



Peer Review
Program

Peer Review Board Open Session Materials

April 2, 2020
Teleconference

**AICPA Peer Review Board
Open Session Agenda
Thursday April 2, 2020
Teleconference**

Objective: The objective of this meeting is to discuss the peer review related issues that need to be addressed as a result of COVID-19.

- 1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Pope
- 1.2 VP Remarks** - Mr. Brackens
- 1.3 Approval of Temporary Process Changes for Extension Requests * - Mr. Kindem
- 1.4 Discussion of Temporary Changes to Firm and Reviewer Fair Procedures* - Ms. Montague
- 1.5 Discussion of Modifications Related to Enhanced Oversight** - Mr. Bluhm
- 1.6 Discussion of Education and Communications Related Matters** - Mr. Brackens
- 1.7 Other Business** - Mr. Pope
- 1.8 Future Open Session Meetings**

- A. May 13, 2020 – Teleconference
- B. September 2, 2020 – Teleconference
- C. November 11, 2020 – Durham, NC

* Included on SharePoint

** Verbal Discussion

*** Will be provided at a later date

Guidance Changes Related to Extension Requests

Why is this on the Agenda?

Given the ongoing situation with COVID-19, there is concern among peer review stakeholders that meeting peer review due dates (for peer reviews, corrective actions, implementation plans or other items) will be too burdensome on firms, reviewers, committees and RABs.

As such, peer review staff suggest:

- Administering entities (AEs) be allowed to approve extension requests related to COVID-19 for corrective actions and implementation plans, including those for greater than 90 days
 - Currently, extension requests for corrective actions and implementation plans must be approved by a peer review committee or report acceptance body (RAB) or a technical reviewer in certain circumstances (for example, if the request is for less than 90 days and is made prior to the item's due date).
- Further communications be sent to the peer review community that:
 - Encourage firms to request peer review extensions related to COVID-19 and to encourage AEs to grant those requests
 - The messaging in any communication will:
 - Indicate that all extension requests related to COVID-19 will be granted even if the request is over 90 days or if the request is made after the review's due date
 - Explain why blanket extensions can't be provided at this time (as explained below)
 - Link to detailed instructions on how to submit extension requests
 - Work to eliminate any stigma that exists related to requesting an extension
 - Notify reviewers that they will not be disqualified from performing peer reviews if their own firm's most recent peer review has not been accepted within the past 42 months.
 - State that if there are additional items that Staff and the Peer Review Board (PRB) should consider, stakeholders should contact the peer review team.

Feedback Received

Staff also considered:

- an all-encompassing extension on all peer review deliverables (peer review reports, corrective actions and implementation plans)
- allowing peer reviewers to request extensions for peer reviews on behalf of their peer review clients.

However, an all-encompassing extension would require a manual adjustment to each firm's review within PRIMA. In addition, allowing peer reviewers to request extensions on behalf of their peer review clients would also require extensive PRIMA development time and resources.

PRIMA Impact

Instructions on how to submit extension requests will be sent to firms, reviewers and AEs. Instructions with specifics on how to approve extension requests will be sent to AEs.

AE Impact

AEs should establish policies and procedures with specifics on who within their organization will approve these extension requests.

Communications Plan

If approved, stakeholders will be notified of the approved changes via email and other communication channels, as deemed appropriate.

Effective Date

Upon approval and for an indefinite period of time. At future meetings, the PRB will discuss whether the stated policies above need to be extended.

Board Consideration

Review the proposal and approve the proposed plan.

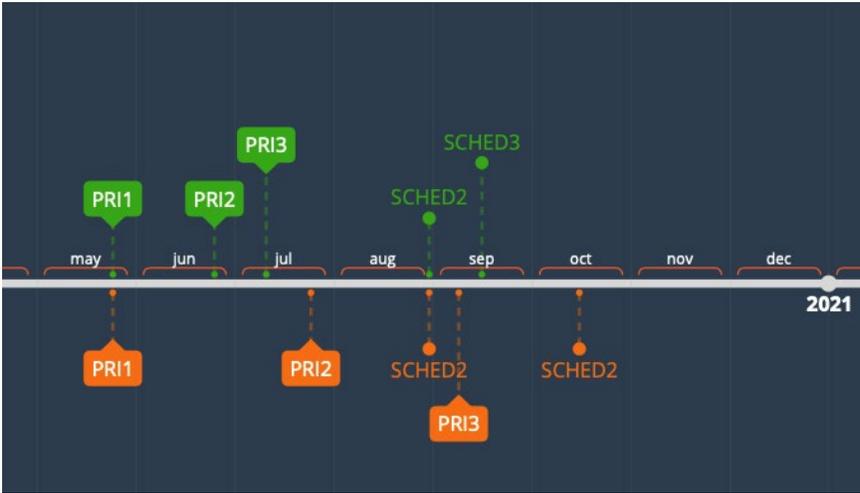
Discussion of Temporary Changes to Firm and Reviewer Fair Procedures

Why is this on the Agenda?

To further the AICPA Peer Review Program’s (Program) response to the COVID-19 pandemic and to reduce the impact of peer review procedures on enrolled firms and peer reviewers, AICPA staff is implementing changes to the timing of reminder letters sent by PRIMA, temporarily stopping the drop and termination processes and recommending delaying reviewer outreach and suspensions.

The changes are as follows:

- 1. Halt all firm drops and terminations for at least 30 days (including those in process), except hearings already scheduled and confirmed with participants.
- 2. Initial requests to firms will continue to be sent on their regular schedule to enable firms that are able to comply to do so. The timing of subsequent firm “warning” letters will change from their current timing to add an additional 30 days between each letter. This includes the following letter series:
 - a. PRI – Peer Review Information
 - b. SCHED – Scheduling
 - c. FUOD – Corrective Action (COA) Overdue
 - d. IPNOAGRE – Failure to agree to an implementation plan
 - e. IPOD – Implementation Plan (IMP) Overdue
 - f. NC – Non-cooperation resulting in a termination (post-commencement)
 - g. NOAGRE – Failure to agree to a corrective action
 - h. NOON – Non-cooperation resulting in a drop (pre-commencement)
 - i. QRF – Overdue Admin. Fee
 - j. NQRF – Overdue National Admin. Fee



Example letter timing change for a review due 12/31/2020. Green indicates current timing. Orange indicates expanded timing.

Current: PRI letters 1-3 span over 47 days
Expanded: PRI letters 1-3 span over 107 days

3. Initial overdue communications to reviewers will continue their regular schedule to remind them of their obligation to submit overdue peer review working papers, revisions or responses to inquiries. However, administering entities (AEs) are advised to consider the situation and delay additional outreach and further actions that lead to reviewer suspensions. At their discretion, AEs may proceed with further actions if it is deemed that the reviewer is being noncooperative (not related to COVID-19).
4. Reviewers whose own firm's review has not been accepted within the past 42 months, generally do not meet reviewer qualifications to be scheduled to perform peer reviews. If this ineligibility surfaces during a scheduling attempt, AEs are encouraged to evaluate whether the delay is related to COVID-19. If warranted, the AE may request that AICPA staff temporarily waive this requirement to allow the reviewer to be scheduled in PRIMA.
5. Update the outgoing PRIMA communications and emails to firms and reviewers to address the Program's COVID-19 response, including information about extension due dates, off-site system reviews and other resources.

PRIMA Impact

In determining the best approach to tempering the reminder/overdue processes to allow enrolled firms and reviewers more time and flexibility, staff considered multiple approaches. Ultimately it was determined that any measures taken would need to be implemented quickly and be reversible when the overall situation is improved. It was determined that delaying, rather than stopping, was the most appropriate way forward. Despite the automated reminders, the final actions to effectuate a firm drop or termination or reviewer suspension are manual and can be delayed or re-started at any time.

PRIMA letter timing will be updated to reflect the proposed change. This can be done with minimal effort and no development. The outgoing notifications will be updated to reflect the COVID-19 response. This can be done with minimal effort.

AE Impact

The proposed changes would generally not directly impact the AEs, beyond the broader changes that are being adopted Program-wide in response to COVID-19 (e.g., firms will not be dropped or terminated). Changes to the QRF letter series may impact an AE's ability to collect unpaid administrative fees as those overdue letters will also be delayed.

On Wednesday, April 8, 2020 from 1:00 – 2:00pm ET, Program staff will hold a meeting for Administrators and CPAs on staff to highlight the items discussed at the April 2, 2020 Peer Review Board meeting.

Communications Plan

A communication will be sent to enrolled firms due between now and December 31, 2020 to communicate the following:

- Reiterate the Program's efforts to provide relief at this time
- Clarify that firms will continue to receive periodic reminders about making arrangements for their peer reviews, but noncooperation efforts and communications will be delayed
- Direct firms to Program and Association resources regarding COVID-19

Effective Date

Changes are proposed to be effective as soon as they can be implemented in PRIMA. This is currently estimated to be within three days of approval. Certain actions that are manual and do

not rely on PRIMA (ex. Halting all drops and scheduling firm termination hearings) have already been implemented. All temporary measures will be effective until further assessment of the pandemic situation and its rippling implications on the Program, the profession and society.

Board Consideration

1. Consider if additional measures should be taken regarding firm or reviewer fair procedures to address COVID-19 impact.
2. Staff is requesting that the PRB allow staff to determine when noncooperation processes will reconvene or if any additional changes are needed in the timing of administrative processes.

PRB Observers

Heather Lindquist
Boyd Busby
Jill Turner
Dipesh Patel
Maria T Laboy
Stacey Lockwood
Michele Courtney
Marilee P. Lau
Kathleen Hoover
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Jennifer Winters
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Kara Fitzgerald
Viki A. Windfeldt
Anna Durst
Heather Trower
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Bimpe McMillon
Rafael Wiesenberg
Kary Arnold
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Patty Hurley
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Connie S. Harris
Julie Phipps
Bert Denny
Mark P Harris
Phil Windschitl
Grace Berger
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Gloria Snyder
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