards in all material respects
 - b. Submit additional information regarding repeat findings
3. If results of corrective actions or implementation plans show there are significant unresolved issues, then the results of a firm's corrective actions or implementation plan should be presented for consideration by a RAB. Some examples of corrective action and implementation plan results that should not be accepted by the technical reviewer (and, accordingly, should be directed to a RAB) include the following:
 - a. Reported engagement findings, deficiencies, or significant deficiencies identified in a team captain or review captain's revisit or review of a subsequent engagement
 - b. Team captain's review of the firm's revised quality control policies and procedures when the team captain's report on his or her review indicates changes requested by a RAB have not been made
 - c. When any other circumstance is noted where results of the corrective actions or review of the implementation plans suggest the possibility that additional corrective action or implementation plans are in the firm's best interests

Consider adding SSAE Cybersecurity and SOC Supply Chain engagements to the Review Summary in PRIMA

Why is this on the Agenda?

Staff is asking the Board to discuss whether adding Cybersecurity and Supply Chain engagements to the Review Summary in PRIMA is appropriate.

There has been a recent EAQ Steering Committee focus on SOC engagements and on Cybersecurity and Supply Chain engagements in particular. As a result, there are several SOC-related EAQ goals that pertain to peer review. One of those goals is to evaluate/consider expansion of the SOC must-select requirement to include Cybersecurity engagements and Supply Chain engagements.

Peer Review staff concluded that obtaining information about the volume of Cybersecurity and Supply Chain engagements was an important step to support consideration of must-select expansion. Cybersecurity and Supply Chain engagements are currently included as a separately identified industry within the SSAE practice area when firms complete PRI. Since PRIMA go-live (May 2017), firms have had the option of separately identifying Cybersecurity as an industry when completing PRI; Supply Chain was added as a PRI SSAE industry option in May 2019.

To date, only 17 firms have identified Cybersecurity as an SSAE industry on their PRI. To estimate the number of firms that are performing Cybersecurity engagements, staff learned that since 2017, 886 physical AICPA guides for performing SOC – Cybersecurity engagements have been purchased. While this might be an indication of the number of firms performing such engagements, the AICPA's Assurance & Advisory Innovation team told staff that they believe most Cybersecurity engagements currently being performed are consulting engagements versus SSAE engagements. Therefore, it's possible that firms are using the AICPA SOC-Cybersecurity guide as a basis for performing related consulting engagements.

Currently, no firms have identified Supply Chain as an SSAE industry on PRI. The Assurance & Advisory Innovation team expected the AICPA guide for performing Supply Chain engagements to be issued before the end of 2Q 2019. They are now expecting this guide to be issued in mid-to-late August 2019.

Currently neither Cybersecurity nor Supply Chain engagements are separately broken out in the Review Summary so there is no way to know the number of firms performing such engagements or the volume of engagements being performed or selected for peer review.

Feedback Received

- The AICPA's Assurance & Advisory Innovation team as well as ASEC (Assurance Services Executive Committee) have expressed an interest in knowing the number of firms performing Cybersecurity and Supply Chain engagements as well as the volume of these engagements that are being performed.
- STF considered revisions to PRI and the Review Summary during their July 18th meeting. The Task Force had the following concerns and voted to push the request to the board without a recommendation:

-
- If only 886 firms have purchased the Cybersecurity guide since 2017 (and the suspicion is that most of these guides are being used for consulting engagements) is this practice area significant enough to warrant splitting it out on PRI and separately reporting it in the Review Summary?
 - Breaking out these areas on PRI and the Review Summary might create conflicts for reviewers. Reviewers may feel obligated to select one of these engagements and technical reviewers and RABs may push back on reviewers if these engagements are in the Review Summary but none have been selected for review.
 - The Task Force also suggested the following as possible alternatives:
 - Send a survey to firms asking for information about their SOC-Cybersecurity and SOC-Supply Chain engagement volume (as opposed to using PRIMA to gather data).
 - At the recommendation of the Task Force, Peer Review staff also asked the EAQ Steering Committee for more information/guidance on their request. The Steering Committee advised staff that they were satisfied with not adding Cybersecurity and Supply Chain engagements to the Review Summary and not making any changes to the way firms complete PRI with respect to these industries.

PRIMA Impact (should the changes be made)

- PRI- Cybersecurity and Supply Chain engagements will be broken out within the SSAE practice area. This would no longer be optional for firms.
- Review Summary – Cybersecurity and Supply Chain engagements will be separately listed with the SSAE practice area.
- Checks will be performed comparing PRI to Review Summary listing.

Communications Plan (should the changes be made)

- These changes will be included as an agenda item for an AE monthly call
- Staff will include information about these changes in a Reviewer Alert
- These changes will be included as an agenda item for a TR quarterly call

Effective Date

TBD

Board Consideration

- The Board is asked to discuss whether the Review Summary in PRIMA should be revised to reflect Cybersecurity and Supply Chain engagements.

**Expectations in a SSARS Review Engagement
Non-Compliance Related to Analytical Procedure Expectations in a Review Engagement**

Why is this on the Agenda?

OTF RAB observations have indicated that there are inconsistencies in the evaluation of review engagements performed in accordance with the SSARSs when an accountant does not document expectations as part of their analytical procedures. To promote consistency in this evaluation, the PRB is asked to consider the proposed changes to Appendix E in PRPM Section 6200 illustrated in Agenda Item 1.4A.

Feedback Received

Staff discussed the proposed guidance change with the STF and the ARSC staff liaison, Mike Glynn. They concluded that an accountant could not have appropriately applied AR-C sec. 90, if they did not develop or document expectations because they are an integral part of the performance of the analytical procedures required.

PRIMA Impact

None

AE Impact

Committees, RABs, and technical reviewers should be aware of the impact to a peer review when review engagements do not have documented expectations for the required analytical procedures.

Communications Plan

The July 2019 Reviewer Alert included an article “Analytical Procedures in a Review Engagement” which provided an overview of the accountant’s requirements as well as a call to action to provide feedback during the presentation of this agenda item.

After approval, communications will be addressed to the administrators and technical reviewers on future calls and to reviewers through the PRPM update in the next Reviewer Alert, currently scheduled for October.

Manual Production Cycle (estimated)

October 2019

Effective Date

Upon approval

Board Consideration

Review and approve the proposed changes to PRP 6200 Appendix E at Agenda Item 1.4A.

**Expectations in a SSARS Review Engagement
PRP 6200 Appendix E**

Why is this on the Agenda?

Areas of Common Noncompliance with Applicable Professional Standards
List of Matters and Findings That Generally Would Result in a Deficiency or Significant Deficiency

SSARS Procedures (Including Documentation)

- For review engagements, failure to perform analytical and inquiry procedures and failure to adequately document the procedures. [This includes the development of and basis for the accountant's expectations.](#)

Revised Example Familiarity Threat Policies and Procedures

Why is this on the Agenda?

As part of evolution, administering entities (AEs) were required to develop written policies and procedures describing how they will mitigate the familiarity threat that could exist among committees/RABs, technical reviewers, peer reviewers and firms. These written policies and procedures were due with the 2019 Plan of Administration (POA) on November 1, 2018 and annually thereafter. Familiarity threat will be monitored through RAB observations and Oversight Task Force (OTF) AE oversight visits.

The revised guidance proposed by the OTF is included on the following pages along with the original guidance.

Revisions include:

- Clarifying that the guidance includes examples that may not be applicable to every AE.
- Emphasizing committee/RAB members should be involved in performing an analysis to identify the threats, evaluate the significance and apply safeguards to mitigate the threats.
- Removing reference to conflicts of interest (Chapter 1, Section VI. of the RAB Handbook) to avoid confusion with this guidance.
- Removing the following example familiarity threats –
 - Overreliance on committee/RAB members, which leads to other members not reading the RAB package in its entirety.
 - Following an enhanced oversight, the RAB has allowed the peer reviewer/firm to provide documentation not provided to the subject matter expert during the enhanced oversight (such documentation should be provided at that time). This gives the appearance that reviewers/firms familiar to the RAB are being allowed to create workpapers.
- Adding a new example familiarity threat –
 - The peer reviews performed by the technical reviewers and committee/RAB members are presented for acceptance.
- Adding the following potential safeguards –
 - All firm and reviewer identifying information is redacted from the RAB materials.
 - The peer reviews of the technical reviewers' and committee/RAB members' firms are included in the annual oversight selections.
- Adding "periodically" to potential safeguards to engage qualified individuals from another state to perform technical reviews, arranging for RAB members from other AEs to participate in RABs and arranging for another AE to accept peer reviews performed by the AE's high-volume reviewers.

Feedback Received

N/A

PRIMA Impact

None

AE Impact

AEs will be required to submit revised policies with the 2020 POA information due April 1, 2020.

Communications Plan

An administrative alert will be issued.

Manual Production Cycle (estimated)

September/October 2019

Effective Date

Upon approval by the Peer Review Board.

Board Consideration

1. Discuss and approve proposed revisions to the example familiarity threat guidance.

PRP Section 3300

AICPA Peer Review Program Report Acceptance Body Handbook

Chapter 1 Formation, Qualifications, and Responsibilities of the Administering Entity Peer Review Committee and Report Acceptance Bodies

VII. Example Familiarity Threat Policies and Procedures

A familiarity threat is the threat that due to a long-standing or close personal relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work (ET 1.000.010.12).

Administering entities (AEs) should maintain objectivity in discharging their responsibilities and not allow bias, or undue influence of others to override professional or business judgements. Familiarity threats can exist among committees/RABS, technical reviewers, peer reviewers, and firms subject to peer review.

AEs should perform an analysis to identify familiarity threats, evaluate the significance, and apply safeguards to mitigate the threat. This is also the responsibility of committee/RAB members; therefore, they should be involved in this process. Each AE should tailor their familiarity threat policies and procedures to address their specific risks.

Examples of familiarity threats and potential safeguards used to mitigate the threat are listed below. These examples are not all inclusive and may not be applicable to every AE. In some instances, a safeguard could mitigate more than one threat, although depending on the significance of the threat, more than one safeguard may be necessary to properly mitigate.

Example A Familiarity Threat—The peer reviews of the technical reviewers' and committee/RAB members' firms are presented for acceptance.

Potential safeguards to mitigate the threat

- The technical reviewers' and committee/RAB members' peer reviews will be accepted by a different AE. We have partnered with AE "A" and have attached the agreement as addendum B.
- The AE is split in more than one district, for example, East and West. The committee/RAB accepts reviews from a district other than their own.
- All firm and reviewer identifying information is redacted from the RAB materials.
- The CPA on staff monitors the RAB process and reports preferential treatment or inconsistencies in the process.
- The AE will designate a committee member (or other qualified individual) as an observer of RAB meetings to monitor the RAB process and report preferential treatment or inconsistencies in the process.
- Arranging for RAB members from other AEs to participate in RABs periodically.
- The peer reviews of the technical reviewers' and committee/RAB members' firms are included in the annual oversight selections.

Example B Familiarity Threat—The peer reviews performed by the technical reviewers and committee/RAB members are presented for acceptance.

Potential safeguards to mitigate the threat

- The peer reviews performed by the technical reviewers and committee/RAB members will be accepted by a different AE. We have partnered with AE “A” and have attached the agreement as addendum B.
- The AE is split in more than one district, for example, East and West. The committee/RAB accepts reviews from a district other than their own.
- All firm and reviewer identifying information is redacted from the RAB materials.
- The CPA on staff monitors the RAB process and reports preferential treatment or inconsistencies in the process.
- The AE will designate a committee member (or other qualified individual) as an observer of RAB meetings to monitor the RAB process and report preferential treatment or inconsistencies in the process.
- Arranging for RAB members from other AEs to participate in RABs periodically.
- The peer reviews performed by the technical reviewers and committee/RAB members are included in the annual oversight selections.

Example C Familiarity Threat—The committee/RAB members have a long-standing relationship with the technical reviewers, which leads to overreliance of the technical reviewer’s procedures and conclusions. For instance, it may not be apparent if an issue or a non-conforming engagement has been addressed, yet the committee/RAB decide not to investigate because they believe the technical reviewer would not have missed the issue.

Potential safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform technical reviews periodically.
- Arranging for RAB members from other AEs to participate in RABs periodically.
- Engaging a second technical reviewer to perform a selection of secondary technical reviews of high-risk reviewers, firms, and random samples.

Example D Familiarity Threat—The committee/RAB members have long-standing relationships with some reviewers, particularly those who perform a high volume of reviews.

Potential safeguards to mitigate the threat

- Periodically arrange for another AE to accept peer reviews performed by the AE’s high-volume reviewer(s).
- All firm and reviewer identifying information is redacted from the RAB materials.
- At the beginning of each meeting, remind committee/RAB members to identify relationships with reviewers and reviewed firms.

Example E Familiarity Threat—Technical reviewers have long-standing relationships with some reviewers, particularly those who perform a high volume of reviews.

Potential safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform technical reviews periodically.

-
- Periodically arrange for another AE to accept peer reviews performed by the AE's high-volume reviewer(s).
 - Engaging a second technical reviewer to perform a selection of secondary technical reviews of high-volume reviewers.
 - The peer reviews of high-volume reviewers are included in the annual oversight selections.

Example F Familiarity Threat—AEs are hesitant to provide feedback or consider deficiency letters for a variety of reasons including, but not limited to the following:

- RAB members know the reviewer.
- Reviewer performs a high volume of reviews in the state and RAB is afraid to offend him/her.
- Reviewer is a RAB member (current or former) or is a technical reviewer.
- Reviewer teaches for the society or has some other society relationship which leads to a belief that the individual knows what they are doing.

Potential safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform technical reviews periodically.
- Arranging for RAB members from other AEs to participate in RABs periodically.
- All firm and reviewer identifying information is redacted from the RAB materials.

Example G Familiarity Threat— Committee member given informal feedback on reviews they performed while a different reviewer is issued written feedback for the same issue.

Potential safeguards to mitigate the threat

- Arranging for RAB members from other AEs to participate in RABs periodically.
- All firm and reviewer identifying information is redacted from the RAB materials.
- The CPA on staff monitors the RAB process and reports preferential treatment or inconsistencies in the process.
- The AE will designate a committee member (or other qualified individual) as an observer of RAB meetings to monitor the RAB process and report preferential treatment or inconsistencies in the process.

Example H Familiarity Threat— RAB members will mention a firm's reputation regarding a specific industry concentration when presented with issues (generally documentation and implying that since issues were not identified previously, it is unlikely issues exist now despite evidence to the contrary).

Potential safeguards to mitigate the threat

- Arranging for specialists from other states to participate in RABs.
- All firm and reviewer identifying information is redacted from the RAB materials.

PRP Section 3300

AICPA Peer Review Program Report Acceptance Body Handbook

Chapter 1 Formation, Qualifications, and Responsibilities of the Administering Entity Peer Review Committee and Report Acceptance Bodies

VII. Example Familiarity Threat Policies and Procedures

A familiarity threat is the threat that due to a long-standing or close personal relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work (ET 1.000.010.12).

Familiarity threats can exist among committees/RABS, technical reviewers, peer reviewers, and firms subject to peer review.

Administering entities (AEs) should identify familiarity threats, evaluate the significance, and apply safeguards to mitigate the threat. Further, AEs should maintain objectivity in discharging their responsibilities and not allow bias, conflicts of interest or undue influence of others to override professional or business judgements.

Examples of familiarity threats and potential safeguards used to mitigate the threat are listed below. These examples are not all inclusive. In some instances, a safeguard could mitigate more than one threat, although depending on the significance of the threat, more than one safeguard may be necessary to properly mitigate.

- A. Familiarity Threat**—The peer reviews of the technical reviewers' and committee/RAB members' firms are presented for acceptance.

Safeguards to mitigate the threat

- The technical reviewers' and committee/RAB members' peer reviews will be accepted by a different AE. We have partnered with AE "A" and have attached the agreement as addendum B.
- The AE is split in more than one district, for example, East and West. The committee/RAB accepts reviews from a district other than their own.
- The CPA on staff monitors the RAB process and reports preferential treatment or inconsistencies in the process.
- The AE will designate a committee member (or other qualified individual) as an observer of RAB meetings to monitor the RAB process and report preferential treatment or inconsistencies in the process.

- B. Familiarity Threat**—Overreliance on committee/RAB members, which leads to other members not reading the RAB package in its entirety.

Safeguards to mitigate the threat

- Arranging for RAB members from other AEs to participate in RABs
- Having multiple committee/RABs that change composition regularly
- Having RAB members acknowledge reading reviews before starting the meeting
- Having the CPA on staff evaluate committee/RAB member performance

C. Familiarity Threat—The committee/RAB members have a long-standing relationship with the technical reviewers, which leads to overreliance of the technical reviewer's procedures and conclusions. For instance, it may not be apparent if an issue or a non-conforming engagement has been addressed, yet the committee/RAB decide not to investigate because they believe the technical reviewer would not have missed the issue.

Safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform all technical reviews
- Arranging for RAB members from other AEs to participate in RABs
- Engaging a second technical reviewer to perform a selection of secondary technical reviews of high-risk reviewers, firms, and random samples

D. Familiarity Threat—The committee/RAB members have long-standing relationships with some reviewers, particularly those who perform a high volume of reviews.

Safeguards to mitigate the threat

- Arranging for another AE to accept an AE's high-volume reviewers' reviews
- Annually requesting committee/RAB members to identify conflicts of interest with reviewers and reviewed firms

E. Familiarity Threat—Technical reviewers have long-standing relationships with some reviewers, particularly those who perform a high volume of reviews.

Safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform all technical reviews
- Arranging for another AE to accept reviews performed by a high-volume reviewer
- Annually requesting technical reviewers to identify conflicts of interest with reviewers and reviewed firms

F. Familiarity Threat—AEs are hesitant to provide feedback or consider deficiency letters for a variety of reasons including, but not limited to the following:

- RAB members know the reviewer
- Reviewer performs a high volume of reviews in the state and RAB is afraid to offend him/her
- Reviewer is a RAB member (current or former) or is a technical reviewer
- Reviewer teaches for the society or has some other society relationship which leads to a belief that the individual knows what they are doing

Safeguards to mitigate the threat

- Engaging qualified individuals from another state to perform all technical reviews
- Arranging for RAB members from other AEs to participate in RABs
- Annually requesting committee/RAB members to identify conflicts of interest with reviewers and reviewed firms

G. Familiarity Threat— Committee member given informal feedback on reviews they performed while a different reviewer is issued written feedback for the same issue.

Safeguards to mitigate the threat

- Arranging for RAB members from other AEs to participate in RABs
- The CPA employed on staff by the AE monitors the RAB process and reports preferential treatment or inconsistencies in the process.
- The AE will designate a committee member (or other qualified individual) as an observer of RAB meetings to monitor the RAB process and report preferential treatment or inconsistencies in the process.

H. Familiarity Threat— Following an Enhanced Oversight, the RAB has allowed the peer reviewer/firm to provide documentation not provided to the subject matter expert during the Enhanced Oversight (such documentation should be provided at that time). This gives the appearance that reviewers/firms familiar to the RAB are being allowed to create work papers.

Safeguards to mitigate the threat

- Arranging for specialists from other states to participate in RABs
- Arranging for RAB members from other AEs to participate in RABs
- The CPA employed on staff by the AE monitors the RAB process and reports preferential treatment or inconsistencies in the process.

I. Familiarity Threat— RAB members will mention a firm's reputation regarding a specific industry concentration when presented with issues (generally documentation and implying that since issues were not identified previously, it is unlikely issues exist now despite evidence to the contrary).

Safeguards to mitigate the threat

- Arranging for specialists from other states to participate in RABs

Revisions to Administering Entity Confidentiality Agreements

Why is this on the Agenda?

During the approval of the confidentiality agreement for technical reviewers that are not employees, it was suggested that the confidentiality agreement for employees be more robust and include some of the content from the non-employee agreement.

- Agenda Item 1.6A – “Confidentiality Agreement for Administering Entity Employees (except Technical Reviewers)” includes revisions based on feedback received from TRATF and AATF.
- Agenda Item 1.6B - “Confidentiality Agreement for Administering Entity Technical Reviewers Who Are Employees” is a new document. It was developed based on the agreement for non-employees. It includes content about meeting qualifications which is not included in Agenda Item 1.6A because there are no set qualifications for a peer review administrator or others involved in the process. It omits the paragraph about 1000.146 since most requests for confidential information would not ordinarily be sent to the technical reviewer. Either the administrator or CPA on staff would get such requests. The agreement also omits the references to the interpretations that are included in the non-employee agreement primarily because they are not necessary.0020
- Agenda Item 1.6C – “Exhibit 1-2 – Confidentiality Letter If Technical Reviewer is Not an Employee of Administering Entity” is included for purposes of reference.

Feedback Received

Staff revised the Confidentiality Agreement for Administering Entity for Employees. The draft was vetted by the TRATF. They suggested that a separate agreement be developed for the technical reviewers who are employees. The suggestion of having two different agreements for administering entity staff was vetted by the AATF. They agreed with the suggestion and had additional revisions to the Confidentiality Agreement for Administering Entity for Employees.

PRIMA Impact: None

AE Impact

Agreements should be signed no later than November 1, 2019. AEs would be required to acknowledge signed agreements were obtained with the 2020 Plan of Administration due November 1, 2019.

Communications Plan

Staff will send an administrative alert and post the revised agreements on SharePoint.

Manual Production Cycle (estimated): No Impact

Effective Date

Upon approval by the Board.

Board Consideration

The Board should review and approve revisions to agenda item 1.6A and the new confidentiality agreement in 1.6B.

**Confidentiality and Administration Agreement for Administering Entity
Employees (except Technical Reviewers)**

[Date]

[Name]

[Title]

[Administering Entity name]

Dear Employee Name:

As staff of the [Administering Entity name], you have an obligation to adhere to the confidentiality requirements described in AICPA's Standards for Performing and Reporting on Peer Reviews (standards). ~~confidentiality requirements. Thus, You agree not to discuss or disclose~~ divulge such information that would identify any firm, its clients or personnel, peer reviewer/reviewing firm or other information obtained as a result of your responsibilities. You agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the AICPA Peer Review Program (program) or use it in any way not related to meeting the objectives of the Program, unless the reviewed firm has provided written permission to do so.

You have the responsibility to keep results and other information of the review confidential in accordance with 1000.146, except as authorized through written permission from the firm. ~~You agree not to divulge information that would identify any firm, its clients or personnel, peer reviewer/reviewing firm or other information obtained as a result of your responsibilities.~~

As part of your overall job responsibilities, you may be exposed to enforcement related issues. You must not divulge any peer review information related to individuals being investigated or who have enforcement actions required of them.

When there is a conflict of interest, you must recuse yourself from the situation that created the conflict of interest.

~~You agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the AICPA Peer Review Program (program) or use it in any way not related to meeting the objectives of the Program unless the reviewed firm has provided written permission to do so.~~

Familiarity threats should be mitigated by following the safeguards in accordance with (Name of administering entity) policy and procedures

Please confirm your acceptance of the responsibilities and obligations it entails by signing a copy of this letter in the space provided and returning it to me. If you have any questions, please feel free to call me.

Sincerely,

[Name]

CPA on Staff or applicable title

Agenda Item 1.6A

Agreement:

By signing this document, I accept the responsibilities and obligations, included but not limited to, those outlined above.
~~I agree to adhere to the AICPA Peer Review Program's confidentiality requirements as set out in 1000.146 and related interpretations.~~

Signature: _____

Title: _____

Date: _____

**Confidentiality and Administration Agreement
for Administering Entity Technical Reviewers Who Are Employees**

[Date]

[Name]

[Title]

[Administering Entity name]

Dear *Employee Name*:

As a technical reviewer, you have a responsibility to meet all qualifications and an obligation to adhere to the confidentiality requirements described in the AICPA's *Standards for Performing and Reporting on Peer Reviews* (standards). Thus, you agree not to discuss or divulge information that would identify any firm, its clients or personnel, peer reviewer/reviewing firm or other information obtained as a result of your responsibilities. You agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the AICPA Peer Review Program (program) or use it in any way not related to meeting the objectives of the Program.

As part of your overall job responsibilities, you may be exposed to enforcement related issues. You must not divulge any peer review information related to individuals being investigated or who have enforcement actions required of them.

When there is a conflict of interest, you must recuse yourself from the situation that created the conflict of interest.

Familiarity threats should be mitigated by following the safeguards in accordance with (*Name of administering entity*) policy and procedures.

Please confirm your acceptance of the responsibilities and obligations it entails by signing a copy of this letter in the space provided and returning it to me. If you have any questions, please feel free to call me.

Sincerely,

[Name]

CPA on Staff or applicable title

I understand that as a technical reviewer charged with the responsibility to assist a RAB in its report acceptance and oversight functions, I should:

- demonstrate proficiency in the standards, interpretations, and guidance of the program by completing within the 12-month period preceding the commencement of the technical review 1 or more training courses that are applicable to the type of peer review being evaluated and that meet the requirements of the team captain or review captain training established by the board.
- demonstrate proficiency in the standards, interpretations, and guidance of the program by completing an introductory technical reviewer training course developed by the AICPA ordinarily within 12 months prior to serving as a technical reviewer. Additionally, I will complete or attend one of the following options in every calendar year thereafter:
 - a technical reviewer update training course developed by the AICPA
 - the annual Peer Review Conference
- be an AICPA member in good standing, whether conducting technical reviewer duties for firms with or without AICPA members.
- participate in at least one peer review each year, which may include participation in an on-site oversight of a System Review.
- have an appropriate level of accounting and auditing knowledge and experience suitable for the work performed.
- adhere to the confidentiality requirements of the *Standards for Performing and Reporting on Peer Reviews* including when my job responsibilities may expose me to enforcement related issues.
- recuse myself when there is a conflict of interest.
- mitigate familiarity threats¹ by following safeguards in accordance with (*Name of the administering entity*) policy and procedures.

I accept the responsibilities and obligations, included but not limited to, those outlined above.

Signed: _____

Date: _____

¹ *Familiarity threats* are defined as "the threat that, due to a long or close relationship with a client, a member will become too sympathetic to the client's interests or too accepting of the client's work or product" (ET sec. 1.000.010.12).

**Confidentiality Agreement for Non-EE TR
Exhibit 1-2 — Confidentiality Letter If Technical Reviewer Is Not an Employee of
Administering Entity**

[Date]

[Name and Address of Technical Reviewer]

Dear [Mr. or Ms.] [Last Name of Technical Reviewer]:

As a technical reviewer, you have a responsibility to meet all qualifications and an obligation to adhere to the confidentiality requirements described in the AICPA's *Standards for Performing and Reporting on Peer Reviews* (standards). Thus, you agree not to divulge information that would identify any firm, its clients or personnel, peer reviewer/reviewing firm or other information obtained as a result of your responsibilities. You agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the AICPA Peer Review Program (program) or use it in any way not related to meeting the objectives of the Program.

If you perform, or plan to perform, enforcement related work as a member, employee, consultant, volunteer (or other similar arrangement) of the AICPA or state CPA society ethics committee, AICPA Joint Trial Board, state board of accountancy or other regulatory agencies, governmental bodies, or similar groups or subgroups, you agree to notify the [Administering Entity Peer Review Committee] immediately. Such involvement would prohibit you from performing technical reviews.

Please confirm your acceptance of the responsibilities and obligations it entails by signing a copy of this letter in the space provided and returning it to me. If you have any questions, please feel free to call me.

Sincerely,

[Name]

[Title]

I understand that as a technical reviewer charged with the responsibility to assist a RAB in its report acceptance and oversight functions, I should

- demonstrate proficiency in the standards, interpretations, and guidance of the program by completing within the 12-month period preceding the commencement of the technical review 1 or more training courses that are applicable to the type of peer review being evaluated and that meet the requirements of the team captain or review captain training established by the board (Interpretation No. 132-1a).
- demonstrate proficiency in the standards, interpretations, and guidance of the program by completing an introductory technical reviewer training course developed by the AICPA ordinarily within 12 months prior to serving as a technical reviewer. Additionally, I will complete or attend one of the following options in every calendar year thereafter:

- a technical reviewer update training course developed by the AICPA
 - the annual Peer Review Conference
- be an AICPA member in good standing, whether conducting technical reviewer duties for firms with or without AICPA members (Interpretation No. 132-1d).
- participate in at least one peer review each year, which may include participation in an on-site oversight of a System Review (Interpretation No. 132-1b).
- have an appropriate level of accounting and auditing knowledge and experience suitable for the work performed.
- inform the administering entity when performing or planning to perform enforcement related work as a member, employee, consultant, volunteer (or other similar arrangement) of
 - the AICPA or state CPA society ethics committee
 - the AICPA Joint Trial Board
 - a state board of accountancy or other regulatory agencies, governmental bodies or similar groups or subgroups.Such involvement prohibits individuals from serving in this role.
- adhere to the confidentiality requirements of the *Standards for Performing and Reporting on Peer Reviews*.
- mitigate familiarity [fn 5](#) threats that can exist among Committees/RABs, peer reviewers, and firms by following safeguards in accordance with (*Name of the administering entity*) policy and procedures.

I accept this appointment and the responsibilities and obligations, included but not limited to, those outlined above.

Signed: _____

Date: _____

Standing Task Force Updates

Why is this on the Agenda?

Each of the standing task forces of the PRB will provide this information to the Board at each open session meeting to gather feedback on the nature and timing of agenda items that will be considered in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to feedback received.

Planning Task Force

Accomplished since last PRB meeting:

The following items were discussed at the task force's August 8th meeting:

- PRB Recruitment: Specifically, the process for the recruitment of new PRB members that would begin their service in May of 2020.
- Hearing Panels: There has been a large increase in hearing panels over the past year. Staff will begin developing educational materials for peer review committees in how they can assist in resolving any issues before a hearing panel becomes necessary
- CPAs on Staff: AICPA Staff will continue to assess how we can better support the individuals in these roles at the administering entities.
- New A&A Standards: Specifically, how Staff and the PRB can help reviewers take into account new accounting and auditing standards. For example, Staff are currently working through potential changes to Review Engagement checklists to help peer reviewers take into consideration new standards, such as ASC 606.

Upcoming tasks:

The task force will meet in October to discuss applicants for the Peer Review Board. Additionally, Staff will keep the PTF (as well as the PRB) up to date on progress made on the items discussed above.

Oversight Task Force

Accomplished since last PRB meeting:

- Approved administering entity (AE) oversight visit reports and responses
- Approved AE plans of administration for 2019
- Reviewed AE benchmark summary forms and feedback received
- Revised AE benchmarks based on results from the pilot period and feedback received
- Clarified guidance for CPA on staff requirement
- Provided consent for two AEs to transition administration to other AEs
- Approved new and revised confidentiality and administration agreements for AE staff
- Approved revisions to the RAB observation report template and checklist
- Approved revisions to AE oversight exhibits in the Oversight Handbook
- Approved 2020 plan of administration form
- Monitored enhanced oversight results
- Reviewed sample of enhanced oversight reports for consistency
- Discussed type of feedback issued by AEs as a result of the enhanced oversights
- Monitored reviewer performance

Upcoming tasks:

- OTF members will conduct AE oversight visits
- Approve responses from AEs to AE oversight visit reports
- Approve RAB observation reports
- Monitor results of enhanced oversights
- Monitor reviewer performance
- Approve revisions to Oversight Handbook Chapter 3 – *Confidentiality of Peer Review Information in the Regulatory Environment*

Education and Communication Task Force**Accomplished since last PRB meeting:**

- Planned and prepared for a successful 2019 Peer Review Conference including development of
 - content for optional sessions for reviewers of EBP and Governmental engagements,
 - the general session agenda and related session materials,
 - conference cases, and
 - concurrent session materials.
- Offered alternative training sessions at the
 - Employee Benefit Plan Conference – May 2019
 - Engage Conference – June 2019
 - Not-for-profit Industry Conference – June 2019
- Released updates to the following on-demand courses or webcasts:
 - Are You Ready? (webcast for firms)
 - Must-Select Update for Broker-Dealers
 - Technical Reviewer Initial Training
 - RAB Initial Training

Upcoming tasks:

- Assess feedback received from the 2019 AICPA Peer Review Conference and begin to plan for the 2020 conference in St. Louis, MO.
- Continue to implement plans to improve the peer reviewer pool by state, including must-select reviewers
- Continue to identify and implement improvements to the AICPA Peer Review website
- Continue to monitor our available courses to see if improvements can be made to our overall training framework
- Release updates to the following on-demand courses or webcasts:
 - RAB Update Webcast
 - Must-Select Update for Employee Benefit Plan Engagements
 - Must-Select Update for Governmental Engagements
 - Peer Review Update (ongoing team captain training)
 - Technical Reviewer Update Training

Standards Task Force**Accomplished since last PRB meeting:**

- Continued discussions related to the project to clarify the peer review standards (for additional information, see agenda item 1.7A)

-
- Approved revisions to guidance related to technical reviewers approving due date extensions for implementation plans and corrective actions (agenda item 1.2)
 - Discussed the inclusion of SSAE cybersecurity and supply chain engagement types to be required in the review summary information in PRIMA (agenda item 1.3)
 - Discussed proposed changes to the EBP checklist (PRP section 20700)
 - Discussed proposed changes to the Technical Reviewers Checklists (PRP section 3400)

Upcoming tasks:

- Continued focus on the clarity project
 - For additional information, see Agenda Item 1.7A
- Continued consideration of QCM review guidance revisions
- Assessment of potential guidance needed in response to further PRIMA enhancements
- Potential development of a Risk Assessment Toolkit for peer reviewers in narrative form
- Discussion of the potential removal of PRP section 6200 Appendix B for the April 2020 checklist update

Update on Clarified Peer Review Standards

Why is this on the Agenda?

The STF will have an update on the project to clarify peer review standards as a standing agenda item during the Task Force Update portion of upcoming PRB open session meetings.

Staff is currently drafting guidance related to:

- system reviews (both from the perspective of the peer reviewer and the reviewed firm),
- general peer reviewer responsibilities,
- general firm responsibilities,
- administration (including administrator, technical reviewer and Committee/RAB responsibilities), and
- concepts common to all peer review

The following is a summary of the meetings related to the clarity project since the last PRB Meeting:

- May 29, 2019 and July 17, 2019 – The sub task force for system reviews* continued their discussion of PR-C sec. 210, which will contain guidance for peer reviewers performing system reviews.
- June 6, 2019 - The sub task force for general responsibilities** completed their review of PR-C sec. 200, which contains general guidance for all peer reviewers.
- June 27, 2019 – The entire STF met to
 - perform their initial review of PR-C sec. 200, and
 - discuss specific items from the system review sub task force related to PR-C sec. 210.
- July 1, 2019 – The sub task force for administration*** had their initial meeting to discuss PR-C sec. 420, which will contain guidance for technical reviewers
- August 14, 2019 - The sub task force for administration met to
 - finalize their review of PR-C sec. 420, and
 - discuss PR-C sec. 410, which will contain guidance for Committees/RABs.

Currently scheduled future meetings

- August 29, 2019 – The entire STF will meet to review PR-C secs. 200 and 420.
- September 4, 2019 – The sub task force for system reviews will continue its discussion of PR-C sec. 210.
- September 12, 2019 – The sub task force for common concepts**** will have their initial meeting to discuss PR-C sec. 100, which contains general guidance for all peer reviews.

* System Review Sub Task Force members: Dawn Brenner, Barbara Lewis, Kristen Mascis, and Cathy Schweigel

**General Responsibilities Sub Task Force members: Andrew Pope, Ethan Miller, and Karen Welch

***Administration Sub Task Force members: Brian Bluhm, Paul Brown, Jerry Cross, and Bonnie Stewart

****Common Concepts Sub Task Force members: Mike DeFalco, Bert Denny, Liz Gantnier, and Tom Parry

Board Considerations

The purpose of this item is to provide an update on progress made to date related to the project to clarify the peer review standards and related guidance.

While the task force is not seeking specific feedback on any given item presented at this time, PRB members and observers are invited to ask any questions or provide any commentary deemed necessary.

Other Reports

Why is this on the Agenda?

The purpose of this agenda item is to provide PRB members and other attendees an update on various PRB related activities and initiatives.

Operations Director's Report

We recently held our annual peer review conference in Washington DC. We had 558 attendees with 430 in-person and 128 online. This is our highest attendance count in recent history!! Please save the date for next year's conference, which will be held from August 3-5, 2020 in St. Louis, Missouri at the St. Louis Hilton at the Ballpark.

Related to PRIMA, while we know some users continue to experience challenges with PRIMA, we heard a tremendous amount of positive feedback at the conference this month about the enhancements we have made to PRIMA. We will continue to make improvements to the user interface later this fall based on the recommendations we received from the Usability study that was conducted earlier this year. In the meantime, the benchmark reports for the Administering Entities have been updated in PRIMA.

Report from State CPA Society CEOs

Feedback that continues to be received by this group is concern for the perceived increased punitive nature of program and concern that the peer reviewer pool is shrinking.

Report on the National Peer Review Committee

The NPRC has met once, on May 14, since the last PRB meeting in May. There have been no large firm reviews or QCM reviews presented. Since the May PRB meeting, the NPRC has held 6 RAB meetings. During those meetings 58 reviews were presented: 43 Pass, 8 Pass with Deficiencies and 7 Fail. The NPRC's next meeting will be on October 17, 2019.

Compliance Update - Firm Noncooperation

Why is this on the Agenda?

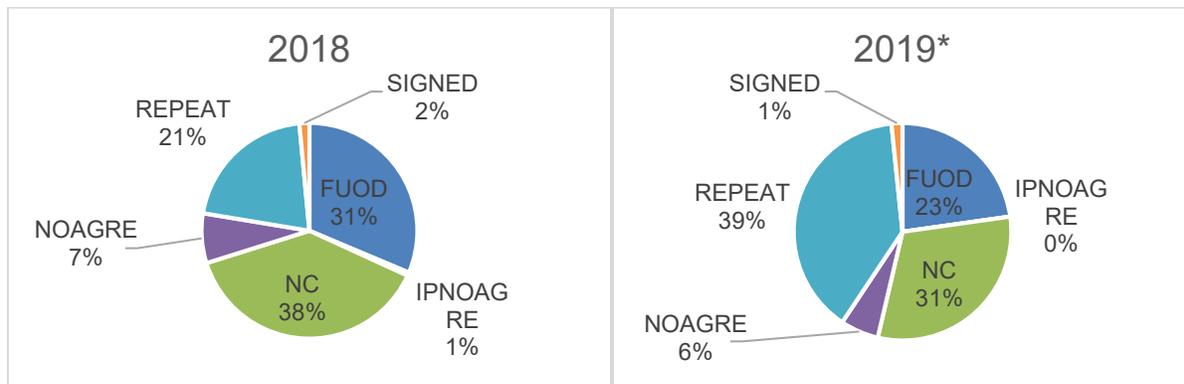
This is an informational item to keep AICPA Peer Review Board (PRB) members informed about firm noncooperation activities.

Referrals and Mediation

Referrals are firm noncooperation cases for which the AE has submitted documentation to AICPA staff to proceed with a termination hearing. Firms referred to the PRB for a termination hearing have increased significantly since PRIMA implementation, due in part, to changes in guidance to expedite such matters and align more closely with Enhancing Audit Quality initiatives. The table below shows the increase through mid-year 2019:



The types of matters for which firms are referred reflect the changes mentioned in the preceding bullet, including the completeness activities conducted previously. Referrals by charge are as follows:



*through 7/9/2019

Legend:

- FUOD Failure to complete corrective action(s)
- IPNOAGRE Failure to agree to an implementation plan
- NC General non-cooperation (includes completeness activities/material omission from scope, failure to undergo/complete peer review, failure to improve after consecutive corrective actions, etc.)
- NOAGRE Failure to agree to corrective action

REPEAT	Failure to improve after consecutive non-pass peer reviews
SIGNED	Failure to sign MFCs, FFCs, etc.

Due to the increase in hearing referral volume, 3-4 hearing panels per month have been held for several months in 2019, instead of the typical 2 panels per month. A total of 8 panels are scheduled for July through August. Additional panels are expected to be added as needed through the end of 2019.

In some situations, firms can be encouraged and assisted to resolve the matter to avoid a hearing. Staff has attempted to mediate hearing referrals where appropriate, which ultimately leads to less panels and staff resources. These efforts began mid-2017 to assist AEs to resolve old hearing cases. Since May 2019, staff has been able to effectively mediate 27% of referred firms contacted, which led to the firm's continued enrollment.

Staff does not perform mediation outreach to firms referred for charges such as consecutive non-pass reports or material omission from scope because firms do not have any recourse to avoid the hearing (other than pleading guilty/agreeing to the charges).

Drops and Terminations

A firm's enrollment may be dropped from AICPA Peer Review Program (AICPA PRP) without a hearing (typically prior to the commencement of a review) for failure to submit requested information concerning the arrangement or scheduling of its peer review or timely submit requested information necessary to plan or perform the peer review to the reviewer. A detailed list of noncooperation reasons that may lead to a drop is in the [Peer Review Board Drop Resolution](#) (Interpretation 5h-1) on AICPA.org. Staff does not perform mediation outreach to firms that may be dropped.

Firms whose enrollment will be dropped from AICPA PRP are sent to PRB members for approval via negative clearance and subsequently reported in PRB open session materials.

A firm's enrollment may be terminated for other failures to cooperate with the AICPA PRP (typically after the commencement of a review). A detailed list of noncooperation reasons that may lead to a termination is in the [Peer Review Board Termination Resolution](#) (Interpretation 5h-1) on AICPA.org.

Terminations from the AICPA PRP must be decided upon by a hearing panel of the PRB.

Drops and terminations are reported in a monthly communication to state boards of accountancy Executive Directors, State Society CEOs, and are available on Extranet for administering entities (AEs).

[Firms with AICPA members whose enrollment in the AICPA Peer Review Program is terminated](#) are published on the AICPA.org website and included in the PRB open session materials. Firms without AICPA members whose enrollment in AICPA PRP has been terminated are not published by the AICPA, but are included in the statistics of this agenda item.

Below is a summary of hearing panel decisions over the past several years:

<u>Year</u>	<u>Number of Firms</u>	
	<u>Terminated</u>	<u>Not Terminated</u>
2015	23	1
2016	41	6
2017	18	6
2018	41	25
2019 (thru 7/9)	<u>28</u>	<u>30</u>
Total	<u>151</u>	<u>68</u>

Terminated firms include:

- hearing panel decisions to terminate, including those within their available appeal period, and
- firms that agreed to the charges and were terminated without a hearing.

For firms whose enrollment was not terminated, the firm may be required to complete additional corrective actions to remain enrolled. Examples of additional corrective actions that might be required include:

- Replacement review (omission cases);
- Formalization (in writing) of a firm's decision to limit practice in a certain industry or engagement type; or
- Pre-issuance or post-issuance review.

In the rare circumstances that additional corrective actions are not required, the review continues uninterrupted. For example, any outstanding corrective actions would need to be completed before the review is completed.

Note that the increase in number of not terminated decisions in recent years is reflective of the types of matters for which firms are referred. Specifically, the number of repeat and omission cases for which remediation was deemed more appropriate than enrollment termination.

This summary does not reflect:

- later decisions by an appeal mechanism to reverse or modify PRB hearing panel termination decisions, or
- cases that are mediated or the underlying cause is resolved (stopped hearings).

Agenda Item 1.11B

**Firms Dropped from the AICPA Peer Review Program for Non-Cooperation
between April 1, 2019 and June 30, 2019**

Firm Number	Firm Name	State
900255273832	Ira H. Patrick, CPA	AL
900005244369	Richardson Financial Group	AL
900008858273	Ludington & Lawson, PLLC	AR
900010101108	Biggs, Cagan & Cherry, PLLC	AZ
900005018251	Copperstate CPAs, PLC	AZ
900005129779	Jeffrey A. Corallo CPA P.C.	AZ
900001020547	Arnold M Brooks	CA
900006553512	Bamshad & Company, An Accountancy Corporation	CA
900010072154	Chavez, Silva & Company	CA
900011603391	Crystal Martinez	CA
900255188327	Dana & Assoc, AAC	CA
900010151015	Dawn Michele Rogers	CA
900010130300	Gary P. Allen, CPA, Inc.	CA
900010148425	George Shimel, Jr. CPA	CA
900001004482	Goff, Thomas and Company CPAs	CA
900006518829	Harold Kramer, CPA	CA
900255187734	Harold Littlejohn, CPA	CA
900011610049	Hunnicutt, Okamoto, Kurges & Associates, AAC	CA
900255347535	J C & Associates	CA
900255348117	James Standard CPA	CA
900255348459	Justice Jorgensen & Company	CA
900010065324	Katz, Fram & Co., APC	CA
900005060300	KLA Associates	CA
900010147729	Martin S. Goldman	CA
900011411311	Michael J. Borenstein, CPA	CA
900011564812	Pat Alan Turner, A PC	CA
900011534609	Richard C. Ginnaty, APC	CA
900010140821	Ron C. Chicca	CA
900007231690	Terry L. Allen	CA
900011571349	Thomas E. Kurth, CPA	CA
900011563689	Tomiaki Okada Accountancy Corporation	CA
900255347128	UCMK LLP	CA
900255349653	Warren C Herrick	CA
900011575604	Wright & Gervais Accountants, Inc.	CA
900010146508	Holben Hay Lake Balzer CPAs LLC	CO
900001000000	Walker & Company, LLP	DC

900255347776	Alonso Advisors, PLLC	FL
900255271987	BMJ CPA, PLC	FL
900010056586	Douglass E. Pereboom CPA, P.A.	FL
900255308598	E. Alex Ortiz, CPA, PA	FL
900255348039	Erin M Perdue CPA LLC	FL
900010106692	J. Nathan Stout CPA, PA	FL
900010139508	Joseph G. Mott Jr., P.A.	FL
900006205526	Panagos & Associates CPAS, LLC	FL
900006678189	Schneider & Associates of SOFL LLC	FL
900010140626	Thomas W. Hill & Company LLC	FL
900001151097	Wesley D. Wilson CPA, P.A.	FL
900011440810	Cecilia M. Zachary, CPA, P.C.	GA
900255214927	Credible Accounting Solutions, Inc.	GA
900008312006	Hunt Consulting, P.C.	GA
900010134729	Jeffery A. Wilson P.C.	GA
900005471419	K. Glenn Aldridge PC	GA
900005420774	L.S. King & Associates, P.C.	GA
900010125253	Milkwick & Company, CPA, P. C.	GA
900010124350	Moody Bennett, LLC	GA
900010111063	Robin R. McIntire	GA
900255226236	SG Cash, LLC	GA
900010133201	James T. Brems P. C.	IA
900255348975	Jerald Knox & Co	IL
900010153059	Kenyon CPA's Inc.	IL
900010094613	Marlow C. Hunter P.C.	IL
900010103231	Weichman & Associates, P. C.	IN
900005272741	David Reed, CPA	KY
900255270601	Bruce R Shallcross	MA
900000203547	Charles J. DiMatteo Jr.	MA
900010151365	Diane M. Driscoll	MA
900010144455	Friedman, Hurwitz & Aliber	MA
900010118756	G. P. Messer P.C.	MA
900004464891	Goloboy CPA LLC	MA
900011734352	John J. Konevich, CPA PC	MA
900255270646	Michelle McGuigan	MA
900010103933	Neal A. Price & Company	MA
900003872166	Paula J. Ericsson, CPA	MA
900011784515	Alan P. Stokes & Associates, Inc.	MD
900010105209	Brown & Company CPAs, PLLC	MD
900010115504	CG Davis & Associates, PA	MD
900004284750	David M Payne CPA LLC	MD

900011786916	Gilbert J. Crumrine, CPA	MD
900255349510	Richard Opara, CPA	MD
900004359821	Scine & Scine, CPAs	MD
900255020118	TSC Enterprise, LLC	MD
900004728366	C. Schrieber CPA PC	MI
900010120655	Douglas A. McDonald CPA PC	MI
900001062483	Haslett & Gaynor, P.C.	MI
900011662614	Jayne D. Szukalowski, CPA	MI
900255227189	Kerrigan & Company, PC	MI
900010136081	O'Brien & Co., P.L.L.C.	MI
900255348851	Paula J. Lutzky, CPA	MI
900010098364	Sandon, Leist & Company, PLLC	MI
900010145514	The CPA Group, PC	MI
900004344749	Anita C. Stephenson, CPA	NC
900005392305	Carl F. Root, Jr., PA	NC
900255080432	Chesson & Lovell PLLC	NC
900010145431	GBK Peabody, PLLC	NC
900010132926	Kingman, White and Company CPAs	NC
900255047995	Susan C. Creech, CPA, PLLC	NC
900010104102	Morrissey & Company, LLC	NH
900010028672	Arthur S. Geiger & Co., P. A.	NJ
900010153750	Charles T. Pace CPA, LLC	NJ
900005344226	Joseph Cusano CPA PC	NJ
900255036338	Leigh J Kremer CPA	NJ
900255192420	Suresh Patel CPA PC	NJ
900005184490	Filener & Associates PC dba Filener & Company	NM
900004182841	Gary E. Hellmer, CPA	NM
900010127801	Georgette C. Valenti	NV
900255349616	Aaron Sendrovits CPA PLLC	NY
900001102456	Allan G. Pope, CPA, LLC	NY
900006479624	Babaian CPA Associates PLLC	NY
900010153944	Bernard T. Wildenberg	NY
900004570821	Chris Theoharis	NY
900010149999	Freilich & Company LLP	NY
900255348467	Gilbert Sherr CPA	NY
900255348755	Gottbetter + Conte LLP	NY
900007058940	J. L. James CPA	NY
900010113560	James Pantzis CPA, P. C.	NY
900010098520	Jeffers & Birnie, CPAs, PC	NY
900010106108	Jeffrey Herbert Ziffer	NY
900010005472	Kresch & Gerbasi, LLP	NY

900010122929	Kurcias & Alhante LLC CPAs	NY
900255081601	M & R CPAs, LLP	NY
900255348622	Malgorzata Cruzatte, CPA	NY
900001013796	Matthew C Hall & Co CPAs LLP	NY
900010103191	Nacca and Capizzi, LLP	NY
900005575615	P. Sinaly, CPA, P.C.	NY
900010024740	Pollan, Mauner & Wess LLP	NY
900255348477	Prakash Chavda CPA PC	NY
900010152394	Reinhart & Associates, LLC	NY
900255349367	Santiago Vazquez IV CPA	NY
900010126041	Saranto P. Calamas	NY
900255349292	Schulman & Glaves	NY
900255349152	Steven Edwards, CPA, PC	NY
900010115303	Steven Schwartz	NY
900255348777	Tarkin CPA PC	NY
900001143141	Wei, Wei & Co., LLP	NY
900005192021	William Tam, CPA	NY
900007120451	Barrett & Associates, Inc	OH
900003818689	Cooper CPA LLC	OH
900010080940	Inner Circle Advisors	OH
900005714388	Marcum Family Tax LLC/dba Grieser, Marcum & Associates CPAs	OH
900010155900	PKG Financial Services, Inc.	OH
900010150461	RG Santos & Co Accountants	OH
900005174011	Tebay & Associates, LLC	OH
900011981315	Vera L Patera-Mullen CPA	OH
900010147558	Vernon H. Huber CPA	OH
900010083852	William D. Leicht	OH
900255227349	Yoder Accounting Service	OH
900001063265	Bruce E. Teevan CPA Inc.	OK
900010124204	Steven E. Hanscam, CPA	OR
900010108003	Roberts and Company, P.C.	PA
900010132239	Schultheiss & Associates	PA
900010113849	Steven Jeffrey Handzel	PA
900008658706	Advanced CPA LLC	PR
900008969549	CPA Johmary Melendez	PR
900010153661	LLM&D, PSC Contadores Publicos Autorizados	PR
900004983753	Tanner & Associates CPA LLC	PR
900010085439	Clifford J. Deck CPA Inc.	RI
900001000000	A. Creig Odom, Jr., CPA	SC
900005810428	Dan L. Stegall, CPA LLC	SC
900010106601	Lloyd E. Pitts CPA, P. A.	SC

900004355732	Morrisette & Krainas, CPAs, PC	SC
900001158048	Sharon L. Pate CPA	SC
900011670452	Debbie Grammas Dye, CPA	TN
900010153415	Herbert A. Miller CPA	TN
900011673417	Joel A Troxler, CPA	TN
900255348604	Linda L. Waters CPA	TN
900005423608	Memphis Consulting Group	TN
900004333980	Myers Valuation Associates, PLLC	TN
900001157952	P. Powell Marsh	TN
900255348213	Russell A Siegfried CPA PC	TN
900011684892	Ted M. Winestone, CPA	TN
900006313404	Terry Hendrixson, CPA	TN
900005063653	Ana M. Blake CPA PC	TX
900001000000	Cindy Funk Shoffstall	TX
900255328680	Danny R Wright CPA, LLC	TX
900006231947	David N. McCullough CPA PC	TX
900010138598	EW Tax and Valuation Group, LLP	TX
900255180895	Jack M. Stagner Jr., CPA, PC	TX
900008127665	Jonathan R. White CPA, Inc.	TX
900010137949	Mike Dunson	TX
900004507185	Randall Smith, PC	TX
900011043329	Geertsen & Associates CPAs, PC	UT
900011338371	Accounting Solutions Network, PLC	VA
900004363687	Donald K Price, CPA PC	VA
900006135562	JS Morlu, LLC	VA
900005552182	Parker & Associates, LLC	VA
900255272921	A.L. Francis And Associates, LLC	VI
900011779716	Astrid Arola & Associates Inc	WA
900010120287	Barry W. Merrell, CPA	WA
900011776595	David S Christy CPA	WA
900005631648	Donald W. Bell, CPA	WA
900006530215	Karol A McLuen CPA PLLC	WA
900008061887	Mark W Bacon PC	WA
900004343195	MyCFOLink	WA
900010146092	P Y Sugamura Jr & Co PS	WA
900004995142	Pacific Northwest Consultants, LLC	WA
900007448372	Sharon M. Andreason CPA PS	WA
900255105798	Milkus, Trier & Co., Inc.	WI
900011768875	Gary B. Nelson, CPA	WV
900011774075	Greg Cason, CPA, PLLC	WV
900005557902	Integrity Business Systems CPA LLC	WY

Firms Whose Enrollment Was Terminated from the AICPA Peer Review Program since Reporting at the May 2019 Meeting

Consecutive non-pass reports in system reviews

The AICPA Peer Review Program terminated the following firms' enrollment in the AICPA Peer Review Program for failure to cooperate by failing to design a system of quality control, and/or sufficiently complying with such a system, that would provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, such that the firm received consecutive pass with deficiency or fail reports.

Pickett, Chen and Company, Inc. – Irvine, CA
William E. Hartley, CPA – Stockton, CA
Dwyer, Costello & Knox, P. C. – St. Louis, MO
Weinstein & Weinstein – Teaneck, NJ
Spangler Inc., P. A. – Charlotte, NC
Rosetree & Company, Ltd – Skokie, IL
Harry M. Klein, CPA – Sherman Oaks, CA

Noncooperation related to omission or misrepresentation of information:

The AICPA Peer Review Program terminated the following firm's enrollment in the AICPA Peer Review Program for failure to cooperate. The firm either omitted or misrepresented information that should have been provided to their administering entity relating to its accounting and auditing practice.

Matthew B. McClure, CPA PLLC – Scottsdale, AZ

Failing to compete its peer review after it has commenced:

The AICPA Peer Review Program terminated the following firms' enrollment in the AICPA Peer Review Program for failure to cooperate. The firm did not timely submit to its administering entity documents required to complete the acceptance process of its peer review.

Baum & Company, PA – Miami Beach, FL
Cindrich, Mahalak & Co., P.C. – Saint Claire Shores, MI

Firm terminations are also published on our website at:

<https://www.aicpa.org/forthepublic/prfirmterm/2019peerreviewfirmterminations.html>



AICPA[®]

Peer Review
Program