



Peer Review  
Program

# Peer Review Board Open Session Materials

**October 24, 2019**

Teleconference

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**AICPA Peer Review Board  
Open Session Agenda  
Thursday October 24, 2019  
Teleconference**

- 1.1 Welcome Attendees and Roll Call of Board\*\* – Mr. Kindem/Mr. Pope
- 1.2 Discussion on the Process Related to Assisting Firms with Compliance of State Peer Review Licensure Requirement\* - Mr. Bluhm
- 1.3 Approval of Revisions to Chapter 3 of the Oversight Handbook\* - Mr. Bluhm
- 1.4 Task Force Updates\*
  - Standards Task Force Report – Ms. Gantnier
    - A – Update on Clarified Peer Review Standards\*
  - Oversight Task Force Report – Mr. Bluhm
  - Education and Communication Task Force Report – Mr. Gendreau
- 1.5 Other Reports\*
  - Operations Director's Report – Ms. Thoresen
  - Report from State CPA Society CEOs – Mr. Colgan
  - Update on National Peer Review Committee – Mr. Fawley
- 1.6 Other Business\*\* - Mr. Pope
- 1.7 For Informational Purposes\*:
  - A. Report on Firms Whose Enrollment was Dropped or Terminated
  - B. Compliance Update - Firm Noncooperation
- 1.8 Future Open Session Meetings\*\*
  - A. January 30, 2020 – Teleconference
  - B. May 13, 2020 – Durham, NC
  - C. August 6, 2020 – St. Louis, MO
  - D. November 11, 2020 – Durham, NC

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\* Included on SharePoint

\*\* Verbal Discussion

\*\*\* Will be provided at a later date

## Assisting Firms with Compliance of State Peer Review Licensure Requirements

### Why is this on the Agenda?

The goal of peer review is to promote and enhance quality in the accounting and auditing services provided by CPA firms. Fifty-three United States jurisdictions have various peer review requirements and state boards of accountancy (SBOAs) monitor firms' compliance with those licensure requirements.

The Peer Review Board (PRB) strives to enhance the efficiency and effectiveness of the peer review program (PRP) related to licensure compliance for firms, SBOAs and the administering entities (AEs) that manage the peer review program (PRP) for enrolled firms.

Over a decade ago, the AICPA developed Facilitated State Board Access (FSBA). This is a process whereby firms give permission to the AEs to provide the results of their peer reviews to SBOAs via a secure website. Many SBOAs allow firms to voluntarily meet their state peer review document submission requirements using FSBA and some SBOAs require firms to use FSBA. FSBA is an example of a process the AICPA has made available to firms and SBOAs to enhance the efficiency and effectiveness of the PRP.

Many SBOAs have indicated that FSBA is very helpful, but there are times when they need other information to assist in monitoring firms' compliance with their states' peer review licensure requirements. As a result, the PRB created a process, more thoroughly described in Interpretation 146-3, whereby a firm may authorize the AE or the AICPA to provide objective information to SBOAs. The PRB also developed a toolkit for SBOAs and AEs to use for this process.

More recently, the PRB received feedback from some SBOAs that although the 146-3 process is useful, it would be even more beneficial if a more efficient and effective way of providing SBOAs with information could be developed (as firms often don't know the answers to logistical questions related to an ongoing peer review).

In February 2019, a survey was sent to all SBOAs to identify the specific objective information they need to monitor firms' compliance with their peer review licensure requirements. Through October 10, staff received responses from 42 SBOAs. The survey questions and a summary of responses are included in Attachment 1.

### **New Process for Firms Granting Permission to AEs to Provide Certain Objective Information to SBOAs**

To alleviate the need for firms to research this information in PRIMA and to allow AEs to provide certain objective information to SBOAs monitoring their peer reviews, firms will be given the option in PRIMA to grant permission to provide the following information to SBOAs.

- Enrollment Letter which includes the date of enrollment and due date of the firm's next peer review for firms that are initially enrolling and firms reenrolling that were previously dropped, terminated or resigned from the Program. Firms initially enrolling or reenrolling would have the ability to grant this permission at the time of enrollment.
- Confirmation that the firm is enrolled and has represented that it has not performed accounting or auditing engagements in the past 12 months that would require the firm to have a peer

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review. The firm would have the ability to grant this permission annually on its Peer Review Information Form (PRI). This information was not requested in the survey responses but the PRB thought this was useful information since such firms are enrolled and have no peer review due date.

- Extension letter(s) that includes the revised peer review due date approved by the AE. The firm would have the ability to grant this permission at the time the review is scheduled. All firms are currently encouraged to provide a copy of extension letters approved by their AEs to their SBOA(s). The extension letters indicate that the extension of time may not be recognized by SBOAs and that SBOAs should be contacted to determine if the extension will comply with licensure requirements.
- Date the peer review was scheduled (date of the letter that was sent to the firm acknowledging review was scheduled) and the due date of the review (when peer review documents will be received by the AE). The firm would have the ability to grant this permission at the time the review is scheduled.
- Estimated date, if known, the firm's review is scheduled to commence based on the information provided by the firm and/or reviewer at the time of scheduling. Firms would have the ability to grant this permission at the time the review is scheduled. This information will be made available once the review is scheduled in PRIMA.
- Estimated date, if known, including subsequent dates, the review will be presented to a report acceptance body for acceptance. Firms would have the ability to grant this permission at the time the review is scheduled.
- Date the peer review was accepted, acceptance letter with firm's next peer review due date, the peer review report, letter of response if applicable, the firm's signed acceptance letter with remedial actions if applicable, letter indicating no further actions are required to be taken by the firm and the firm's next peer review due date. This information is currently available in FSBA and will continue to reside there.

The PRB will create FAQs or similar information to provide consistency in the understanding of key terminology (such as "due date," "commencement," etc.)

It should be noted that dates change for a variety of reasons and at various times throughout the course of a review, and PRIMA will be updated appropriately to reflect the most current date.

The permission process is expected to become available in PRIMA by January 1, 2020.

### **Why is this Being Done through PRIMA and not FSBA?**

As most SBOAs are currently provided access to FSBA, it is the PRB's objective to make additional review information available directly to SBOAs via FSBA as soon as is practicable. In the meantime, adding the firm permission process to PRIMA now is the quickest, most efficient and effective way to improve the process.

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## **Will Firms Need to Provide the Names of Specific SBOAs?**

No, the intent is for firms to give permission to provide the information to the SBOA in the state where the firm's main office is located and any additional SBOAs to which a firm expands access in FSBA.

## **Will AEs be Able to Run Reports from PRIMA to Provide to State Boards?**

The PRB expects to be able to make such reports available in 2020.

## **What if a Firm Does Not Grant Permission to Provide Information?**

If the firm does not grant permission to provide information to the SBOA(s) under this process or FSBA, the AE may not do so. The following options are available:

- 1) The SBOA could discuss the matter with the firm such that the permission is subsequently granted by the firm to the AE via PRIMA.
- 2) The SBOA could discuss the matter with the firm such that written permission is subsequently granted by the firm to the AE in accordance with 146-3. In this situation, the 146-3 toolkit referred to above may be useful.

## **Suggested Language for the Various Forms**

Firms will be provided the ability to opt out of giving permission. Unless the firm opts out, the additional information will be made available to the SBOA of the firm's main office and other SBOAs to which the firm has expanded access in FSBA.

Note: For states that require opt in for submission of peer review documents, the firms in those states may choose an opt in election for the additional information to be provided. Firms in states with laws or regulations that require mandatory submission of documents will be provided an opt out election for the additional information. Firms in states where SBOAs are not permitted access to peer review documents will not be provided an election to provide the additional information.

Firms have the option to revoke their elections at any time. Revocation will not allow any further additional information to be provided, though it would not impact the availability of information otherwise provided in FSBA.

### **1) Enrollment Form (for Initial Enrollment and Reenrollment by January 1, 2020)**

To renew a firm license/permit(s), state board(s) of accountancy (SBOAs) may need verification of the firm's enrollment and due date of the firm's next peer review, including a copy of this enrollment letter. By submitting this enrollment form you voluntarily grant permission to allow the Administering Entity to provide a copy of this letter and the due date of your firm's next peer review to the SBOA in the state where your main office is located and any SBOA you may have expanded access to in Facilitated State Board Access (FSBA) UNLESS YOU CHECK THIS BOX TO OPT OUT.

### **2) Confirmation Representing No Accounting or Auditing Practice for enrolled firms beginning with a firm's 2020 Confirmation.**

To renew a firm license/permit(s), state board(s) of accountancy (SBOAs) may need confirmation when a firm is enrolled in the peer review program and has represented that it

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has not performed engagements in the last 12 months that would require the firm to undergo a peer review. By submitting this information, you voluntarily grant permission to allow the Administering Entity to provide the representation that the firm has not performed any engagements requiring a peer review in the past 12 months to the SBOA in the state where your firm's main office is located UNLESS YOU CHECK THIS BOX TO OPT OUT.

3) Scheduling Form (permission statement will be available for firms by January 1, 2020)

To renew a firm license/permit(s), state board(s) of accountancy (SBOAs) may need certain objective information to monitor the progress of a firm's peer review. By submitting this scheduling information, you voluntarily grant permission to allow the Administering Entity to provide to the SBOA in the state where your firm's main office is located and any SBOAs to which you have expanded access in Facilitated State Board Access (FSBA) the information below, as applicable UNLESS YOU CHECK THIS BOX TO OPT OUT.

- Extension letter(s) which includes the peer review due date that has been approved by the administering entity, if applicable
- Date of the letter acknowledging the peer review has been scheduled
- Estimated date the firm's review is scheduled to commence
- Date peer review documents are due to be received by the administering entity (peer review due date)
- Estimated date, including subsequent dates, the review will be presented to a report acceptance body for acceptance once all documents are submitted by the reviewer

**PRIMA Impact**

Development will need to be completed by January 1, 2020 to add the above language for firms to provide permission and an indicator for AEs to know when permission has been granted. Firms will be provided the ability to change the opt out selection. Firms that have already scheduled their reviews will later have the ability to make their opt out election in PRIMA. This functionality is expected to be available in early 2020.

Reports will be developed for SBOAs to view additional review information for firms that have not opted out. We will also develop a "help" article for firms explaining permission options, and we'll provide guidance for firms to find the relevant information in PRIMA.

**AE Impact**

AEs will have the ability to see in PRIMA whether the firm has granted permission to make the information available to an SBOA. AEs should only provide the information specified in the permission statements.

**Feedback Received**

Staff met with the Administrative Advisory Task Force on September 25 and the State Board Executive Director Advisory Group on October 3. Feedback received was presented to OTF during the October 7 meeting. Staff also requested feedback from NASBA on September 24, which, when received, will be shared with the PRB verbally during open session.

**Communications Plan**

The firm options will be added to the "Are You Ready?" course for firms. The process will be reviewed with AEs. Additional communications will be provided to firms to assist them in understanding the options. A "Frequently Asked Questions" will be developed for SBOAs.

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**Effective Date**

For completion of enrollment and “No A&A” forms and reviews by January 1, 2020.

**Board Consideration**

No action required. This agenda item is included as a report on the enhancements to the peer review process for those interested in these matters.

## Agenda Item 1 Attachment 1

### Survey Results

<u>Question</u>	<u>Yes</u>	<u>%</u>	<u>No</u>	<u>%</u>	<u>Common Comments</u>
Do you need to know when a firm's review is scheduled?	18	43%	24	57%	Determine if (1) firm is meeting required timelines or (2) firm is in compliance
Do you need to know when a firm's peer review has begun?	15	36%	27	64%	Helps to track compliance; only for new firms; helpful but not necessary.
Do you need to know when the review will be presented to the peer review administering entity (AE)'s peer review committee?	18	43%	24	57%	Helpful when firm registration/license is pending approval; provides info to help us know when to look in FSBA.
Do you need to know when the review was accepted (approved) by the AE's peer review committee?	27	64%	15	36%	Critical in determining compliance with regulations, helpful when a firm has a pending license, helps to monitor if firm provided acceptance letter in 30 days.
Do you need information about remedial (corrective) actions required of the firm as a result of the review?	34	81%	8	19%	Determine what will be done and when; board may want to provide additional corrective actions to firm; indicates severity of firm failing to receive a pass report; required by law.
At any time, SBOA staff (where access is permitted by state law or policy) may access the AICPA's Facilitated State Board Access (FSBA) and run numerous reports.	26	62%	16	38%	For no responses: No reason to; firm is required to submit documents; no resources; difficult to use; limited or no access.

The questions that yielded the highest percentage of "Yes" answers relate to acceptance date, remedial actions, and FSBA. SBOAs that use FSBA currently have access to the acceptance letter (including acceptance date), the peer review report, the firm's letter of response (if applicable) and remedial actions required, if applicable. FSBA also includes the letter indicating that the firm has completed the remedial actions and indicates when the firm's next peer review is due.

In addition, several SBOAs requested enrollment and extension information.

## Revisions to Oversight Handbook – Rewrite of Chapter 3

### Why is This on the Agenda?

Chapter 3 of the Oversight Handbook was originally written to provide peer review guidance related to confidentiality for administering entities (AEs), recognizing that state boards of accountancy (SBOAs) may be overseeing and monitoring the process. At the time the guidance was originally written, many SBOAs had their own quality review/peer review programs. Since that time, all SBOAs have eliminated their programs (or are in the process of phasing them out) and most rely solely on the AICPA Peer Review Program (PRP) to assist firms in meeting state licensure requirements. Due to this reliance, Chapter 3 has become increasingly important. The extant version of Chapter 3 is now quite dated and should be made current. However, the objective of Chapter 3 has not changed; the guidance is intended to promote consistent application of confidentiality guidance by AEs when discussing confidential information in committee and report acceptance body meetings, and when answering requests for information from third parties, including SBOAs and their Peer Review Oversight Committees (PROCs).

### Why is Confidentiality Important?

Transparency is a critical and fundamental component to the process for peer reviewers to be able to identify areas where firms require remediation. The promise of the confidentiality of practices, including deficient engagement performance, provides comfort to firms that the peer review process will not result in punitive actions, thus incentivizing them to be fully transparent with their peer reviewers. The remedial nature of peer review has been, and continues to be, the primary motivating factor for quality peer reviewers. Thus, it is critical for the PRP to maintain an environment where firms are fully transparent with their practices – both to raise the level of audit quality through remediation and to entice and maintain a viable pool of peer reviewers.

### Chapter 3 Revisions Timeline

In August 2018, the PRB approved revisions to Chapter 3 of the Oversight Handbook. The revisions were intended to remove outdated guidance and provide clarifying and revised guidance for use by AEs related to the confidentiality of peer review information in a regulatory environment. After PRB approval, we received feedback from the National Association of State Boards of Accountancy (NASBA), SBOAs and AEs. As a result of that feedback, the PRB decided to revisit its decision and make further modifications to Chapter 3.

#### *Timeline of events since August 2018:*

- Chapter 3 was completely rewritten in October 2018, shared with NASBA, a state board executive director advisory group comprising several SBOA representatives and the PRP's Administrators Advisory Task Force (AATF).
- Feedback from those groups was incorporated into a revised document.
- On January 30, 2019 during the PRB open session meeting, a draft of the document was presented for discussion and possible approval.
  - The document included a footnote that explained SBOA employees not involved in enforcement may obtain confidential information under certain circumstances.
  - Additionally, the footnote included language clarifying that a conflict of interest does not exist when the regulatory, governmental or professional organization

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- lacks enforcement authority and the SBOA employee is not involved in or performing enforcement work. This guidance was approved by the PRB (and was not deferred).
  - Additional changes suggested by the Oversight Task Force (OTF) were distributed during the meeting.
  - Due to the lateness of the additional changes presented by the OTF, NASBA requested that the PRB defer the approval of the guidance to allow additional time for feedback.
  - The PRB agreed and deferred the agenda item except as noted above.
  - On February 6, 2019, an email was sent to all SBOA Executive Directors and Chairs/Presidents requesting feedback on Chapter 3, along with a request for responses to a brief survey regarding information needs of SBOAs to monitor peer reviews performed under the PRP
  - On April 10, 2019, the OTF reviewed the responses received and made additional revisions based on the feedback.
  - On May 3, 2019 during the PRB open session meeting, the most current version of Chapter 3, including a summary of the comments received to date, was presented, discussed and all participants and observers in the meeting were asked to provide any additional feedback. There was no intent to approve the guidance at this meeting. The PRB wanted input from all SBOAs on this matter, as well as the survey sent in February.
  - On May 28, 2019, an additional email was sent to SBOA Executive Directors and Chairs/Presidents requesting feedback on the newly revised Chapter 3 draft.
  - As of October 10, 2019, four comment letters had been received.

The four comment letters were reviewed by the OTF. The following is a summary of the most recent revisions suggested that were subsequently approved by the OTF:

1. Clarity
  - Changed the order of some of the locations of the guidance for better flow and clarity.
  - Removed unnecessary and redundant wording and phrases that may have caused confusion.
  - Considered the appropriateness of using “third parties” vs. “PROCs” in the content.
  - Made modifications to conflict of interest and potential safeguards.
  - Emphasized that individuals associated with, or employed by, a regulatory, governmental or professional organization, including SBOAs, may have access to confidential information in certain situations if those entities and the individual have no enforcement authority.
2. Tone
  - Removed statement indicating that violation of confidentiality could result in “referral to AICPA and/or SBOA Ethics Committee and possibly result in legal action” and added “action taken by the AICPA.”
  - Removed references to “board should” perform an action.
  - Revised wording related to SBOA members that serve on out of state PROCs may have access to confidential information in certain circumstances.

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The PRB appreciated receiving all four comment letters and recognize they were important to those communicating. However, after careful consideration, the OTF decided not to include revisions related to these comments:

1. "SBOA/PROCs should be the only one to determine when there is a conflict of interest."

*Reasons for not including:*

- The PRB recognizes each SBOA is responsible for determining who should serve on its PROC, including its determination as to whether a conflict of interest exists. The PRB and AE's, however, share in this responsibility, since maintaining the confidentiality of the process to continue the efficacy of the PRP is foundational to the program's success.
  - For example, when assembling materials for a RAB or committee meeting, the administrator, technical reviewer or CPA on staff can often determine in advance of the meeting if a PROC member may have a conflict with some of the information being presented at the meeting. Working collaboratively with PROC members, both parties should discuss, in advance, situations where a conflict of interest may exist for the PROC member. Identifying conflicts prior to presentation will alleviate delays in the acceptance process.
- Section D.1 indicates that AEs should be aware that the SBOA or PROC may have already considered conflicts of interest. The AE should discuss the impact, if any, of this assessment by the SBOA or PROC.

2. "The PRB should not determine what information may be made available to PROC members and administrative liaisons."

*Reasons for not including:*

- To maintain the efficacy of the program, the PRB must keep certain information confidential. Accordingly, the PRB must determine what information may be made available to third parties.
- Section C.5 indicates that it is the policy and goal of the PRB to assist SBOAs and PROC members in any way it can, provided the confidentiality requirements of the peer review program are not violated.
- As discussed in previous Agenda Item 1.2, the AICPA is working on a process that will allow firms to grant permission during the enrollment, peer review scheduling, and other times during the peer review process to allow AEs to provide certain objective information available in PRIMA to SBOAs.

3. "SBOAs and PROCs have a different relationship than any other third party because they authorize the firm and licenses to conduct attest services and require peer review information in order to do so."

*Reasons for not including:*

- The PRB agrees with the comment.
- As discussed in previous Agenda Item 1.2, the AICPA is working on a process that will allow firms to grant permission during the enrollment, peer review scheduling, and other times during the peer review process to allow AEs to provide certain objective information available in PRIMA to SBOAs.

4. "AICPA should consider modifying the 1988 AICPA bylaws to reflect that this program has moved from a self-regulatory, educational program to a mandate by law."

*Reason for not including:*

- The AICPA will take under advisement. Success of the program is dependent on open and transparent communication between firms and their peer reviewers, which might not exist with differing rules. Benefits and risks would need to be assessed.
5. “There is a misconception by firms that information on file with the AICPA/AEs is shared with SBOA and PROCs.”  
*Reasons for not including:*
- The PRB agrees with this comment.
  - The updated peer review course for firms will include information related to this issue.
  - As discussed in previous Agenda Item 1.2, the AICPA is working on a process that will allow firms to grant permission during the enrollment, peer review scheduling and other times during the peer review process to allow AEs to provide certain objective information available in PRIMA to SBOAs.
6. “The safeguard of consent and disclosure creates an extreme administrative burden that it is intended to prevent a state employee from attending an AE’s peer review committee or report acceptance body meeting.”  
*Reasons for not including:*
- An SBOA executive director suggested to the PRB that, since the Code of Conduct addresses safeguards, one be added to Chapter 3 to in a similar manner. The PRB developed this approach as a possible solution, requesting feedback.
  - The PRB acknowledges this is a very difficult safeguard to implement but has not received any alternative safeguard suggestions.

**Confidentiality Letter (Exhibit 3-1)**

The confidentiality letter included as Agenda Item 1.3C is primarily for PROC members. The language in the letter is expected to be used; however, AEs may, at their discretion, supplement the language to provide clarification and additional requirements needed in their jurisdiction. It can also be tailored for use by those individuals who meet the requirements outlined in Chapter 3 (i.e. individuals not deemed to have a conflict of interest that are **NOT** involved in enforcement and are **NOT** an employee or consultant (or similar) for an entity with enforcement authority).

**Index of Agenda Items:**

Agenda Item 1.3A: Chapter 3 – Including Revisions from comment letters received between May and October 10

Agenda Item 1.3B: May 2019 version of Chapter 3 presented for comparison purposes. Due to extensive changes to the order of the content, a track changed version is not available.

Agenda Item 1.3C: Confidentiality Letter – State Board Peer Review Committee (PROC)

**Effective Date:**

Agenda Item 1.3A - Upon Board approval.

Agenda Item 1.3C – Upon Board approval with the following transition plan:

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1. Existing confidentiality letters should be submitted with the 2020 Plans of Administration (POA) information due November 1, 2019.
  2. This confidentiality letter must be used for all new PROC members beginning November 1, 2019.
  3. This confidentiality letter should replace the prior version and be submitted with the 2020 Plan of Administration (POA) due April 1, 2020.
  4. Beginning November 1, 2020 and annually thereafter, confidentiality letters will be submitted with Plans of Administration. (Note: For 2020 only, administering entities will submit confidentiality letters twice.)

**Board Consideration:**

Review and approve Chapter 3 in Agenda Item 1.3A and Confidentiality Letter in Agenda Item 1.3C.

## CHAPTER 3

**Confidentiality of Peer Review Information in the Regulatory Environment**

***The objective of this chapter is to assist administering entities in determining what information can be shared with third parties (including state boards of accountancy), the use of confidentiality letters and identifying and addressing conflicts of interest.***

**A. Introduction and Background**

1. When AICPA members passed a peer review bylaw requirement in 1988, it was done so with the understanding that it was remedial, educational, and, with few exceptions, information and results obtained from the peer review process would remain confidential.
2. Recognizing the value and importance of the peer review process to protect the public interest, states began incorporating practice monitoring requirements into their laws, regulations and administrative policies requiring firm participation for licensure.
3. State boards of accountancy (SBOAs) also began recognizing that a firm may meet those requirements by undergoing an AICPA Peer Review Program (PRP) review administered by entities approved and oversighted by the AICPA.
4. Although the AICPA Peer Review Board (PRB) has been bound by confidentiality provisions embedded in the peer review process, it has always fully supported SBOAs need and ability to monitor the PRP.
5. Working collaboratively, administering entities (AEs) and certain SBOAs entered into an oversight relationship that allowed the SBOAs to monitor the AEs' performance and determine if peer reviews were being administered, performed and reported on in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews (*Standards*). (See Section C)
6. The PRB has been able to be transparent with certain peer review information to third parties, with the mutual understanding and agreement that the PRB only has the authority to do this within the confidentiality provisions embedded in the PRP.
7. Success of the PRP is dependent on open and transparent communication between firms and their peer reviewers, which is enhanced by the promise of confidentiality. Thus, maintaining the confidentiality of the PRP process is foundational to the program's success. Accordingly, neither the PRB, nor the AEs, may violate these provisions. This Chapter serves to better articulate the AEs' responsibilities in such matters.

**B. Peer Review Information – Publicly Available vs. Confidential**

1. Paragraph .146 of the *Standards* indicates the AE and the AICPA may disclose to third parties the following information:
  - a) The firm's name and address,
  - b) The firm's enrollment in the program,
  - c) The date of acceptance and period covered by the firm's most recently accepted peer review; and
  - d) If applicable, whether the firm's enrollment in the program has been dropped or terminated.

This information is available in the AICPA Public File for all firms enrolled in the PRP.

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2. Any information not contained in Section B.1 of this Chapter is confidential, with the few exceptions discussed below.
  3. As a condition of membership, firms that join the AICPA Employee Benefit Plan Audit Quality Center (EBPAQC), Governmental Audit Quality Center (GAQC) or Private Companies Practice Section (PCPS) are required to make results of their peer reviews available in the AICPA Public File. In addition, firms may voluntarily elect to have peer review results posted to the Public File.
  4. Interpretation 146-3 allows firms to authorize the AE or AICPA to provide certain objective peer review information to third parties. The authorization must be in writing. A toolkit has been developed to assist SBOAs, as well as firms and AEs to comply with the *Standards* and guidance as they work with SBOA requests for objective peer review information.
  5. To assist SBOAs in monitoring a firm's compliance with peer review licensure requirements, and firms as well, a process is being developed such that firms can grant permission to the AE to provide certain objective peer review information to SBOAs.
  6. State law or regulations may require, or allow, SBOAs to request or require firms to submit or provide access to the following specific firm peer review documents to SBOAs:
    - a) Peer review report which has been accepted by the AE,
    - b) The firm's letter of response accepted by the AE (if applicable),
    - c) The acceptance letter from the AE,
    - d) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take any actions required by the AE, if applicable; and
    - e) Letter signed by the AE notifying the firm that required actions have been appropriately completed, if applicable.
  7. To facilitate firm compliance with state laws or regulations or requests to provide the information listed in B.6, firms may authorize the AE to submit the above documents to the SBOAs through Facilitated State Board Access (FSBA). When laws/regulations mandate the submission of documents through FSBA, firms still must authorize the AE to do so, or their peer reviews will not be scheduled. The authorization is ordinarily made during the peer review scheduling process but may also occur at other times.
  8. AEs must adhere to paragraph 146 of the *Standards* and related interpretations. Communication, either verbal or written, of confidential information without firm permission will result in non-compliance with the applicable guidance and may result in the PRB Oversight Task Force (OTF) administering fair procedures.

### **C. Statutory/Regulatory Oversight Requirements**

1. As most state laws/regulations require firms to enroll in the AICPA PRP (or other SBOA approved peer review programs), certain states also have a statutory/regulatory requirement or SBOA policy to oversight the sponsoring organizations/AEs administration of the peer review programs intended to meet peer review licensure requirements.
2. AEs should have an understanding of the statutory/regulatory peer review requirements for all states where they administer reviews. When there may be statutory/regulatory differences with the guidance contained in this Chapter, the AE should immediately contact the AICPA. Contact should occur prior to the AE providing confidential information to individuals or allowing attendance at meetings where confidential information is discussed. AICPA staff will work with the AE and SBOA to reach an appropriate solution.

3. AEs should understand the SBOA's oversight objectives and the process for achieving those objectives. This will assist AEs in providing sufficient support to SBOAs in meeting those stated objectives within the confines of this guidance.
4. The PRB fully supports the SBOA's ability to establish an oversight process with the objective to report or make recommendations to SBOAs regarding AEs' ability to administer the PRP in accordance with *Standards* and guidance.
  - a) Ordinarily, SBOAs perform oversight through a peer review oversight committee (PROC). SBOAs determine the qualifications, selection and terms of PROC members.
  - b) SBOAs may choose to designate PROCs or PROC members from other states or from national/regional PROCs to achieve the oversight objectives. In such situations, AEs should attempt to schedule RAB and committee meetings that will accommodate time differences, but the PRB recognizes time constraints for the AE's volunteers should be given primary consideration.
  - c) Ordinarily, employees of SBOAs may not have access to confidential information<sup>1</sup>. However, SBOAs may choose to designate an individual (hereinafter referred to as an administrative liaison) to facilitate the SBOAs oversight functions. The role of the administrative liaison(s) is determined by the SBOA and may be an employee or designee of the state board. However, except as discussed in Section H of this Chapter, an AE may not provide confidential information to such individuals or allow them to attend meetings where confidential information is discussed.
  - d) Since PROC members have access to information not otherwise provided to those not involved in the PRP, they must sign a confidentiality agreement (See Section E).
5. It is the policy and the goal of the PRB to assist SBOAs and PROC members in any way it can, provided the confidentiality requirements of the PRP are not violated.

#### **D. Independence and Conflicts of Interest (for Peer Review Purposes)**

1. When preparing for a RAB or Committee meeting, AEs need to consider whether PROC members who will be attending the meeting have a conflict of interest or an impairment to independence (See Section G). Also, AEs need to be aware that the SBOAs or PROCs may have also considered conflicts of interest from a regulatory perspective. AEs must not provide confidential information to PROC members who they believe have a conflict of interest as described in Section G. Administering Entities should collaboratively discuss these matters with SBOAs and, where appropriate, the AICPA, when questions arise.
2. Independence
  - a) *Independence of mind (fact)* - The state of mind that permits those involved in the peer review process to not be affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
  - b) *Independence in appearance* - The avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information,

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<sup>1</sup> SBOAs generally are responsible for enforcement actions against CPAs and CPA firms. Accordingly, certain individuals associated with SBOAs may have a conflict of interest and may not be permitted access to confidential information. However, if an SBOA lacks such enforcement authority, and the individual otherwise has no conflict of interest, the AE may provide such individual the same access to confidential information as a member of a PROC (who has no conflict of interest). Such an individual would also be required to sign a confidentiality letter. Section H of this Chapter provides for potential safeguards for individuals who are associated with SBOAs or other entities with enforcement authority but have no enforcement responsibilities themselves nor are they serving as a PROC member.

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- including safeguards applied, to reasonably conclude that the integrity, objectivity or professional skepticism of those involved in the peer review process had been compromised.
- c) *Safeguards* - Controls that eliminate or reduce threats to independence and may include a range of partial to complete prohibitions.
3. Conflict of Interest
- a) A conflict of interest is a set of circumstances or a situation that creates a risk that the professional judgment or actions by an individual may be influenced by a secondary party or interest. The individual may have a competing interest or loyalty to a secondary party that may influence their professional judgement or decision, or
  - b) A situation in which a person has a duty to more than one person or organization but cannot do justice to the actual or potentially adverse interests of both parties.
  - c) If no safeguards are available to eliminate the risk of an unacceptable threat or reduce it to an acceptable level, this would be considered a conflict of interest.
    - i. In situations where the SBOA, AE or PRB determines that there is an unacceptable threat, then neither recusals nor signing confidentiality letters are appropriate safeguards.

## **E. Confidentiality Letters**

1. PROC members are required to annually sign a confidentiality letter (Exhibit 3-1) indicating they will not divulge any information to the SBOA or others that would identify any licensee, firm or peer reviewer or other information obtained from the oversight of the AE. Once signed, the PROC may be provided the same information that is available to the committee or Report Acceptance Body (RAB).
2. AEs should maintain a current roster of PROC members as their signed confidentiality letters are subject to review during AE oversight visits, RAB observations and other times deemed appropriate.
  - a) When a PROC member fails to sign the confidentiality letter, except as provided in E.2.b), the AE may only provide a PROC member access to information allowed in paragraph 146 of the *Standards* and some statistical data/reports that do not contain confidential information.
  - b) In rare circumstances, where state law or regulation specifically prevents individuals from signing confidentiality letters, the matter should be discussed with the SBOA and, where appropriate, the AICPA, as to what other safeguards can be put in place, if possible, such that the PROC members may still be able view certain confidential information and possibly attend meetings.
3. The PRB does not expect a PROC member to sign a confidentiality letter if the PROC member is or may be required to divulge confidential information to the SBOA, administrative liaison or others. In such circumstances, however, the AE must not provide confidential information to such PROC member.
4. Note that the signing of a confidentiality letter is not a sufficient safeguard against a conflict of interest. As is expected of RAB and committee members, PROC members or others with a conflict of interest should notify the AE when they become aware of such conflicts and should not be provided confidential information or be allowed to attend those portions of such meetings.

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## **F. PROC Members - Violations of Confidentiality Letters**

1. AEs must immediately report to the SBOA and, where appropriate, the AICPA, any known or potential violations of signed confidentiality letters by PROC members. For example, litigation against a firm or reviewer coming to the attention of the SBOA based solely on information the PROC member obtained as a result of AE oversight would be a violation of the confidentiality letter. If the AE is aware of a potential situation and uncertain if there is a violation, it should discuss the situation with the SBOA and, where appropriate, the AICPA.
  - a) Until a potential situation is resolved by the AE with the SBOA, and, where appropriate with the AICPA, individuals identified who may have potentially violated the confidentiality letter shall be considered to have a conflict of interest on all matters related to oversight and should not be provided access to confidential information or be allowed to attend meetings where such information is discussed.

## **G. Information Available to PROC Members and Administrative Liaisons, Conflicts of Interest, and Safeguards**

1. Since maintaining confidentiality is foundational to maintaining the efficacy of the program, the PRB has a responsibility to determine what information may be made available to third parties, including SBOAs, PROC members and administrative liaisons.
2. A PROC member is not prohibited from reading the documents in Section B.6. of this Chapter or from using FSBA and reporting to the SBOA the information contained in these documents. However, it would be considered a breach of confidentiality if a PROC member included information or made a recommendation to the SBOA regarding a specific licensee, firm or peer reviewer that was only available as a result of overlooking the AE. For example, it would be a breach of confidentiality if a PROC member, or any individual, used information only available through discussions at a peer review meeting to file a complaint against the firm or initiate or recommend an investigation or disciplinary action against a firm, its partners, employees or peer reviewers.
3. PROC members who have signed a confidentiality letter and have no conflict of interest should have access to the same peer review information as those serving on AE peer review committees/RABs. PROC members who do not sign confidentiality letters (when state law or regulation doesn't specifically prohibit signing such letters) should only be provided documents discussed in G.5. and B.1.
4. PROC members may have a conflict of interest in the following circumstances:
  - a) A PROC member's firm's peer review or a peer review performed by the PROC member or his or her firm is being presented to a peer review committee for acceptance.
    - AEs should ensure that PROC members recuse themselves (should not be present, on the phone, etc.) from these situations and not participate in those portions of the meetings. AEs should work collaboratively with SBOAs in identifying such situations in advance, when possible. Signing confidentiality letters is not deemed an appropriate safeguard when there is a conflict of interest in this situation. However, it does not necessarily mean the PROC member has an overall conflict of interest serving as a PROC member.
  - b) The PROC member is from the same firm as the technical reviewer, committee or RAB members of the AE.

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- AEs should ensure that the PROC members recuse themselves (should not be present, on the phone, etc.) from attending the portions of AE meetings where information is prepared by or discussed by those individuals.
- c) The PROC member identifies a conflict of interest with the reviewing firm, reviewer or the reviewed firm, etc. for other reasons.
    - AEs should not provide PROC members confidential materials, correspondences, etc. prepared by the AE for the RAB related to the specific conflict. The AE should ensure that the PROC member recuse themselves (should not be present, on the phone, etc.) when such information is being discussed.
  5. The PROC members and administrative liaisons may make reasonable requests for information that facilitates the PROC's ability to perform its oversight functions, including, but not limited to:
    - a) *Standards*, procedures, guidelines, training materials and similar documents prepared for use by reviewers, reviewed firms and AEs.
    - b) AE peer review committee/RAB meeting schedules.
    - c) Statistical data available.
    - d) Benchmark, monitoring, RAB observation and various oversight reports and information (administrative liaisons may only obtain reports that do not contain specific identifying information).
    - e) Other Peer Review Integrated Management Application (PRIMA) generated reports (administrative liaisons may only obtain reports that do not contain specific identifying information).
    - f) Information that the firm gave written permission for an AE to provide when the firm was inputting various information into PRIMA.
  6. When the administrative liaison is not a PROC member, they may only have access to peer review information in accordance with paragraph .146 of the *Standards* and certain documents and reports that do not contain confidential information.
  7. If there is any question as to whether a PROC member may have a conflict of interest, the matter should be brought to the attention of the SBOA and, as appropriate, the AICPA, who may discuss the issue with the OTF. This must be done prior to making confidential information available or allowing someone to attend a meeting. All relevant information should be provided, including what appropriate safeguards are in place, as applicable.

## **H. Providing Access to Confidential Information to Third Parties, Conflicts of Interest and Potential Safeguards**

1. The following are examples where the PRB has determined that a third party has a conflict of interest or independence is impaired. In these situations, the third party should not be provided access to confidential information or be allowed to attend portions of meetings where such information is discussed (except as noted in H.1.b.).
  - a) Active SBOA members have a conflict of interest when they have competing interests. For example, the individual may have taken an oath in their state regarding firm quality and the public interest, so would be conflicted if he/she, after agreeing to keep peer review information confidential, becomes aware of deficient firm performance when observing a RAB meeting. In addition, due to practice mobility, an active SBOA member from one state would not be aware if the out-of-state firm is practicing in his/her own state. The PRB believes that the threats when an active SBOA member

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- serves on an out-of-state PROC are so significant that a presumptive conflict of interest exists. Ordinarily, an SBOA member serving on an out-of-state PROC must not be provided access to confidential information. However, the AE may evaluate the threats and safeguards that an SBOA may provide to eliminate the threat or reduce it to an acceptable level. After evaluating the threats and safeguards, should the AE determine a conflict of interest does not exist, it must provide its evaluation and obtain approval from the OTF prior to providing the PROC member access to confidential information.,
- b) Individuals (employees, consultants, volunteers or others) who work for regulatory, governmental bodies (including SBOAs and entities with enforcement authority), or professional organizations (including but not limited to an AICPA ethics committee, AICPA Joint Trial Board or state professional ethics committee) or similar groups or subgroups are normally considered to have a conflict of interest. However, an individual would not be deemed to have a conflict of interest if:
    - i. The regulatory, governmental or professional organizations lack enforcement authority, AND:
      - (a) The individual is not involved in or performing enforcement work. The individual's title is not necessarily relevant, as the focus is the individual's responsibilities; AND
      - (b) The individual is not involved in making recommendations to entities with any enforcement authority. This includes having influence on any individual or firm licensure, enforcement, ethics or other similar matters; AND
      - (c) The individual's duties only entail administrative support to the entity, etc. (e.g., Administrative Liaison); OR
      - (d) The individual only works with matters not considered enforcement with respect to specific firms or licensees, such as assisting with writing laws and regulations.
    - ii. Note that in all situations above, the individual would be required to sign a confidentiality letter.
  - c) There may be situations when an individual meets ALL the attributes in H.1.b. above with the one exception that they are an employee or consultant (or similar) for an entity with enforcement authority. A safeguard would include appropriate segregation of duties, the individual does not perform enforcement related work, make recommendations to entities with enforcement authority described above nor do they serve on the State Board nor serve on a PROC, etc. Although those individuals would still be deemed to have a conflict of interest, implementing a disclosure and consent safeguard, in addition to the segregation of duties, may allow such individuals access to the same information as a PROC member. (See Section I.)
  - d) An AE should discuss with an SBOA how Interpretation .146-3 and the toolkit or the process through PRIMA where a firm may grant permission to the AE to provide certain objective information to the SBOA may be used to obtain information when they are otherwise prohibited from access to such information.

**I. Disclosure and Consent as a Safeguard for Individuals Not Involved in Enforcement Themselves but Are an Employee or Consultant (or similar) for Entities with Enforcement Authority**

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1. For an AE to provide access to confidential firm/reviewer information to any such individuals, those individuals **MUST** properly disclose the nature of the conflict of interest as well as receive a signed consent from ALL firms and peer reviewers whose information would be made available:
    - a) For all firms who performed peer reviews being presented and discussed, and
    - b) For all firms having their own peer review presented and discussed, and
    - c) For any other firms, peer reviewers or licensees where access to information is requested.
  2. Individual disclosure and firm/reviewer consent must be in writing.
    - a) Evidence of written disclosure and written consent must be provided to the AE prior to any access provided.
  3. Although the disclosure and consent may take different forms, the AE is encouraged to discuss the nature and timing of these disclosures and consent as the AE has the ultimate authority to determine if proper disclosure and consent has been obtained prior to providing access to information.
    - a) The expectation is that the disclosure will include, at a minimum, the name and title of the individual requesting access, the relationship of all entities the individual is associated with, including those with and without enforcement authority, the purpose of such access and a statement that under no circumstances will confidential information be shared with ANY entities or individuals that do not already have access to the information.
    - b) The disclosure shall also include a statement that violation of such confidentiality could result in action taken by the AICPA.
    - c) The AE should obtain a confidentiality letter from the individual.
    - d) An AE should not provide access to information to such individuals when a general waiver letter is presented giving the SBOA unrestricted access to *any and all* information (emphasis added). Even with the firm's permission, SBOAs may only be provided objective information.

Unlike PROC members and individuals discussed in H.1.b. above that are not deemed to have a conflict of interest where a confidentiality letter or recusal may be an appropriate safeguard, these individuals are deemed to have a conflict of interest; accordingly, the required safeguards are different.
  4. AEs may wish to remind individuals addressing these conflicts of interest, including making disclosures and seeking guidance of third parties, that the individual should remain alert to the requirements of the "[Confidential Client Information Rule](#)" [1.700.001] and the "[Confidential Information Obtained From Employment or Volunteer Activities](#)" interpretation [1.400.070] of the "Acts Discreditable Rule" [1.400.001]. In addition, federal, state, or local statutes, or regulations concerning confidentiality of *client* information may be more restrictive than the requirements contained in the Code.

## CHAPTER 3 (May 2019 version)

**Confidentiality of Peer Review Information in the Regulatory Environment**

***The objective of this chapter is to assist administering entities determine what information can be shared with third parties, the use of confidentiality letters, and identifying and addressing a conflict of interest.***

**A. Introduction and Background**

1. When AICPA members passed a peer review bylaw requirement in 1988, it was done so with the understanding that, with few exceptions, information and results obtained from the peer review process would remain confidential. An implementing bylaw resolution allowed the AICPA Board of Directors to establish the “peer review board” to carry out peer review activities which do not conflict with the policies and standards of the AICPA.
2. The educational approach of the AICPA Peer Review Program (PRP) is one of its major assets. Over time, recognizing the educational and remedial value of the peer review process, states began incorporating practice monitoring requirements into their laws, regulations and administrative policies.
3. State boards of accountancy (SBOAs) also began recognizing that one way a firm may meet those requirements was by undergoing a PRP review administered by entities approved and oversighted by the AICPA.
4. Since SBOAs were relying on the effectiveness of the PRP and were requiring firm participation for licensure, some SBOAs communicated to the AICPA that they would like to perform due diligence over the PRP and its AEs.
5. Although the AICPA Peer Review Board (PRB) has been bound by confidentiality provisions embedded into the peer review process, it has always fully supported SBOAs need and ability to monitor the PRP.
6. Working collaboratively, administering entities (AEs) and SBOAs that requested to do so, entered into an oversight relationship that allowed the SBOAs to monitor the AEs’ performance and determine if peer reviews were being administered, performed and reported on in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews (*Standards*). The result of this collaboration was the establishment of SBOA peer review oversight committees (PROCs).
7. SBOAs have information available through the PRP, such as the information provided in the AICPA Public File, through Facilitated State Board Access (FSBA) and permitted by *Standards* and related Interpretation 146-3. This Chapter’s focus is to help AEs determine what information can be provided to third parties, such as PROCs.
8. The PRB has been able to be transparent with certain peer review information to third parties with the mutual understanding and agreement that the PRB only has the authority to do this within the confidentiality provisions embedded in the PRP. The PRB continues to consider other requests for transparency within the confidentiality parameters in which it operates. The fundamental confidentiality provisions have not changed and neither the PRB, nor the AEs, may violate these provisions. This Chapter serves to better articulate the AEs’ responsibilities in such matters.

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## B. Peer Review Information – Publicly Available vs. Confidential

1. Paragraph 146 of the *Standards* indicates the AE and the AICPA may disclose to third parties the following information:
  - a) The firm's name and address,
  - b) The firm's enrollment in the program,
  - c) The date of acceptance and period covered by the firm's most recently accepted peer review; and
  - d) If applicable, whether the firm's enrollment in the program has been dropped or terminated.
2. Any information not contained in Section B. 1 of this Chapter is confidential and should not be provided to anyone except as permitted in this Chapter.
3. AEs must adhere to paragraph 146 of the *Standards* and related interpretations. Communication, either verbal or written, of confidential information will result in non-compliance with the applicable guidance and may result in the PRB Oversight Task Force (OTF) administering fair procedures.
4. Interpretation 146-3 allows firms to authorize the AE or AICPA to provide certain peer review information to third parties. The authorization must be in writing and information that may be provided to third parties must be objective. A toolkit has been developed to assist firms and AEs to comply with the *Standards* and guidance as they work with SBOA requests for objective peer review information. For example, to assist with implementing Section H. of this Chapter, an AE may wish to discuss with an SBOA how Interpretation 146-3 may be used to obtain information regarding when a firm's peer review might be expected to be presented to a RAB for acceptance or if a firm has performed peer reviews. The PRB is also exploring other methods to facilitate the implementation of this process.
5. State law or regulations may require, or allow SBOAs to request or require firms to submit or provide access to the following specific firm peer review documents to SBOAs:
  - a) Peer review report which has been accepted by the AE,
  - b) The firm's letter of response accepted by the AE (if applicable),
  - c) The acceptance letter from the AE,
  - d) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take any actions required by the AE, if applicable; and
  - e) Letter signed by the AE notifying the firm that required actions have been appropriately completed, if applicable.
6. To facilitate firms complying with state laws or regulations or requests to provide the information listed in B. 5, firms may authorize the AE to submit the above documents to the SBOAs through Facilitated State Board Access (FSBA). When laws/regulations mandate the submission of documents through FSBA, firms still must authorize the AE to do so, or their peer reviews will not be scheduled. The authorization is ordinarily made during the peer review scheduling process but may also occur at other times.

## C. Statutory/Regulatory Oversight Requirements

1. As most state laws/regulations require firms to enroll in the AICPA PRP (or other SBOA approved peer review programs), certain states also have a statutory/regulatory requirement or SBOA Policy to oversight the sponsoring organizations/AEs peer review programs that are intended to meet the state's peer review licensure requirements.

2. AEs should have an understanding of the statutory/regulatory peer review requirements for all states where it administers reviews. When there may be statutory/regulatory differences with the guidance contained in this Chapter, the AE should immediately contact the AICPA. Contact should occur prior to the AE providing confidential information to individuals or allowing attendance at meetings where confidential information is discussed.
3. AEs should understand the SBOA's oversight objectives and the process for achieving those objectives. This will assist AEs in providing sufficient support to SBOAs in meeting those stated objectives within the confines of this guidance.
4. Ordinarily, SBOAs perform oversight through a peer review oversight committee (PROC). SBOAs determine the qualifications, selection and terms of PROC members.
  - a) The PRB fully supports the SBOAs' ability to establish an AE oversight process with the objective to report or make recommendations to SBOAs regarding AEs' ability to administer the PRP in accordance with *Standards* and guidance.
  - b) SBOA's may choose to designate PROCs or PROC members from other state's PROCs boards or national/regional PROCs to achieve the oversight objectives. In such situations, AEs are not required to change the presentation of firms' peer reviews to RABs for acceptance, discussion, etc. even though the PROC member(s) may be representing SBOA(s) from states other than the state where the AE is located.
  - c) Ordinarily, employees of SBOAs may not have access to confidential information<sup>1</sup>. However, SBOAs may choose to designate an individual (hereinafter referred to as an administrative liaison) to facilitate the SBOAs ability to perform its oversight functions. The role of the administrative liaison(s) is determined by the SBOA and may be an employee or designee of the state board. However, except as discussed in Section H of this Chapter, an AE may not provide confidential information to them or allow them to attend meetings where confidential information is discussed. When the administrative liaison is not a PROC member, they may only have access to peer review information in accordance with paragraph .146 of the *Standards* and certain documents and reports that do not contain confidential information.
  - d) The guidance presented throughout this Chapter is not intended to prohibit a PROC member delegated the duty by SBOAs to read the documents in Section B.5. of this Chapter or use FSBA and report to the SBOA on the information contained in these documents. However, it would be considered a breach of confidentiality if a PROC member included information or made a recommendation to the SBOA regarding a specific licensee, firm or peer reviewer that was only available as a result of overlooking the AE. For example, it would be a breach of confidentiality if a PROC member, or any individual, used information only available through discussions at a peer review meeting to file a complaint against the firm or initiate an investigation or disciplinary action against a firm, its partners, employees or peer reviewers.

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<sup>1</sup> SBOAs generally are responsible for enforcement actions against CPAs and CPA firms. Accordingly, certain individuals associated with SBOAs may have a conflict of interest and may not be permitted access to confidential information. However, if an SBOA lacks such enforcement authority, and the individual otherwise has no conflict of interest, the AE may provide such individual the same access to confidential information as a member of a PROC (who has no conflict of interest). Such an individual would also be required to sign a confidentiality letter. Section H of this Chapter provides for potential safeguards for certain individuals with no enforcement responsibilities and are not serving as a PROC member and who are associated with SBOAs or other entities with enforcement authority.

5. Since PROC members have access to information not otherwise provided to those not involved in the PRP, AEs must not provide confidential information to PROC members who have a conflict of interest. In addition, those who are provided confidential information ordinarily must sign a confidentiality letter prior to receiving access to such information.
6. The PRB does not expect a PROC member to sign a confidentiality letter if the PROC member is or may be required to divulge confidential information to the SBOA, administrative liaison or others. In such circumstances, the AE must not provide confidential information to a PROC member.
7. Note that the signing of a confidentiality letter and/or recusal from meetings where confidential information is discussed is not a sufficient safeguard against a conflict of interest. PROC members or others with a conflict of interest should notify the AE when they become aware of such conflicts and should not be provided confidential information or be allowed to attend those portions of such meetings.
8. It is the policy and the goal of the PRB to assist SBOAs and PROC members in any way it can, provided the confidentiality requirements of the PRP are not violated.

#### **D. Independence and Conflicts of Interest (for Peer Review Purposes)**

1. AEs need to consider whether PROC members or potential PROC members have a conflict of interest or an impairment to independence. AEs should be aware that SBOAs may also want to consider what they believe may constitute a conflict of interest or impairments to independence from a regulatory perspective. AEs, SBOAs and, where appropriate, the AICPA should discuss these matters collaboratively when questions arise.
2. Independence
  - a) *Independence of mind (fact)* - The state of mind that permits those involved in the peer review process to not be affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
  - b) *Independence in appearance* - The avoidance of circumstances that would cause a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, to reasonably conclude that the integrity, objectivity or professional skepticism of those involved in the peer review process had been compromised.
  - c) *Safeguards* - Controls that eliminate or reduce threats to independence and may include a range of partial to complete prohibitions.
3. Conflict of Interest
  - a) A conflict of interest is a set of circumstances or a situation that creates a risk that the professional judgment or actions by an individual may be influenced by a secondary party or interest. The individual may have a competing interest or loyalty to a secondary party that may influence their professional judgement or decision, or
  - b) A situation in which a person has a duty to more than one person or organization but cannot do justice to the actual or potentially adverse interests of both parties.
  - c) If no safeguards are available to eliminate the risk of an unacceptable threat or reduce it to an acceptable level, this would be considered a conflict of interest.
    - i. In situations where the SBOA, AE or PRB determines that there is an unacceptable threat, then neither recusals, nor signing confidentiality letters are appropriate safeguards.

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## E. Confidentiality Letters

1. PROC members are required to annually sign a confidentiality letter (Exhibit 3-1) indicating they will not divulge any information to the SBOA or others that would identify any licensee, firm or peer reviewer or other information obtained from the oversight of the AE.
2. AEs should maintain a current roster of PROC members as their signed confidentiality letters are subject to review during AE oversight visits, Report Acceptance Body (RAB) observations and other times deemed appropriate.
  - a) Except as provided in E.2.b), the AE may only provide a PROC member access to information allowed in paragraph 146 of the *Standards* and some statistical data/reports that do not contain confidential information when a PROC member fails to sign the confidentiality letter.
  - b) In rare circumstances where state law or regulation specifically prevents individuals from signing confidentiality letters, the matter should be discussed with the SBOA and, where appropriate, the AICPA, as to what other safeguards can be put in place, if possible, such that the PROC members may still be able view certain confidential information and possibly attend meetings.

## F. Information Available to PROC Members and Administrative Liaisons

1. The PRB determines what information may be made available to PROC members and administrative liaisons.
2. PROC members, who otherwise have no conflict of interest, that have signed a confidentiality letter should have access to the same peer review information as those serving on AE peer review committees/RABs except in the following circumstances:
  - a) PROC members who are deemed by the SBOAs, AEs or the PRB to have a conflict of interest because, for example (see Sections D and G of this Chapter)
    - i. A PROC member's firm's peer review or a peer review performed by the PROC member is being presented to a peer review committee for acceptance.
      - Signing confidentiality letters is not deemed an appropriate safeguard when there is a conflict of interest in these or other similar situations but does not necessarily mean the PROC member has an overall conflict of interest serving as a PROC member.
      - AEs should work collaboratively with SBOAs in identifying such situations in advance, when possible
      - AEs should request that PROC members recuse themselves from these situations and not participate in those portions of the meetings (should not be present, on the phone, etc.).
    - b) PROC members who do not sign confidentiality letters (when state law or regulation doesn't specifically prohibit signing such letters).
3. PROC members and administrative liaisons may make reasonable requests for information that facilitates the PROC's ability to perform its oversight functions, including, but not limited to:
  - a) *Standards*, procedures, guidelines, training materials and similar documents prepared for use by reviewers, reviewed firms and AEs.
  - b) AE peer review committee/RAB meeting schedules.
  - c) Statistical data available.

- d) Benchmark, monitoring, RAB observation and various oversight reports and information (administrative liaisons may only obtain reports that do not contain specific identifying information).
- e) Other Peer Review Integrated Management Application (PRIMA) generated reports (administrative liaisons may only obtain reports that do not contain specific identifying information).

#### **G. PROC Members - Violations of Confidentiality Letters**

1. AEs must immediately report to the SBOA and, where appropriate, the AICPA, any known or potential violations of signed confidentiality letters by PROC members. For example, litigation against a firm or reviewer coming to the attention of the SBOA based solely on information the PROC member obtained as a result of AE oversight and reported to the SBOA would be a violation of the confidentiality letter. If the AE is aware of a potential situation and uncertain if there is a violation, it should discuss with the SBOA and, where appropriate, the AICPA.
  - a) Until a potential situation is resolved by the AE with the SBOA, and, where appropriate with AICPA Staff and/or the AICPA PRB OTF, individuals identified who may have potentially violated the confidentiality letter shall be considered to have a conflict of interest on all matters related to oversight and should not be provided access to confidential information or be allowed to attend meetings where such information is discussed.

#### **H. Providing Access to Confidential Information to Third Parties**

1. Although the AICPA Code of Conduct (Code) was not written for the specific relationships here, it does provide a framework used in the development of the guidance that follows. A conflict of interest creates adverse interest and self-interest threats to compliance with the "Integrity and Objectivity Rule" from the Code. The following is a list of examples where the PRB has determined the PROC member and others have a conflict of interest or independence is impaired and, thus, should not be provided access to confidential information or be allowed to attend portions of the meetings where such information is discussed (except as noted).
  - a) Active SBOA members have a conflict of interest. Due to practice mobility, an active SBOA member from one state is likely to have a conflict of interest in all states, not just the state where serving on the SBOA. Therefore, a member of an SBOA serving on any PROC is deemed to have a conflict of interest due to having competing interests (for example, the individual may have taken an oath to its state regarding firm quality and the public interest, yet also agreed to keep peer review information confidential). The PRB believes the threats here are so significant, that no safeguards will eliminate the threat or reduce it to an acceptable level. Therefore, an SBOA member serving on any PROC must not be provided access to confidential information
  - b) Individuals (employees, consultants, volunteers or others) who work for regulatory, governmental bodies, (including SBOAs and entities with enforcement authority), or professional organizations (including but not limited to an AICPA ethics committee, AICPA Joint Trial Board or state professional ethics committee) or similar groups or subgroups have a conflict of interest unless the individual can first demonstrate to the satisfaction of the PRB that:

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- i. The regulatory, governmental or professional organizations (including SBOAs) lack enforcement authority, AND:
    - a. They are not involved in or performing enforcement work (the person's title is not necessarily relevant, as the focus is the individual's responsibilities); AND
    - b. They are not involved in making recommendations to entities with any enforcement authority named above. This includes having influence with the SBOA on any individual or firm licensure, enforcement, ethics or other similar matters; AND
    - c. Duties for the entity that lacks enforcement authority are only administrative support to the organization including SBOAs or PROCs, etc.; OR
    - d. They only work with SBOAs regarding matters not considered enforcement such as assisting with writing their laws and regulations.
  2. There may be situations when an individual meets ALL the attributes in H.1.b. above with the one exception that they are an employee or consultant (or similar) for an entity with enforcement authority. There may be a proper safeguard if there are appropriate segregation of duties (the individual does not perform enforcement related work, make recommendations to entities with enforcement authority described above nor do they serve on the State Board nor serve on a PROC, etc.). Although those individuals would still be deemed to have a conflict of interest, implementing a disclosure and consent safeguard, in addition to the segregation of duties, may allow such individuals access to the same information as a PROC member.
    - a) Disclosure and Consent For Individuals **Not** Involved in Enforcement but **Are** an Employee or Consultant (or similar) for Entities with Enforcement Authority  
For an AE to provide access to confidential firm/reviewer information to any such individuals, those individuals **MUST** properly disclose the nature of the conflict of interest as well as receive a signed consent from ALL firms and peer reviewers whose information would be made available:
      - i. For all firms who performed peer reviews being presented and discussed And
      - ii. For all firms having its own peer review presented and discussed And
      - iii. For any other firms, peer reviewers or licensees where access to information is requested.
    - b) Individual disclosure and firm/reviewer consent must be in writing.
      - i. Evidence of written disclosure and written consent must be provided to the AE prior to any access provided.
    - c) Although the disclosure and consent may take different forms, the AE is encouraged to discuss the nature and timing of these disclosures and consent as the AE has the ultimate authority to determine if proper disclosure and consent has been obtained prior to providing access to information.
      - i. The expectation is that the disclosure will include, at a minimum, the name and title of the individual requesting access, the relationship of all entities the individual is associated with, including those with and without enforcement authority, the purpose of such access, a statement that under no circumstances will confidential information be shared with ANY entities or individuals that do not already have access to the information.
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- ii. The disclosure shall also include a statement that violation of such confidentiality could result in referral to the AICPA and/or SBOA Ethics Committee and possibly result in legal action.
  - iii. An AE should not provide access to information to such individuals where all that was obtained was a confidentiality letter, or a general waiver letter sent giving the SBOA unrestricted access to any and all information. SBOAs may be sent objective information by the AE with the firm's written permission.

Unlike PROC members and individuals discussed in H.1.b. above that are not deemed to have a conflict of interest where a confidentiality letter or recusal may be an appropriate safeguard, these individuals are deemed to have a conflict of interest, and the required safeguards are different.

3. AEs may wish to remind individuals addressing these conflicts of interest, including making disclosures and seeking guidance of third parties, a *member* should remain alert to the requirements of the "[Confidential Client Information Rule](#)" [1.700.001] and the "[Confidential Information Obtained From Employment or Volunteer Activities](#)" interpretation [1.400.070] of the "Acts Discreditable Rule" [1.400.001]. In addition, federal, state, or local statutes, or regulations concerning confidentiality of *client* information may be more restrictive than the requirements contained in the Code.

#### **I. Other Conflicts of Interest Examples for PROC Members**

1. When a PROC member is from the same firm as the technical reviewer, committee or RAB members of the AE being oversights, appropriate safeguards must be in place, such as the PROC member not attending portions of AE meetings where information is prepared by or discussed by those individuals. However, there may be situations when the PROC member's firm is from a different state and with appropriate safeguards, the conflict of interest could be eliminated. AEs should discuss such situations with the SBOA or the PROC member's firm, as the resolution of some conflicts could be achieved by either changing the PROC member or AEs not having a technical reviewer, committee or RAB member from the PROC member's firm. This should not be confused with active SBOA members from another state as they are deemed to always have a conflict of interest with no appropriate safeguards (as discussed in H.1.a.).
2. A PROC member is deemed to have a conflict of interest when his or her firm's peer review or reviews performed by his or her firm are being discussed. When this or similar situations occur, the AE should ensure the PROC members recuse themselves completely and not be present for (or on the phone) or participate in any discussions. This would also be true when the PROC member has a conflict of interest with the reviewing firm, reviewer or the reviewed firm, etc. for other reasons. In these situations, PROC members should also not be provided confidential materials, correspondences, etc. prepared by the AE for the RAB related to the specific conflict.
3. If there is any question as to whether a PROC member may have a conflict of interest, the matter should be brought to the attention of the SBOA and, as appropriate, the AICPA, who may discuss the question with the OTF. This must be done prior to making confidential information available or allowing someone to attend a meeting. All relevant information should be provided, including what appropriate safeguards are in place, as applicable.

Exhibit 3-1

**Confidentiality Letter—State Board Peer Review Oversight Committee (PROC)<sup>1</sup>**

[Date]

[Address of PROC member]

Dear [Mr./Ms.] [Last Name of PROC member]:

On behalf of the [Name of Administering Entity] peer review committee, we welcome the [Name of State Board of Accountancy] Peer Review Oversight Committee (PROC). We recognize that you have a responsibility to exert your efforts towards achieving the PROC’s objectives through various oversight procedures and reporting to the [insert name of state(s)] state board(s) of accountancy (board). The [Name of Administering Entity Peer Review Committee] supports and will assist with your efforts.

As an administering entity of the AICPA peer review program (PRP), we have an obligation to adhere to the confidentiality requirements described in the AICPA *Standards for Performing and Reporting on Peer Reviews (Standards)*. We are prohibited from providing confidential information unless you (1) annually sign a confidentiality letter, (2) agree to recuse yourself from portions of meetings when there is a conflict of interest or impairment to independence, and (3) agree not to divulge any information obtained solely from the oversight of the administering entity to a board or to anyone that would identify any firm, licensee, peer reviewer/reviewing firm or other information with the understanding that you are not prohibited from divulging information to the board as permitted in the *Standards*, Interpretations, and guidance and Facilitated State Board Access (FSBA).

By signing this letter, you agree not to use any information obtained from the oversight of the administering entity in any way not related to meeting the objectives of the oversight and peer review process. If you violate the conditions of this confidentiality letter we have an obligation to report this to the board and, where appropriate, the AICPA, of any known or potential violations. Until such potential violation is resolved with the board and, if necessary, AICPA, we are prohibited from providing you access to confidential information or allow you to attend any meetings where such information is discussed.

Please confirm your acknowledgement and agreement to adhere to the confidentiality requirements and your related responsibilities by signing this letter in the space provided and return it to me. If you have any questions, please feel free to contact me at [phone number].

Sincerely,

[Administering Entity’s Peer Review Committee Chair]

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

<sup>1</sup> PROC confidentiality letters must include all content of this exhibit. Deletion of any content is not permitted and will not be deemed an acceptable confidentiality letter. However, administering entities, at their discretion, may include additional language.

By signing below, I acknowledge and agree to adhere to the confidentiality requirements and related responsibilities, including but not limited to:

- Signing a confidentiality letter annually.
- Agreeing not to divulge or discuss any information with any board or others that would identify any licensee, firm, or peer reviewer or other information solely obtained from the oversight of [*Name of Administering Entity*] that would not be available to the board through the standards, guidance, and FSBA<sup>2</sup>.
- Timely notifying the [*Name of Administering Entity*] when a conflict of interest or independence impairment is identified.
- Recusing myself from those portions of meetings when a conflict of interest or impairment to independence is identified.
- Acknowledging that when a conflict of interest or independence issue exists, this confidentiality letter is not a remedy and access to confidential information or attendance to such portions of meetings is prohibited.

Further, by signing below, I represent that my board does not require me to provide it information or attend meetings that conflicts with the confidentiality requirements in this letter.

[*PROC Member*]

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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<sup>2</sup> Only include reference to FSBA when the applicable state board has access to FSBA.

## 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.

### Oversight Task Force

#### Accomplished since last PRB meeting:

- Approved revised guidance in Oversight Handbook Chapter 3 – *Confidentiality of Peer Review Information in the Regulatory Environment* for PRB discussion and approval
- Approved Report Acceptance Body (RAB) observation reports
- Reviewed administering entity (AE) responses to RAB observation reports
- OTF members conducted AE oversight visits
- Approved responses from AEs to AE oversight visit reports
- Monitored results of enhanced oversights
- 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 continue to 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
- Review 2020 plans of administration

### Education and Communication Task Force

#### Accomplished since last PRB meeting:

- Assessed informal feedback received from the 2019 AICPA Peer Review Conference and begun to plan for the 2020 conference in St. Louis, MO.
- Discussed the efficacy of our available courses and training sessions to see if improvements can be made to our overall training framework. As a result, Staff will begin to discuss alternative forums for governmental must-select training as the sessions at the AICPA's Not For Profit Industry Conference did not prove to be a popular option.
- Released updates to the following on-demand courses or webcasts:
  - Technical Reviewer Update Training

#### Upcoming tasks:

- Assess formal feedback received from the 2019 AICPA Peer Review Conference and continue planning for the 2020 conference in St. Louis, MO.

- 
- Continue to analyze peer reviewer pool data by state, including must-select reviewers and implement plans to improve the pool where necessary
  - 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
  - Develop a newsletter for reviewers that can be distributed to firms highlighting information that may be relevant to them, such as new resources related to new or upcoming A&A standards.
  - 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)

### **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 1.4A)
- Discussed an action plan for topics that were brought up during the peer review conference

#### **Upcoming tasks:**

- Continued focus on the clarity project
  - For additional information, see Agenda Item 1.4A
- Discussion of proposed changes to the question on the FFC form related to repeat findings
- Discussion of proposed changes to the Offsite System Review Request Form
- Consideration of clarifications to the risk of material misstatement section of the audit engagement checklists for the April 2020 checklist update
- Continued consideration of QCM review guidance revisions
- Assessment of potential guidance needed in response to continued 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 stakeholders

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

- August 29, 2019 – The entire STF met to review PR-C secs. 200 (general responsibilities and principles for all peer reviewers) and 420 (guidance for technical reviewers).
- September 4, 2019 – The System Review Sub Task Force\* continued discussion on PR-C sec. 210, which will contain guidance for peer reviewers performing system reviews. This section will be presented to STF for their initial review during the November STF clarity meeting.
- September 12, 2019 – The Common Concepts Sub Task Force\*\* had their initial meeting to discuss PR-C sec. 100, which will contain guidance applicable to all stakeholders and all peer reviews.
- September 20, 2019 – The Administration Sub Task Force\*\*\* continued discussion on PR-C sec. 410, which will contain guidance for committees and RABs.

Currently scheduled future meetings include:

- October 18, 2019 - The Administration Sub Task Force will have met to continue discussing PR-C sec. 410, which will contain guidance for committees and RABs.
- October 30, 2019 – The entire STF will meet to continue their review of PR-C sec. 200.
- November 4, 2019 – The Common Concepts Sub Task Force will continue discussing PR-C sec. 100, which contains general guidance for all users and all peer reviews.

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

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

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

### 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.

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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

As you may know, the AICPA continues to work closely with administering entities (AEs) to increase the pool of peer reviewers. In September, we released the peer reviewer pool toolkit to peer review staff with additional coverage later in the month to communications staff. The toolkit includes flyers, articles, a PowerPoint slide and more. If firms in your state are having trouble finding reviewers, AEs should consider taking advantage of some or all of these free resources. Also, AEs should schedule one or more instances of the How to become an AICPA Peer Review team or review captain in your state in 2020 as individuals must take it to become team captain qualified. For any additional information, please contact [prsupport@aicpa.org](mailto:prsupport@aicpa.org).

Please be on the lookout for our customer satisfaction survey, to be released to peer reviewers and AE staff later this fall.

We have two upcoming webcasts, the RAB Member Training on December 11, 2019 from 2-4pm ET and the Becoming an AICPA Peer Review Team or Review Captain: Case Study Application on December 2, 4 and 6, 2019.

We will continue to implement enhancements to the PRIMA user interface based on user feedback and the recommendations from the usability study that was conducted earlier this year. We continue to encourage PRIMA users to share their feedback and suggestions.

### Report from State CPA Society CEOs

There is a meeting among State CPA Society CEOs on October 20. During Open Session Mr. Colgan will brief PRB members and observers of any relevant discussions that were held.

### Report on the National Peer Review Committee

The NPRC has met once since the last Board meeting in August on October 17<sup>th</sup>. Two large firm reviews and one QCM review will be presented at the October 17<sup>th</sup> meeting, which are anticipated to be accepted. Since the August PRB meeting, the NPRC has held 3 RAB meetings. During those meetings 18 reviews have been presented including 14 Pass, 4 Pass with Deficiencies and 0 Fail reports. The NPRC's next meeting will be on December 12, 2019

**Agenda Item 1.7A**

**Firms Dropped from the AICPA Peer Review Program for Non-Cooperation  
between July 1, 2019 and September 26, 2019**  
(and not enrolled as of September 26, 2019)

Firm Number	Firm Name	State
900003817550	Carrie L Herndon CPA, LLC	AK
900010103293	Cindy Shilling, CPA, PC	AK
900006223225	Eric Love CPA	AL
900008557092	Ingram's Accounting and Financial Management, Inc.	AL
900255166552	Odis F. James. Jr.	AL
900010138494	Randell G. Nichols, CPA, P.C.	AL
900000695414	Robert L Ramsey	AR
900006445396	Craig C Capirchio Limited	AZ
900010101995	Edward M Osinski Jr CPA PC	AZ
900001099413	Gregory L. Heisey, CPA, PC	AZ
900255187363	Howard Sckolnik, CPA	AZ
900010130681	Keegan, Linscott & Kenon, P. C.	AZ
900004957681	Nick Herb Accounting Services, P.C.	AZ
900010146533	S. E. Clark & Company, P.C.	AZ
900010154460	Sprowls & Company P.C.	AZ
900009445120	Stevenson CPA LLC	AZ
900010105233	Wayne H. Clouser	AZ
900010111895	A. M. Golden A. C.	CA
900255348548	AGIO Advisory, LLP	CA
900010126783	Aguiar Novack & Associates	CA
900255188607	Airola CPA & Associates, APC	CA
900010154789	Alex C. Anguiano	CA
900010131452	Anita C. Layman	CA
900011980720	Aubert J. Carruthers	CA
900010101288	Barnes Accountancy Corp	CA
900010124314	Benny T. Manalang Jr.	CA
900000620180	Bernard W. Neiman, CPA	CA
900010120317	Bob Gustafson	CA
900010002124	Bowers, O'Connor & Associates, LLP	CA
900255349243	Bradley J. Smith CPA	CA
900010085191	BREWER, TIMOTHY CPA	CA
900255189383	Cathy Cha, CPA, Inc.	CA
900010042780	Charles, Blank and Karp, LLP	CA
900010154624	Christopher Akhidenor, CPA	CA
900011487829	Clement W. Morin, CPA	CA

900004545512	COOK CPA GROUP	CA
900004806575	CPA Corporation	CA
900010111872	Culbertson Jordan	CA
900011524649	Daniel Lee & Co., LLP	CA
900010106759	Dennis F Rose & Associates	CA
900006158649	Don Cole & Company	CA
900003892432	Donna Kisela	CA
900006604411	Ebro Accounting and Consulting Inc.	CA
900010098247	Edwards, Sato & Yang	CA
900011742032	Frank A. Quincey, CPA, AAC	CA
900010022888	Friedman, Minsk, Cole & Fastovsky	CA
900001100758	Gerald B. Chung, CPA	CA
900010082212	Gordon, Fishburn & Major, LLP	CA
900011436829	Hampton & Churchward Accounting Corp.	CA
900255214723	Hori & Otto Associates	CA
900011548109	James A. Kendrick	CA
900011360150	James C Counts, II	CA
900010081486	Jannisse Hull	CA
900010127395	Jerome V. Leventhal A.C.	CA
900005897622	Joan C. Kahr, CPA	CA
900011563809	John P. Levesque, CPA	CA
900010112002	John W. Hulterstrom	CA
900006721299	Joseph J. Davis	CA
900011486409	Joyce M. Hurt	CA
900004712632	Julia Gussett, CPA, A Professional Corporation	CA
900001006541	K. H. Wm Krueger, CPA	CA
900011579090	Kenneth A. Nicholas, CPA	CA
900011942179	Kenneth F. Miller, CPA	CA
900010137424	Kimmel, Rogovin & Co. LLP	CA
900004955520	Lambright & Associates	CA
900255193412	Lawrence D. Knight, CPA	CA
900010107755	Leitner, Zander & Co LLP	CA
900255307528	Lucas E. Sorensen CPA, Inc.	CA
900010043752	Lund & Guttry LLP	CA
900010151836	Marc D. Filler, AC	CA
900007841805	Margo Linden Katz, CPA	CA
900011802035	Mark S. Hall, CPA	CA
900011802275	Marsha Lee	CA
900011603250	Meyer, Laura D.	CA
900010118721	Michael A. Celentano, CPA	CA
900010119026	MSA Accounting-CPA, Professional Corp	CA

900011580991	Mueller & Strosberg, LLP	CA
900255347904	O. Esan & Associates	CA
900255347281	Onyeka CPA	CA
900255182374	Oscar Sendowsky, CPA, A Professional Corporation	CA
900004112925	Pamela A. Mainini, CPA	CA
900011942975	Paul Bottini Accountancy Corp.	CA
900010055616	Polner, Hada, Maher & Dunn Accountancy Corporation	CA
900010109950	Rahimi & Co.	CA
900011568930	Ray M. Vasquez, CPA	CA
900005694352	Regina Chinweze, Accountancy Corporation	CA
900002194986	Reynaldo H. Ching	CA
900010145931	Richard A. Schneider	CA
900010154255	Richard Van Eyk, CPA, APC	CA
900010009896	Richesin Accountancy Corp.	CA
900010129985	Rick E. Norris, Accountancy Corporation	CA
900255349403	Robert A. Santoro, J.D., C.P.A	CA
900255349458	Robert Brown, CPA	CA
900011483692	Robert L. Harrison, CPA	CA
900005548354	Robert William Crooks	CA
900255182745	Robert Wise CPA	CA
900000731261	Rosi & Wallin CPA An Accountancy Corporation	CA
900010137155	Rubin Sadka	CA
900005728473	Safe Harbor, LLP	CA
900005601319	Samuel Jew	CA
900010083966	Schmidtchen, Alvarado & Co.	CA
900010117038	Sedacca Accountancy Corporation	CA
900006450408	SG Inc., CPA	CA
900255080210	Singh & McLean, LLP	CA
900011603512	ST Group	CA
900010107191	Stanley C. Henslee, CPA	CA
900000934787	Stephen A. Wise	CA
900006958538	Terry Valle CPA	CA
900010008344	The Accountancy, LLP	CA
900011799419	Thomas R. Reed	CA
900011567829	Tony Vallejo, CPA	CA
900010101980	Trimble & Company AAC	CA
900000880770	Van Tassell & Paegel	CA
900255227079	Warren S. Taylor, CPA	CA
900255348079	William Craig Bousema CPA	CA
900003799607	Wolf CPA, A Professional Accountancy Corp	CA
900255180990	Youbert D. Tabar, CPA	CA

900011467489	Yunsang Kim	CA
900004964946	Gilman & Co. CPAs	CO
900004593215	Griffin Consulting, P.C.	CO
900010032580	Hornstein, Law, Weigand and Associates, CPA, P.C.	CO
900008886355	Joan M. Van De Griek CPA, LLC	CO
900004472042	John R. Hartung P.C.	CO
900005401694	KKB, P.C.	CO
900001052712	Mike Perry	CO
900005016963	Mogg & Associates, LLC	CO
900005635884	Rickards & Company LLP	CO
900000380989	Robert L. Hoerr, P. C.	CO
900010132656	Thomas J. Whiteman	CO
900010146852	Zeitlin & Associates	CO
900255349634	Jeter & Johnson, LLC	DE
900255348901	ACCOUNTING ON THE GULF LLC	FL
900001001188	Alfredo H. Azan	FL
900001020256	Barbara Jean Raskin	FL
900005146473	BAS Partners LLC	FL
900005278152	Bradley F. Douglas, P.A.	FL
900010123910	C&L Value Advisors, LLC	FL
900007043996	Daniel Bengio, CPA, PA	FL
900001088543	Donald D. Wilson Jr., P.A.	FL
900010138731	Harold D. Hancock	FL
900010132826	Hunter & Associates, P.A.	FL
900010100074	Jack W. Todd	FL
900010101559	James A. Strickland, Jr., P. A.	FL
900081029471	Joanne T Zimmerman & Company LLC	FL
900010144887	Luana Anabella Hamilton	FL
900005585811	Michael D. Star, P.A., CPA	FL
900004772904	Padro & Company, P. A.	FL
900000256896	Peter L. Fishel	FL
900010147343	Richard H. Stern, PC	FL
900010098515	Shumacker, Johnston & Ross, P. A.	FL
900005202858	Sottile & Company P.A.	FL
900010081604	B Branford Thompson	GA
900004297916	Brenda W. Adams, CPA, P.C.	GA
900255349039	Consilium Partner Group LLC	GA
900001062097	Donna S. Dunbar CPA, P. C.	GA
900010140024	Dove & Associates	GA
900255215149	Irby J. Longshore, Jr., PC	GA
900255348829	JH & Associates, LP	GA

900001166272	Juravel & Company, LLC	GA
900010111421	Larry A Gilbert CPA P C	GA
900010139284	Linda N. Pruet	GA
900010109889	Norman H. Ross Sr. CPA	GA
900010110115	Susan M. Webber, P.C.	GA
900255347072	SynchronyCPA + Consulting LLC	GA
900010110228	Wanda K. From	GA
900001141662	Kwock & Company	HI
900010036680	Tax Accounting Advisory Group, LLC	HI
900005262067	Blair, Westfall & Co., P.C.	IA
900001145709	Shirley A. Pepples	IA
900010134658	J. Robin Wilde	ID
900004572616	kps, chtd	ID
900010148490	Susan Tenney	ID
900010114979	Bansley, Brescia & Co., P. C.	IL
900010155818	D. R. Travis P.C.	IL
900010151318	DNH Business Consultants	IL
900081008421	Donald J Jerome	IL
900005215692	FINANCIAL REPORTING SERVICES, L.L.C.	IL
900005685540	H. W. Brandt, CPA	IL
900006082307	Integra Financial Solutions, LLC	IL
900010128745	Jan C. Grant	IL
900008144528	John P Forde CPA	IL
900010080806	McDonald Doherty & Company, CPAs P.C. dba CPAMD	IL
900010008587	Mo Financial Services, INC	IL
900255349105	Ronald D. Kubacki	IL
900010118318	Rosalie J. Freidlin Ltd.	IL
900255348294	Sam Macaluso & Associates, Inc.	IL
900000908971	Solomon A. Weisgal Ltd.	IL
900001066689	Terry L. Harper	IL
900011416549	Wilson & Associates, CPA	IL
900010155428	Agresta, Storms & O'Leary, PC	IN
900255348891	Franklin CPA, LLC	IN
900010080226	Stewart, Peck, Hueston & Thomas LLC	IN
900010132271	Theresa D. Props	IN
900255348983	Wallace Tax & Accounting Professionals, Inc.	IN
900010144929	BLD PLLC	KY
900003870991	David W Jackson CPA	KY
900011557249	Rick L. Downs, CPA, PSC	KY
900010152670	Keith A. Carpenter, CPA LLC	LA
900010091999	Macaluso and Vignes, ACCPAs	LA

900010149836	B. Clark Taylor CPA PC	MA
900006809413	Carleton, Lopez & Wiesman CPAs, Inc	MA
900011721499	D'Ambrosio & Company PC CPAs	MA
900000286685	David R. Gargano, CPA	MA
900001106456	Domenic T. Pedulla CPA, PC	MA
900000316942	Donald E Graves	MA
900001169931	John T. Brozowski CPA, P. C.	MA
900011721552	Laurie H. Knapp, CPA	MA
900010115649	Mark O'Malley & Associates, P.C.	MA
900010094872	Miasserian and Zuroff	MA
900010152894	Moker CPA, PC	MA
900006318008	Raymond Kasperowicz, CPA	MA
900011726252	Stephen A. Sousa, CPA	MA
900010129255	Thomas L. Davis	MA
900010147091	Timothy M. Craven	MA
900008586149	William Jenczyk CPA	MA
900008849655	Accounting Tax and Financial Services LLC	MD
900008987376	AKP Financial Services, L.L.C.	MD
900004789110	JJ Schmelzle & Co, PC	MD
900006159988	Timothy Force CPA PC	MD
900000676775	Arthur J Plonka	MI
900001040622	Bahl & Co., P. C.	MI
900010143641	Bott & Company	MI
900010020224	Farquharson, Pointon & Lepsetz	MI
900255349096	J D Rothenberg & Associates PLC	MI
900255226548	J Garza CPA PLLC	MI
900010091826	James R. Stuchell & Company, PLLC	MI
900010076435	Jocks & Associates PC	MI
900001113026	Mlot & Associates LLC	MI
900001089107	Patricia Jo Field	MI
900010107746	Roger J. Kolehmainen CPA PC	MI
900011396509	Scarpone & Co., PC	MI
900010101915	Poppen & Associates, CPA's, P. C.	MO
900005677275	Ray E. Petersen CPA, LLC	MT
900081198710	Richard Neal Kohtz	MT
900010151714	Craig D. Page CPA, PLLC	NC
900010133012	Gary D. Walker	NC
900010085467	J. Lee Martin II, CPA, P.A.	NC
900255181130	James Martin Beadle, CPA	NC
900010130713	Mike McClure, PC	NC
900255347685	Nick A Hill PC	NE

900255348323	Paul Mueller, CPA LLC	NE
900010097662	Driscoll & Company PLLC	NH
900255259690	Dugdale, Livolsi & Wood, P.C.	NH
900001123428	Joseph P Williams P C	NH
900005619000	Galleros Koh, LLP	NJ
900010116075	Ian M. Nelson	NJ
900255274001	J.M. Vail Associates, LLC	NJ
900011317550	John A. Ruddiman CPA	NJ
900001016428	John J. Plaskon	NJ
900010141159	John W. Davis, CPA	NJ
900002240045	Leaver & Gonzalez LLC	NJ
900011317232	M.A. Roth Company, LLC	NJ
900255347795	Monmouth CPAs and Consultants, LLC	NJ
900004936432	Princeton Audit Group	NJ
900003875669	R.A. Eberle & Company LLC	NJ
900010126479	Scott J. Loeffler CPA	NJ
900006743068	SRH Accounting Services, LLC	NJ
900255181509	T. M. Vrabel & Associates, LLC	NJ
900255348240	Thomas J. Catanzaro	NJ
900011562533	Totaro and Siegel LLC	NJ
900009990287	Assurance Tax Accounting P.C.	NM
900010099986	Mileshosky & Company, CPA's, P.A.	NM
900011317469	Charles Morrison, CPA	NV
900001064566	Goldberg, Maroney & Associates	NV
900004046764	Mark A. Murphy, Ltd.	NV
900010148060	Peter W. Umphress	NV
900005047891	The Bosma Group, P.C.	NV
900005663806	Unique Accounting LLC	NV
900010141963	Accounting Group of Western New York CPA, P.C.	NY
900010101834	Altman, Greenfield & Selvaggi	NY
900001002718	Band Rosenbaum & Martin P. C.	NY
900005614057	Bender & Associates, CPAs	NY
900010114223	Dennis J. Hayes, CPA	NY
900010110837	Dennis P Wymer, CPA, PC	NY
900010118450	Dennis S. Weihs	NY
900255348172	George Demos CPA	NY
900255285945	Jacob Glick & Associates LLP	NY
900255348277	James C. Cardillo CPA, PC	NY
900255180894	Jeffrey M Many CPA	NY
900255348384	Jimmy P Lee CPA PC	NY
900000435098	Joel D. Kaplan	NY

900255348247	Joseph Belletti, CPA, P.C.	NY
900010144073	Joseph Calvo and Company, CPAs PC	NY
900006512772	Justin Song CPA	NY
900255348253	Kaul & Gupta CPA LLP	NY
900004110007	Larry Reece, CPA, P.C.	NY
900004327196	Leyden & Yule, LLP	NY
900255348071	Marino & Berner CPAs, LLP	NY
900255348289	Nicholas Ricci CPA	NY
900006237357	Nolan Certified Public Accounting Services, PLLC	NY
900255180751	R. Creary, CPA, PC	NY
900005839248	Resnick & Newman, LLP	NY
900008454875	Robert Hanoman CPA LLC	NY
900255348871	Robert J Wilson	NY
900010135747	Robert J. Brunelle	NY
900010059512	Rogoff & Company, P. C.	NY
900010133681	Scott & Guilfoyle	NY
900010104792	Silverman Linden LLP	NY
900255349074	Waliuddin Syed, CPA P.C.	NY
900011417289	Yehuda Gutwein, CPA	NY
900255186709	Ben Capaccio CPA Inc.	OH
900004291428	Carey & Associates, Inc.	OH
900255179886	Dix, Mobley, Inc.	OH
900001159385	Douglas, CPA	OH
900010105107	Frush & Associates Inc.	OH
900255272986	Gideon & Associates Inc	OH
900255274021	Grant S. Perks	OH
900255179769	Gross & Company Inc	OH
900255273758	Gueye & Associates, CPA	OH
900010084455	Howard A. Jesko & Co.	OH
900010129249	Lion Rex-ATA, Inc.	OH
900010136827	Mark J. Elmore CPA, Inc	OH
900255227178	Nicholas J. Wolf & Co. Inc	OH
900001109389	Nicholas V. Scotese	OH
900011468449	Rex Powers & Associates Inc	OH
900010145919	Rogers & Co., CPAs, Inc.	OH
900011413110	Schwarz & Associates, Inc. INC.	OH
900005552737	SJW Financial Services, LLC dba Wagner & Company CPA, LLC	OH
900010125134	Thomas J. Hoover, CPA & Company	OH
900255227366	Warner & Harper	OH
900010153366	Elite Small Business Solutions P.C., Inc.	OK
900008754749	Littleton Ruef & Associates PC	OK

900011909697	Doyle CPA LLC	OR
900255347377	Meyers Gentry LLC	OR
900010155385	David W Hagstrom, CPA, P.C.	PA
900010122172	Dominic A. Coccia Jr.	PA
900255347959	Fidelity Accounting & Consulting PC	PA
900010139315	Herman Mark Gerwitz	PA
900011775055	Jennifer Barill, CPA	PA
900010155554	Jonathan G. Furlow	PA
900010153108	Larsen H. Schilling, CPA	PA
900010150434	Morici Accounting and Advisory Services, LLC	PA
900011982260	R.K. McCartt & Associates, PC	PA
900010131166	Robert A. Mann	PA
900010120492	Robert C. Ondick P. C.	PA
900010108535	Stephen T. Hohenwarter	PA
900010104130	William G. Koch & Associates	PA
900010078948	Zweig, Ramick & Associates	PA
900004417990	Alfonso Alsina & Asociados, CPA, C.S.P.	PR
900003800270	Benjamin Rosario Rosario	PR
900255349130	CRUZ & URRUTIA CPA LLC	PR
900010128831	Elias Caban Jimenez	PR
900010084444	Falcón Sánchez & Associates, PSC	PR
900010147059	Hiram Vazquez Botet & Co.	PR
900005219310	Jesus M. Mora Nieves, CPA	PR
900010125882	López Recio & Associates, LLC	PR
900010012216	Luis E. Cintron & Co., LLC	PR
900010154761	Sharon & Gonzalez, CPAS, LLC	PR
900010140463	Richard J. Riccitelli & Company	RI
900010138230	Cedric A. Thibodeaux CPA LLC	SC
900010153479	Danny W. Williamson, LLC	SC
900255215146	David A. Carlson, CPA	SC
900010115205	Davis & Company	SC
900008034055	Douglas C Burnette PA LLC	SC
900010135888	Jack K. Cook Jr., LLC	SC
900006509539	John M Aycock, III, CPA, LLC	SC
900010080093	Millard & Moore, PA	SC
900255237595	Formos CPA, LLC	TN
900010068882	Fortner Smalley, PLLC	TN
900010139798	Hugh W. Smith Sr., CPA	TN
900011670532	James E Ferguson CPA PC	TN
900255180731	Jamison Shireman, CPA	TN
900255349314	John Thomas Buford CPA	TN

900255307571	Leslie CPA & Consulting, PLLC	TN
900255348383	Marcia D. Gilbert	TN
900011692972	Michael D. McNelly, CPA	TN
900004479650	Patrick Accounting & Tax Services PLLC	TN
900255347259	Ramsey & Ramsey Certified Public Accountants	TN
900010108900	Ana Maria Barrera, PC	TX
900001063323	Anton Joseph Buxkemper III	TX
900010138482	Barbara D. Agerton	TX
900010090505	Bock & Associates, L.L.P.	TX
900255190703	C Duncan & Company, CPAs LLC	TX
900001131975	Cathy Michalka Figert P.C.	TX
900005386775	Cavanaugh & Company, PLLC	TX
900006240959	Cleveland Petty & Company, PC	TX
900010120223	Corn & Corn, LLP, CPAs	TX
900008595847	David O. Agbuduta, CPA	TX
900001156561	Frederick S. Herzer CPA, PC	TX
900255348319	Frietze CPA PLLC	TX
900010150121	Gage & Company CPAs, LLP	TX
900010153897	Gardenier & Associates, PLLC	TX
900255180494	Hasan & Associates, CPAs, PC	TX
900255311810	J. D. Pace & Company, P.C.	TX
900010102552	John W. Manning	TX
900255204303	Mathews, Samuel & Associates PC CPAs	TX
900255106437	Neriman Guven, PLLC	TX
900005737165	Patsy C. Culver, CPA	TX
900003710701	Paul, Phipps & Co., PLLC	TX
900010141578	Richard A. Roome PC	TX
900010147658	Roberto G. Torres & Company, P.C.	TX
900255349084	Stephenson, LeGrand & Pfeil, PLLC	TX
900010068920	Stinson & Levit, LLP	TX
900009447434	Sueann Porter CPA PLLC	TX
900009212854	Suzanne E. Munoz, PLLC	TX
900010101469	Teague Marquess & Associates	TX
900255308544	TJ Advisors LLC	TX
900255347582	TN CPA	TX
900010143470	Vargas CPA, P. C.	TX
900010131171	Wesley F. Crowley	TX
900005570861	Willa Jo Mills, CPA, PLLC	TX
900010123787	Gregory C. Boyce & Associates	UT
900005030202	Madsen and Company	UT
900006421881	Nicholas S Smith CPA	UT

900008682851	Stephen Y. Broadhead, CPA	UT
900000286502	William T Gardner	UT
900255348719	Cha Group, LLC	VA
900005692256	Fiduciary Financial LTD	VA
900011981577	John Eddy	VA
900255348372	Russell A&T	VA
900006231795	Tera D. Kovanes, CPA, LLC	VA
900010111435	GHP Advisors PC	VT
900010138977	Lawrence E. Reed CPA, PC	VT
900255347469	Duncan Witt CPA Group PLLC	WA
900011777057	Holly Kopra CPA PLLC	WA
900010112167	Ronald Hastie CPA	WA
900006497364	T.S. Ensign, CPA and Company, Inc	WA
900011334633	Terah Regan CPA	WA
900010153673	Grant Accounting Svc, CPA LLC	WI
900255348292	Jensen Tax & Accounting LLC	WI
900010140599	Robert C. Roth, CPA, SC	WI
900010155581	Roe and Meyer, SC	WI
900010105505	Slowinski and Associates, S. C.	WI
900010093808	Austin & Associates AC	WV
900011769114	John Young, CPA DBA Young & Associates, CPAs, AC	WV
900255271888	Miller & Miller, A.C.	WV

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

Failure to complete a corrective action:

The AICPA Peer Review Program terminated the following firms' enrollment in the AICPA Peer Review Program for failure to cooperate. The firms did not complete corrective actions designed to remediate deficiencies identified in the firm's most recent peer review.

Michael Maastricht – Phoenix, AZ  
Mrazek & Associates – Homer Glen, IL

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.

Bryan & Patterson, P.C. – Dallas, TX  
Ray CPA, PC – Round Rock, TX  
Kwok-Chu Dennis Fong – San Francisco, CA  
Kimmy Jackson & Associates, LLC – Temple, TX

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.

e3 CPA Group LLC – Wildwood, MO  
Flores Auditing, PLLC – Laredo, TX  
Coffey & Rader, CPAs – Las Vegas, NV  
B W James LLP – Baytown, TX

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Failing to submit signed acknowledgement letters:

The AICPA Peer Review Program terminated the following firm's enrollment in the AICPA Peer Review Program for failure to cooperate. The firm did not timely submit evidence of agreement to perform remedial actions as required as a condition of completion of its peer review.

George W. Parker – Millbrae, CA

Firm terminations are also published on our website at:

<https://www.aicpa.org/forthepublic/prfirmterm/>

**Compliance Update - Firm Noncooperation**

**Why is this on the Agenda?**

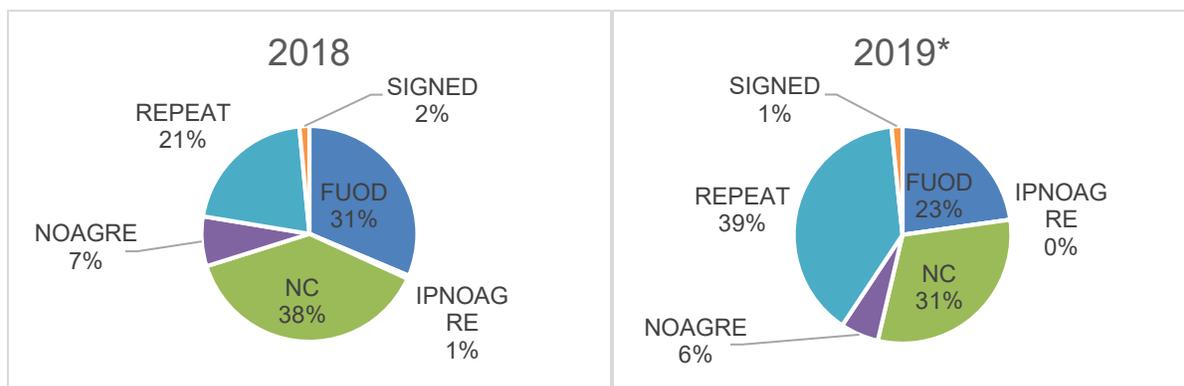
This is an informational item to keep AICPA Peer Review Board (PRB) members informed about firm noncooperation activities.

Referrals and Mediation

Referrals are firm noncooperation cases for which the Administering Entity (AE) has submitted documentation to AICPA staff to proceed with a termination hearing. As previously reported, firms referred to the PRB for a termination hearing have increased significantly since PRIMA implementation, due, in part, to process automation as well as to changes in guidance to expedite such matters and align more closely with Enhancing Audit Quality initiatives. The table below shows the increase through the third quarter of calendar 2019:



The types of matters for which firms are referred reflect the changes mentioned in the preceding paragraph as well as completeness projects conducted previously. Referrals by charge are as follows:



\*through 9/30/2019

**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 since mid-2019, instead of the typical 2 panels per month. Three panels per month are being scheduled for the first half of 2020, as well.

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 fewer panels and other resources. These efforts began mid-2017 to assist AEs to resolve old hearing cases and additional mediation attempts are ongoing. 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. Firms may appeal being dropped from the AICPA PRP.

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 firm hearing panel decisions over the past several years:

	<u>Number of Firms</u>	
<u>Year</u>	<u>Terminated</u>	<u>Not Terminated</u>
2015	23	1
2016	41	6
2017	18	6
2018	41	25
2019 (thru 9/30)	<u>44</u>	<u>47</u>
<b>Total</b>	<b><u>167</u></b>	<b><u>85</u></b>

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, in some repeat and omission cases 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).



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Peer Review  
Program