



Peer Review  
Program

# Peer Review Board Open Session Materials

**October 6, 2021**

Virtual Meeting

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**AICPA Peer Review Board  
Open Session Agenda  
Wednesday, October 6, 2021  
Teleconference**

**Date:** Wednesday, October 6, 2021

**Time:** 11:00AM – 1:00PM Eastern Time

- 1.1 Welcome Attendees and Roll Call of Board\*\* – Mr. Kindem/Mr. Bluhm
- 1.2 Discussion of Proposed Reviewer Alert Related to SAS Nos. 134 through 140 and SSARS No. 25\* - Ms. Schweigel
- 1.3 Task Force Updates\*
  - Standards Task Force Report – Ms. Schweigel
  - Oversight Task Force Report – Mr. Sparks
    - A – AE Benchmark Revisions
  - Education and Communication Task Force Report – Mr. Beck
- 1.4 Other Reports\*
  - Operations Director's Report – Ms. Thoresen
  - Report from State CPA Society CEOs – Ms. Stewart
  - Update on National Peer Review Committee – Mr. Wagner
- 1.5 Other Business\*\* - Mr. Bluhm
- 1.6 For Informational Purposes\*:
  - A. Report on Firms Whose Enrollment was Dropped or Terminated
  - B. Compliance Update - Firm Noncooperation
- 1.7 Future Open Session Meetings\*\*
  - A. February 2, 2022 – Durham, NC
  - B. May 4, 2022 – Durham, NC
  - C. September 9, 2022 – Teleconference
  - D. November 16, 2022 - Teleconference

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\* Included on SharePoint

\*\* Verbal Discussion

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

**Discussion of Proposed Reviewer Alert Related to SAS Nos. 134-140 and SSARS No. 25**

**Why is this on the Agenda?**

The Standards Task Force (STF) would like the PRB to discuss a proposed reviewer alert that was developed to address anticipated inquiries from peer reviewers, technical reviewers and report acceptance body members related to how noncompliance with SAS Nos. 134-140 and SSARS No. 25 should be assessed from a peer review perspective. The proposed alert, agenda item 1.2A, was written to promote consistency among peer reviewers and administering entities across the country when assessing noncompliance with these standards.

The task force decided the language in the proposed alert should be less prescriptive in nature and highlight considerations that *may* indicate nonconformity related to SAS Nos. 134-140. It also focuses on the importance of the reviewer using their professional judgment and provides examples of noncompliance that, by themselves, would not result in an engagement that was not performed in conformity with professional standards in all material respects.

**Feedback Received**

Members of the Planning Task Force and Staff have discussed the contents of the alert with the ASB's Auditing Issues Task Force (AITF). The AITF communicated that peer reviewers should consider whether a "reasonable user" of the financial statements would be impacted by nonconformity with these professional standards. This feedback steers the conversation in a different direction than when Staff previously consulted with ARSC staff related to any nonconformity with SSARS No. 21.

During the 2021 peer review conference, attendees communicated to Staff the assumption that the guidance related to SAS Nos. 134-140 and SSARS No. 25 would be consistent with SSARS No. 21.

Staff have also recently received additional requests for the Peer Review Board to reconsider the guidance that was published as it relates to SSARS No. 21.

**PRIMA Impact**

None

**Communications Plan**

The alert is scheduled to be published in mid-October. Peer reviewers and other relevant stakeholders are notified via email when reviewer alerts are published.

**Manual Production Cycle (estimated)**

Not applicable

**Effective Date**

The alert is scheduled to be published in mid-October.

**Board Consideration**

The task force is asking the PRB to:

- discuss any questions or concerns associated with the contents of the proposed alert shown in agenda item 1.2A.

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1. while PRB approval of the alert is not required, any agreed upon revisions will be incorporated into the alert prior to publishing. Staff would like the PRB to discuss the following proposed revisions:
    - Removing the word “professional” in the second bullet subsequent to the first paragraph (given the specific definition “professional judgement” has in the context of A&A)
    - Adding language to the first sentence of the third paragraph to make it clear that a complete failure to implement the standard would cause the engagement to be non-conforming in both a system review and an engagement review.
    - Adding a sentence to the final paragraph that indicates how engagement reviews are different as it relates to identifying findings and deficiencies.
  2. this includes the last row in the chart that references firms that did not include section headings in the accountant’s report in accordance with SSARS No. 21. Previously, reviewers were instructed to identify engagements with this issue as non-conforming. Related to this item, please consider the following:
    - For SSARS No. 21, Appendix E in PRP Section 6200 had been modified to include the following example of an instance of non-conformity that would lead to a deficiency in an Engagement Review:
      - “Failure to adopt current applicable standards or the accountant’s report does not contain the critical elements of the current applicable standards.”
    - A reviewer alert was published in August 2016 (agenda item 1.2B) outlining scenarios of noncompliance with SSARS No. 21 and how those scenarios should be assessed

## Evaluating Peer Review Implications of SAS Nos. 134-140 and SSARS No. 25 Implementation Issues

Peer Review Staff is anticipating many questions about how to assess potential noncompliance with SAS Nos. 134-140 and SSARS No. 25 during a peer review, particularly as it relates to firm implementation. As with most instances of noncompliance, peer reviewers

- evaluate the specific circumstances of noncompliance with these professional standards on each peer review, both individually and in the aggregate, to determine whether to deem an engagement nonconforming.
- consider whether a user, who would reasonably expect to rely on the financial statements, would be affected by noncompliance with the suite of new standards (this requires professional judgement as it is not expected for reviewers to be intimately familiar with all potential users of specific financial statements).

The peer review board (board) recognizes that each peer review is unique and that reviewers need to exercise professional judgment when forming conclusions. In any case, the peer review standards require reviewers to consider identified issues individually and, in the aggregate, and to clearly document the basis of conclusions reached.

As with any new standard, a complete failure to implement is generally deemed non-conforming. When such instances are identified in a system review, the reviewer will need to consider applicable peer review standards and determine the systemic cause to assist the reviewed firm with appropriate remediation in its system of quality control.

Although not all-inclusive, the following table includes examples that illustrate single instances of noncompliance with these new standards that do not always result in nonconforming engagements. As mentioned previously, the reviewer should consider whether multiple issues on the same engagement, such as in the examples below, would result in a nonconforming engagement.

Scenario	Nonconforming	Comments
The auditor did not place the opinion section first, followed by the basis for opinion section as required by SAS No. 134.	No	A reasonably expected user would not be misled by the report not being in the same order as prescribed by SAS No. 134.
The auditor did not include the independence statement in the Basis for Opinion as required by SAS No. 134.	No	Although the Basis for Opinion paragraph is new and the independence statement is required under SAS No. 134, if “independent” is included in the report title, a reasonably expected user would not be misled by the missing language.
The report does not include expanded language regarding management and auditor’s responsibilities for the financial statements as required by SAS No. 134.	No	A reasonably expected user would not be misled by the missing language.

Scenario	Nonconforming	Comments
Auditor did not follow updated requirements of SAS No. 134 by including language related to the entity’s ability to continue as a going concern in a separate section entitled “Substantial Doubt About the Entity’s Ability to Continue as a Going Concern.” Rather, the auditor included the language in the Emphasis of Matters section. All required language was present.	No	A reasonably expected user would not be misled by the incorrect section heading.
The firm did not include a statement that the accountant is required to be independent of the entity in accordance with SSARS No. 25. However, the accountant did include “Independent” in the title of the report.	No	Even though the accountant should include this statement, a reasonably expected user may not be misled since the term “Independent” was included in the title.
The firm did not include section headings in the accountant’s report as required by the SSARSs.	No	As section headings have been required for a number of years, a reasonably expected user may not be misled if the headings were missing.

As with all standards, reviewers may encounter variations in application that comply with SAS Nos. 134-140 and SSARS No. 25. The board recommends for reviewers to avoid basing a “no” answer on a personal preference; rather, identify and document unreasonable judgments that lack support under professional standards. The [Issue Advisory Hotline](#) is another recommended resource that may be utilized if you have any disagreements with your peer review clients about whether SAS Nos. 134-140 and SSARS No. 25 (or any other accounting and auditing standard) were properly complied with in all material respects.

You can also contact the [A&A Technical Hotline](#) with any questions you have about whether an engagement you are reviewing complies with professional standards in all material respects.

Finally, as in all system reviews, regardless of whether the engagement is determined to be nonconforming, peer review standards require the team captain to evaluate the pervasiveness of the implementation issues and the systemic cause in determining whether the matter should be elevated to a finding or a deficiency.

# REVIEWER ALERT



## August 2016

This alert contains six articles:

1. [What's New in the Peer Review Program Manual \(PRPM\)](#)
2. [Additional SSARS 21 Considerations – Reporting and Engagement Letters](#)
3. [Examples of Matters in Peer Reviews](#)
4. [Frequent Violations in Ethics Investigations](#)
5. [Peer Review Conference Evaluation and CPE Transcript](#)
6. [Quality Resources for Firms](#)

### **What's New in the *Peer Review Program Manual (PRPM)* – August 2016 Update**

The following updates will be available by late August 2016 on the [peer review webpages](#), and in the Online Professional Library ([OPL](#)) to subscribers:

#### **Updated Guidance Related to Common SSARS No. 21 Noncompliance**

Changes to PRP section 6200, *Instructions to Reviewers Performing Engagement Reviews*, Appendix E, *Areas of Common Noncompliance with Applicable Professional Standards*, and PRP Section 2000, *Peer Review Standards Interpretations*, Interpretations 6-8 and 67-1, to update them for SSARS No. 21 were incorporated as discussed at the Peer Review Board's [August 11, 2016 open session](#) (Agenda Item 1.3). Please read the following article "[Additional SSARS No. 21 Considerations – Reporting and Engagement Letters](#)" for clarifications of the changes the Peer Review Board (PRB) made to Agenda Item 1.3.

#### **Updated Checklist**

PRP section 20700, *Employee Benefit Plan Audit Engagement Checklist*, and its related profile, has been updated, and should be used for reviews commencing on or after September 1, 2016:

The changes include but are not limited to:

- [Updated Guidance](#) – The checklist has been updated to conform to the AICPA Audit and Accounting Guide *Employee Benefit Plans*, as of January 1, 2016, as well as recent FASB Accounting Standards Updates.
- [SEC Independence](#) - related to guidance approved at the Peer Review Board's [May 3, 2016 open session](#) (Agenda Item 1.4).
  - Additional questions have been added, consistent with those added to PRP sections 20400 and 20600 in June, to ask what independence standards apply to the client, and to determine if the auditor complied with applicable independence and ethics requirements and specifically SEC independence requirements.

- Risk Assessment – additional language regarding “Risks of Material Misstatement” to assist reviewers, and related enhancement of the inherent risk question for the highest risk audit areas
- Other - The changes also include enhanced profile questions related to DOL limited-scope audits, SOC 1<sup>®</sup> reports, and initial audits.

As a peer reviewer, you should download the appropriate questionnaires and checklists from the PRPM each time you commence a review to ensure you have the most updated practice aids. You are expected to use the most recently updated versions for each peer review you perform.

### **Feedback**

If you notice functionality issues or content errors in the PRPM, please email us at [prsupport@aicpa.org](mailto:prsupport@aicpa.org) with a subject line of “PRPM-feedback”. It is possible the issue has not yet been identified and we appreciate your user input.

### **Additional SSARS No. 21 Considerations – Reporting and Engagement Letters**

Statement on Standards for Accounting and Review Services (SSARS) No. 21 is effective for reviews, compilations and engagements to prepare financial statements for periods ending on or after December 15, 2015. As such, peer reviewers are beginning to review engagements performed in conformity with SSARS No. 21 during their peer reviews. Peer Reviewers should be mindful of the added risk that these engagements may not be performed in conformity with the applicable professional standards in all material respects (in other words, non-conforming). PRP Section 6200, Appendix E provides examples to reviewers of items that generally would result in a deficiency or significant deficiency in an Engagement Review, or in other words, a list of items that generally would cause an engagement performed under SSARS to be considered non-conforming. At its August meeting, the PRB approved clarifications to Appendix E based on questions received from the peer review community. The PRB determined that ordinarily, the peer reviewer should conclude that a firm’s failure to adopt SSARS No. 21, if applicable, or to update the wording in the accountant’s report pursuant to SSARS No. 21, if applicable, would cause the engagement to be non-conforming and therefore result in a deficiency or significant deficiency in an engagement review.

The team or review captain should consider the following examples for further clarification.

- The following scenarios would ordinarily result in a non-conforming engagement:
  - The compilation or review report mirrors the illustrative report from SSARS No. 19 when SSARS No. 21 applies
  - The review report does not contain the appropriate headings
- The following scenarios would **NOT** ordinarily result in a non-conforming engagement:
  - The compilation report contains a title, but otherwise contained the required language in accordance with SSARS No. 21
  - The review report contains some of the appropriate paragraph headings, but not all are included
  - The compilation or review report generally follows the illustrative report from SSARS No. 21 application guidance, but omits a few words

Additionally, the agreed upon terms of an engagement performed in conformity with SSARS No. 21 should be documented in writing and signed by both the accountant and management (or those charged with governance). Although the format of this written communication may vary, firms most commonly satisfy these requirements through an engagement letter and such letters may include multiple services (for example, an engagement to prepare monthly financial statements and review the annual financial statements of the entity). Regardless of the format

used, the written communication should include the following for each respective service provided in accordance with the applicable AR-C section(s):

- objective of the engagement
- management and accountant's responsibilities
- any limitations associated with the respective levels of service to be provided
- applicable reporting framework
- expected form and content of report, if applicable
- and, if applicable, whether the financial statements are to contain any known departures from the applicable reporting framework or omit substantially all required disclosures.

When multiple services are provided, the firm's written communication will need to specifically identify the level of service associated with the engagement being reviewed in order for the review team to conclude that engagement was performed in accordance with the applicable professional standards in all material respects. When an engagement letter fails to specify the level of service associated with the peer reviewed engagement, the peer reviewer may consider other written evidence that supports that the required understanding was established. Otherwise, the firm's failure to establish this written understanding with management would cause an engagement to be nonconforming and therefore result in a deficiency or significant deficiency in an engagement review.

Reviewers can use the AICPA's A&A Technical Hotline or Issue Advisory Hotline when assessing the adequacy of alternative evidence when an engagement letter is not present or in the event that disagreements arise between the reviewer and the reviewed firm.

## Examples of Matters in Peer Reviews

The AICPA is using data collected during peer reviews to identify trouble spots and is developing resources within the AICPA that will provide firms with more focused remedies for their findings. Our ultimate goal is to assist firms with the hurdles they've faced in the past, provide them with tools to enhance the quality of their work and overall "up the game on quality" in the profession. Refer to the [Examples of Matters in Peer Reviews](#) webpage for the most recent trends identified.

## Frequent Violations in Ethics Investigations

The Professional Ethics Division investigates potential disciplinary matters involving members of the AICPA and state CPA societies participating in the Joint Ethics Enforcement Program. Refer to the Division's reports on the most frequent professional standards violations for [Employee Benefit Plan](#) and [Government and Not-for-Profit](#) investigations for the most recent trends identified. Many of these violations are similar to trends observed in Peer Review. The AICPA is also using these findings to contribute to the efforts to design guides, interpretations and CPE to address these issues.

## Peer Review Conference Evaluation and CPE Transcript

If you attended the 2016 Peer Review Conference and/or optional sessions, you will need to login to [AICPAConferences.com](http://AICPAConferences.com) and complete the speaker and overall evaluations. To access the speaker evaluations and your official CPE Transcript, log in, then go to the Peer Review Conference event page and click the "**Evaluation & CPE Transcript**" tab to see the available session evaluations. You must complete all evaluations for the sessions you attended. In addition, to access your CPE Transcript, you must complete your overall conference evaluation. You will also have access to archives of the sessions you attended.

## Quality Resources for Firms

The AICPA has developed numerous resources to assist firms with improving audit quality. Firms can access:

- Free Archive of [Surviving the Deep Dive – A Closer Look at the Peer Review Focus Areas](#) (no CPE available)
- Free Archive of [Drive Your Competitive Edge with Audit Quality](#) (no CPE available)
- Free Guide to [Selecting a Quality Reviewer](#)
- Free [Examples of Matters in Peer Reviews](#) webpage
- Rebroadcast of [Are You Ready for Your Peer Review?](#) on September 22, 2016 2-4pm
- On-demand course [A Firm's System of Quality Control](#)
- Additional Enhancing Audit Quality [Resources](#)

## 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.

### Standards Task Force

#### Accomplished since last PRB meeting:

- Following board approval to issue on September 2, 2021, finalized and published the exposure draft of the Clarified Standards for Performing and Reporting on Peer Reviews.
  - An effective date is proposed for peer reviews commencing on or after May 1, 2022, with no early implementation.
  - Comments are requested by December 15, 2021
  - Follow [this link](#) to the peer review exposure drafts homepage to access the exposure draft and a template for comments and suggestions.

#### Upcoming tasks:

- Continued focus on the clarity project, which will include consideration of comment letters from respondents and finalization of a mapping document.
- Conclude discussion of communication for reviewers related to evaluating instances of noncompliance with SAS Nos. 134-140 and SSARS No. 25
- Discuss independence regarding reviewers that perform EQCR for broker-dealers and conclude discussion and approve clarifying revisions to PRP Section 3600 regarding services performed by outside parties
- Discuss peer review implications of selecting first-time engagements with periods-ending subsequent to a firm's peer review year
- Discuss potential changes to the peer review checklist for IFRS engagements
- Continued assessment of potential guidance implications related to continued PRIMA enhancements

### Oversight Task Force

#### Accomplished since last PRB meeting:

- Approved Report Acceptance Body (RAB) observation reports
- OTF members conducted administering entity (AE) oversights
- Approved AE oversight reports
- Approved final revisions to AE benchmarks which are included as agenda item 1.3A for reference

#### Upcoming tasks:

- Approve RAB observation reports
- OTF members will conduct AE oversights
- Approve AE oversight reports and AE responses
- Review AE benchmark summary forms and feedback received
- Monitor results of enhanced oversights

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- Review sample of enhanced oversight reports for consistency
  - Discuss the type of feedback issued by AEs as a result of enhanced oversights
  - Monitor reviewer performance
  - Re-evaluate reviewer resume verification process
  - Review and conditionally approve 2022 plans of administration
  - Joint meeting with NASBA's Peer Review Compliance Committee (PRCC)

### **Education and Communication Task Force**

#### **Accomplished since last PRB meeting:**

- Continued assessment of 2021 peer review conference feedback and planning for the 2022 peer review conference
- Published the training course for technical reviewers related to performing technical reviews of peer review with Single Audit engagements.

#### **Upcoming tasks:**

- Publish conference cases from the 2021 Peer Review Conference, taking into consideration any attendee feedback
- Publish an FAQ of unanswered or particularly topical questions submitted during 2021 Peer Review Conference sessions.
- Develop and publish the 2021 fall edition of PR Prompts, a peer review newsletter
- Discuss potential reviewer alert articles and other related communications, such as articles promoting the publishing of the peer review clarity exposure draft
- Assess and develop additional ways to engage with peer review stakeholders on a more periodic basis.
- Continue analysis of the reviewer pool and implement plans to improve the pool where necessary.
- Continue monitoring our available courses to determine if improvements should be made to our overall training framework.
- Begin planning work for the 2022 Peer Review Conference in St. Louis, MO

**Administering Entity Benchmark Revisions**

At their October 4, 2021 meeting, the Oversight Task Force (OTF) expects to approve administering entity (AE) benchmark revisions (illustrated below in track changes) based on results of their monitoring and feedback received.

**Communications Plan**

The benchmark revisions will be presented during a future call with the AEs’ CPAs on staff and administrators.

**Effective Date**

January 1, 2022

Administrators	
Number	Benchmark
1	Perform tasks associated with cases and letters (e.g. Peer Review Information, Scheduling) in PRIMA within 14 calendar days of receipt. Over this reporting period, an AE should have 10% or fewer not performed within this timeframe.
2	Provide RAB materials electronically to RAB members at least seven calendar days before RAB meetings.
3	Send revised acceptance letters within 14 calendar days of the committee granting firm requests for waiver or replacement of corrective actions or implementation plans. <u>Over this reporting period, an AE should have 10% or fewer not sent within this timeframe.</u>

Technical Reviewers	
Number	Benchmark
1	Meet all qualifications established in the RAB Handbook, including training requirements.
2	Perform the technical review in accordance with guidance.
3	Maintain objectivity and skepticism to mitigate familiarity threat and implement appropriate safeguards while performing the technical review.
4	Complete technical reviews to meet the 120-day rule for initial presentation of reviews. Over this reporting period, an AE should have fewer than 10% of reviews not presented within this timeframe.
5	Complete technical reviews to meet the 60-day rule for engagement reviews with certain criteria. Over this reporting period, an AE should have fewer than 10% of reviews not accepted within this timeframe.
6	Thoroughly review and prepare peer reviews for RAB meetings to minimize the number of reviews that are deferred. Over this reporting period, an AE should have fewer than 10% of reviews deferred.

## Technical Reviewers

Number	Benchmark
<del>7</del>	<del>Limit reviews with open items and missing relevant information from the RAB package unless RAB consultation is necessary.</del>
<del>78</del>	Evaluate reviewer performance history and present to RAB.
<del>89</del>	Provide reviewer performance feedback recommendations to the committee or RAB on reviewer performance issues.
<del>940</del>	Be available during RAB meetings in which <del>their</del> <u>his/her</u> <u>technical</u> reviews are presented to answer questions to avoid deferrals or delays.

## Committee/RAB

Number	Benchmark
1	Meet all qualifications established in the RAB Handbook, including training requirements.
2	Follow peer review standards, interpretations and related guidance in the evaluation and acceptance of peer reviews.
3	Maintain objectivity and skepticism to mitigate familiarity threat and implement appropriate safeguards while considering the results of peer reviews.
4	Issue reviewer performance feedback forms and performance deficiency letters when appropriate.
5	Waive or replace corrective actions and implementation plans in accordance with guidance except in hardship situations.
6	Assess firm referrals for noncooperation related to consecutive non-pass reports.
7	Perform oversights on firms and reviewers (or review oversights performed by technical reviewer(s)) in accordance with the Oversight Handbook and risk criteria included in policies and procedures.

## CPA on Staff

Number	Benchmark
1	Submit <del>this</del> <u>current</u> benchmark forms signed by CEO to OTF by due date.
2	Monitor committee and RAB members' qualifications established in the RAB Handbook.
3	RAB member composition includes members with current experience in must-select engagements.
4	A minimum of three RAB members evaluate every peer review for acceptance in accordance with the RAB Handbook.
5	Maintain documentation of committee/RAB's decision for firm referrals for noncooperation related to consecutive non-pass reports.

## CPA on Staff

Number	Benchmark
6	Decisions on due date extensions and year-end changes are approved in accordance with guidance and documented.
7	Scheduling error overrides are appropriate and approved in accordance with AE's policies and procedures.
8	Implement appropriate remediation such that RAB observation report comments are not consistently repeated in subsequent observations.
9	Respond to requests from OTF or AICPA staff by due date.
<b>Benchmarks for the reporting period January 1 – April 30</b>	
10	Submit complete Plan of Administration <u>signed by the CEO</u> including all AE oversight requirements by April 1.
11	Annual reviewer resume verification process is performed in accordance with the Oversight Handbook and verification information is included in Plan of Administration.
<del>12</del>	<del>Policies and procedures designed to mitigate familiarity threat for committee/RAB members and technical reviewers are submitted with the Plan of Administration by the due date.</del>
<b>Benchmarks for the reporting period September 1 – December 31</b>	
<del>132</del>	Submit complete Plan of Administration <u>signed by the CEO</u> by November 1.
<del>143</del>	Meet all qualifications of the CPA on staff, including training requirements.
<del>15</del>	<del>Oversight procedures are approved by the Committee and in place by the Plan of Administration due date.</del>
<del>146</del>	Obtain <u>the appropriate current versions of</u> confidentiality and administration agreements <u>from signed by all each</u> AE staff associated with peer review on an annual basis.

## 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

#### Communications Update

We launched the Clarity Exposure Draft with mass emails, a Journal of Accountancy article, mentions in the AICPA CPA Letter Daily and The Update communications vehicles and other AICPA teams. We also began a campaign to call enrolled firms to inform them of the upcoming DOL audit quality study and remind them of the increased demand for single audit engagements.

#### PRIMA Update

We recently updated 10 letters, added a notification for AEs when a hearing decision is entered and resolved an issue with some of the buttons disappearing for peer reviewers and an issue with cases getting stuck when corrective actions were completed. We plan to release enhancements to the scheduling interface in PRIMA on November 1. These changes are in direct response to user feedback.

### Report from State CPA Society CEOs

Outreach to state society CEOs prompted feedback related to assessing noncompliance with the risk assessment standards now that the temporary guidance previously included in PRPM Section 3100, *Supplemental Guidance*, no longer applies. Staff are working on developing a reviewer alert that explains how reviewers should assess noncompliance with the risk assessment standards, including the relevant documentation requirements, now that the temporary guidance is no longer in effect.

### Update on the National Peer Review Committee

The NPRC last met on May 13. One large firm review was presented and was accepted.

Since the September PRB meeting, the NPRC has held three RAB meetings. During those meetings:

- 22 reviews have been presented, including:
  - 18 Pass
  - 1 Pass with Deficiencies and
  - 3 Fail

The NPRC's next meeting will be held on October 14, 2021.

**Firms Dropped from the AICPA Peer Review Program for Noncooperation  
between July 1, 2021 and August 31, 2021**

As previously reported, the AICPA Peer Review Program (Program) made several temporary changes in March 2020 to respond to the coronavirus impact on firms due to the probability of firms not receiving fair procedure notifications. These changes provided firms with additional time to complete required actions. Since that time, the Program has resumed normal timing on warnings and proceedings have resumed, with compassion.

Enrollment in the Program for the following firms was dropped for noncooperation. Those reenrolled as of September 1, 2021 are denoted by an “\*” following the firm name.

<b>Firm Number</b>	<b>Firm Name</b>	<b>State</b>
900011362650	Kimberly M. Clenney, CPA, LLC	AL
900255187777	Meadows & Co.	AL
900255350757	Seaside Accounting Services, Inc.	AL
900008094214	David Winkler, CPA, Inc.	AR
900255349689	Michael C. Williams CPA, PLLC	AR
900255349067	Hector M. Hurtado, CPA PLLC	AZ
900010084964	James Varga, CPA, P. L.L.C.	AZ
900255226568	Linda P. Bee, CPA PC	AZ
900010104188	Reid & Company PLLC	AZ
900010139251	AFP Saddington LLP	CA
900255185407	Alan Chabok, CPA, An Accountancy Corporation	CA
900255237467	Bareket, Barash CPAs, LLP	CA
900011746197	Bart Ramirez Garcia	CA
900010104988	Bradley A Schwindt	CA
900011582831	Brent M. Davis, CPA	CA
900011594109	Chan Jose LLP	CA
900005792258	Collaborative Learning & Assurance Services Solutions, Inc.	CA
900000535120	CTM Accountancy Corporation	CA
900007784237	DeLuca Accountancy Corporation	CA
900011554689	Denny & Company, LLP	CA
900010141605	Diebert & Associates	CA
900009928343	England Financial Corporation	CA
900006089157	Ethan Barkett, CPA	CA
900011581291	Ferguson & Company CPA	CA
900255273696	Gregory B. Nathan C.P.A., A.P.C.	CA
900010136438	Gregory P. Verdon	CA
900255348127	Griffiths, Diehl & Company Inc.	CA
900010150845	Gurrera & Associates	CA

<b>Firm Number</b>	<b>Firm Name</b>	<b>State</b>
900011459375	J. Kim & Associates, AAC	CA
900011588509	James R. Norgan, CPA	CA
900011421749	Jason Hwang, CPA	CA
900011358070	John Evans Berretta CPA	CA
900255180687	Johnson T.H. Wong, CPA	CA
900011932835	Kenneth M. Waldrip	CA
900011951495	Lewis A. Adams, An Accountancy Corp	CA
900255347525	Martin H Luttkus	CA
900011591132	Mohamed G. Dhalla, CPA APC	CA
900255334000	Reza Noorkayhani	CA
900011962615	Robert B. Daley, CPA	CA
900255273685	Saeed Sadr CPA, Inc.*	CA
900010133951	The Ozurovich Group, Inc.	CA
900255193537	Thomas K. Porta, CPA	CA
900010113892	W. Keith Argabright	CA
900010098545	Williams, Adley & Company - CA, LLP	CA
900010114395	Ronald J. Pryor CPA, P.A.	DE
900255345925	AGA Certified Public Accountants & Advisors*	FL
900255284837	Denise Rohrer CPA PA dba Denise Rohrer & Associates	FL
900255350095	Zafar Francuz & Company LLC	FL
900001181546	Earl W Morrow Professional Corporation	GA
900255350317	Element CPA PC	GA
900255186197	John W. Attaway, CPA*	GA
900255214765	Kiessler & Associates PC	GA
900010135754	Lisa A. Perry	GA
900255215154	Verner H. Free, PC	GA
900001169918	Geoffrey Jay Arnold	ID
900010148624	Campbell LLC	IL
900011494109	Ciasto & Associates LLC	IL
900006223156	Courtney & Aldrich LLC	IL
900255350552	Fraze and Company, LLC dba Frazee & Company, CPA's*	IL
900005669728	HedgemanCPA, LLC	IL
900255189517	Kevin J. Miller, CPA	IL
900011366329	Meier Associates, Inc.	IL
900010145049	Ores and Company, Ltd	IL
900011553791	Robert L. Knust, CPA	KY
900001050053	J. L. Sonnier	LA
900010003326	Barneke and Anderson	MA
900011735032	Donald A. Nelson, CPA	MA

<b>Firm Number</b>	<b>Firm Name</b>	<b>State</b>
900008960434	Dukhon Tax and Accounting LLC	MA
900010034144	Jacobs, Velella & Kerr, P. C.	MA
900008891374	P Michael Buettner CPA PC*	MA
900010138443	Robert M. Hurst, CPA PC	MA
900011452829	Thomas Marabella	MA
900255348833	Gaillard & Associate, CPA LLC	MD
900010104593	Huber & Weakland, P. C.	MD
900010151291	Iwanczuk & Associates, PC	MD
900255328082	Joanne M Dixon, CPA	MD
900255272942	K Duncan & Co., LLC CPAS	MD
900005186023	Premier Business Solutions, LLC	MD
900011789662	Richard A Link PA	MD
900005344428	Hammond & Dargis Certified Public Accountants	ME
900010132141	Snow2, CPA's	ME
900010076435	Jocks & Associates PC	MI
900001004802	Kolinski and Associates PC	MI
900010148684	Tibble & Wesler, CPA PC	MI
900255185372	Concagh & Company	MO
900007390416	DSB Services, LLC	MO
900011410529	Daniel J Holland CPA	MT
900010127215	James A. McNay CPA, P. C.	MT
900010105213	Johnston Accountancy Corporation	MT
900005007669	Moore & Spivey, CPA, PA*	NC
900255348473	Rebecca E. Miller, CPA, PLLC	NC
900255019151	Aloy E. Nwosu, CPA & Associates	NJ
900010102433	Berkower LLC*	NJ
900255187418	Bernicker, Eiger & Lang, CPA, LLC*	NJ
900011309751	Charles W. Swersky	NJ
900010080982	Clyne, Eagan & Associates	NJ
900005816322	Elio Hernandez CPA, LLC	NJ
900009676524	Fontanella Associates	NJ
900011965402	Gary S. Moscowitz PC	NJ
900010080956	Gershon Biegeleisen*	NJ
900008733868	Gokul Thakur CPA, LLC*	NJ
900005759277	Hunrath, Napolitano, Quigley & Taylor, LLC*	NJ
900005498568	J. R. Lupo, PA CPA,	NJ
900010126478	J.A. Besser & Company, LLC	NJ
900007627516	Jeffrey D, Shapiro CPA	NJ
900003877576	Joseph P Pagliuca, CPA	NJ
900004029088	Maligu Associates LLC	NJ

<b>Firm Number</b>	<b>Firm Name</b>	<b>State</b>
900010044725	Mandel, Fekete & Bloom	NJ
900011562149	Meerae LLP	NJ
900010102027	Schad & Schad	NJ
900010104699	Fidel A. Bernal	NM
900011609769	William A. Robison, RPA	NM
900010120933	Albert Larry Haft	NY
900255349688	Alfred W. Kach, CPA	NY
900010121275	CASTELLANO KORENBERG CPAS PC	NY
900004548543	Colella CPA Co., P.C.	NY
900010103551	Constantin Associates	NY
900010085194	Dukoff and Company	NY
900255347952	Frank A. Bulla, PC	NY
900010143837	Gianfranco Ricciardella CPA, P. C.	NY
900010060579	Gordon & Hechtman CPAs LLP	NY
900010141780	James L. Dunne	NY
900255180894	Jeffrey M Many CPA	NY
900010152600	Joel Lanz CPA, P.C.	NY
900255351098	Koszka & Sokero, CPAs*	NY
900255191216	Miller & Cusenza, P.C.	NY
900255350633	Reeve CPA	NY
900255349299	Robinson CPA, P.C.	NY
900255350366	Ronyhel Peguero CPA	NY
900255273693	Schwartz & Company CPA's	NY
900255350454	Scott Burgwin, CPA*	NY
900010151775	Thomas A. Davis, CPA	NY
900255350491	TJ Megale CPA PLLC	NY
900255350313	V. Bathija & Associates CPA, PLLC	NY
900004043278	Crown Point Consulting, Inc.	OH
900010097897	Eaglowski & Company	OH
900010146088	Jerry M. Sutton CPA Associates	OH
900010053416	Palmisano & Associates, Inc.	OH
900010126285	Schmidt & Associates, Inc.	OH
900005349006	Yakes and Associates, LLC	OH
900005036609	Hebb & Company, LLC	PA
900004809834	Hellmann and Company	PA
900010135050	James E. Holland	PA
900008491234	Mackie & Associates, LLC	PA
900010149770	Michael A. Forst & Assoc.	PA
900010137196	O'Fria & Company, P.C.	PA
900010113849	Steven Jeffrey Handzel	PA

<b>Firm Number</b>	<b>Firm Name</b>	<b>State</b>
900010144529	Susan Kay Bevil	PA
900010112564	CPA Carlos Guillermo Colon Bermudez, LLC*	PR
900005060768	CPA Elisamuel Rivera Rivera	PR
900010136845	Felipe Miguel Del Rosario	PR
900004825877	Ojeda CPA Group, PSC	PR
900081121252	Angelo J. Tartaglione, CPA, LLC	RI
900004380644	Steven Damiano, LLC	RI
900010080597	Taylor & Company CPA, LLC	SC
900255350470	Brad Dickens, CPA	TN
900011694753	George M. Coode, Jr., CPA	TN
900005434388	Rapid Tax Service, LLC	TN
900011702412	Valerie Kemp Dreier CPA	TN
900255349954	A.Morani CPA.PC	TX
900006594891	Gary L. Cavender, CPA	TX
900001012429	Harold W. Shelburne	TX
900004663996	Jody L. Bussey, CPA	TX
900010147742	Keith Allen Bland*	TX
900008504634	Preston Dake, PC	TX
900010110345	Sandidge & Company, PLLC*	TX
900004954842	Scott Youngblood, CPA	TX
900005573339	Munden & Associates, LLC	UT
900010143660	William White Sr.*	VA
900011803079	Char Garrett CPA	WA
900081031739	Gary W Paxton	WV
900255273623	Kathleen R. Lovett, CPA, AC	WV
900010090040	Trainer, Wright & Paterno	WV

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## **Firms Whose Enrollment Was Terminated from the AICPA Peer Review Program since Last Reported**

In response to the coronavirus impact on firms and the probability of firms not receiving fair procedure notifications, the AICPA Peer Review Program temporarily ceased terminating firm enrollment in March 2020. Since that time, proceedings have resumed with compassion. Enrollment terminations since the last report are reported below:

### Failure to complete a corrective action

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

AJ Robbins, CPA, LLC – Denver, CO  
Kayode Agunbiade & Co – East Orange, NJ

### Consecutive non-pass reports in system reviews

The AICPA Peer Review Program terminated the following firm's 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.

Officer CPA Firm LLC – Springfield, MO

Firm terminations are also published on our website at:

<https://www.aicpa.org/forthepublic/prfirmterm/2021peerreviewfirmterminations.html>

**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, such as drops and terminations.

As previously reported, the AICPA Peer Review Program (PRP) made several temporary changes in March 2020 to respond to the coronavirus impact on firms due to the probability of firms not receiving fair procedure notifications. These changes provided firms with additional time to complete required actions. Since that time, AICPA PRP has resumed normal timing on warnings and proceedings have resumed, with compassion. The impact of this resumption on the drop, termination and appeal processes and related volume are reflected throughout this agenda item.

**Hearings, Drops and Terminations**

Firm Hearing Referrals and Mediation

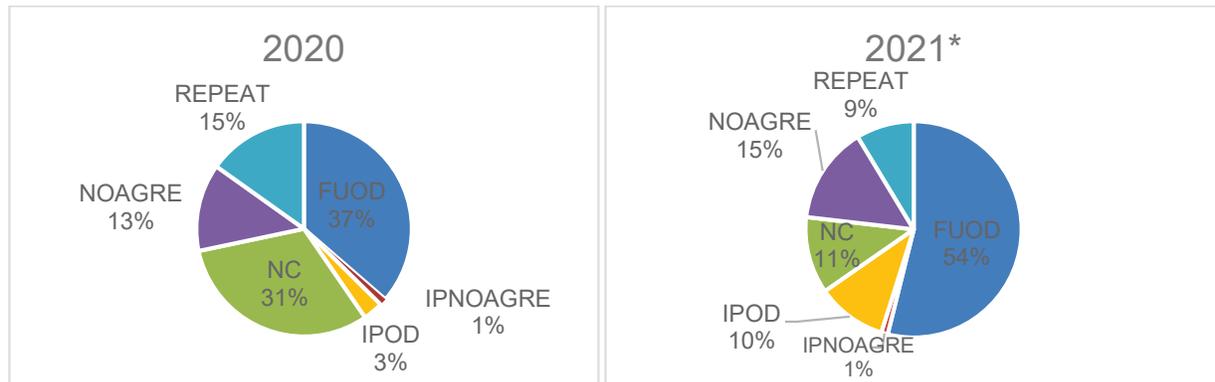
Referrals are firm noncooperation cases for which the administering entity (AE) has submitted documentation to AICPA staff to proceed with a termination hearing. Firms referred to the PRB for a termination hearing increased significantly after PRIMA implementation in 2017, due in part, to process automation as well as changes in guidance to expedite such matters and align more closely with Enhancing Audit Quality initiatives.

Due to the extensions granted to firms to complete peer reviews, implementation plans and corrective actions, the table below shows a significant decrease in referrals for 2020-2021. As extended due dates become due, then past due, hearings volume is expected to increase. Three hearing panels were recently added to address this increase. Staff will continue to closely monitor resources devoted to this area and will make appropriate adjustments as needed.



\*through 8/31/2021

The types of matters for which firms are referred for termination hearings were as follows:



\*through 8/31/2021

<b>Legend:</b>	
FUOD/IPOD	Failure to complete corrective action(s) or 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/IPNOAGRE	Failure to agree to corrective action or implementation plan, including those subsequently revised upon firm request.
REPEAT	Failure to improve after consecutive non-pass peer reviews

During 2020, there was an increase in the number of firms referred for failure to complete their peer review (reflected in the NC number above), failure to agree to corrective actions, and similar charges. This appears to relate to the AEs' increased ability to monitor old open reviews due to improved PRIMA reporting. Through August 31, 2021, there has been an increase in the number of cases related to failure to complete corrective actions as extensions expire, as discussed previously.

Firms referred for certain charges, such as failing to complete corrective actions, can sometimes be encouraged and assisted to resolve these matters prior to hearing. AICPA staff attempts to mediate hearing referrals where appropriate, which ultimately leads to less panel and other resource usage. Through August 31, 2021, approximately 42% of recourse hearing referrals were mediated. Recourse hearings do not include charges such as consecutive non-pass reports or material omission from scope because those firms do not have any recourse to avoid the hearing (other than by acknowledging the charges and agreeing to termination without a hearing).

### Firm Drops and Terminations

A firm's enrollment may be dropped from the AICPA PRP without a hearing 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. 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. Although warning letters are sent, staff does not perform mediation outreach to firms that may be dropped. Firms whose enrollment will be dropped from the 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 or terminated 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 of firms enrolled in the AICPA PRP are ordinarily reported in a monthly communication to state boards of accountancy Executive Directors and State Society CEOs and maintained on a listing for AEs.

[Firms with AICPA members whose enrollment in the AICPA Peer Review Program is terminated](#) are published on aicpa.org 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:

<b>Number of Firms</b>		
<b>Year</b>	<b>Terminated</b>	<b>Not Terminated</b>
2016	41	6
2017	18	6
2018	41	25
2019	59	57
2020	32	9
2021*	22	11
<b>Total</b>	<b>213</b>	<b>114</b>

\*through 8/31/2021

Terminated firms reported above represent 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, but are not limited to:

- 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 circumstance that additional corrective actions are not required, the review continues uninterrupted. For example, any outstanding corrective actions would need to be completed and accepted before the review is completed.

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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)

#### Firm Reenrollments

Ordinarily, firms that have had enrollment dropped or terminated firm may reenroll by implementing appropriate changes to correct the cause of the drop or termination. For example, a firm terminated for failure to complete a corrective action may be reenrolled by completing the corrective action to the peer review committee's satisfaction. However, reinstatement or reenrollment requests for some firms must be considered by a hearing panel (Interpretation 5h-2). These include firms:

- Dropped for not accurately representing its accounting and auditing practice;
- Terminated for:
  - Omission or misrepresentation of information relating to its accounting and auditing practice;
  - Failure to improve after consecutive non-pass peer reviews; and
  - Failure to improve after consecutive corrective actions

During 2020, 15 reenrollment cases were considered resulting in approval for nine firms. Through August 31, 2021, two reenrollment cases were considered, resulting in one approval. Reinstatement and reenrollment approvals by a hearing panel may be contingent upon some required action(s), such as a successful pre- or post-issuance review of a particular engagement type. Such required actions are a condition of reinstatement/reenrollment and, as such, evidence of completion must be completed (attached to the reinstatement case in PRIMA) at the time of reinstatement/reenrollment.

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## PRB Observers

Vinit Shrawagi	April Boudreaux
Lisa Brown	Paul Brown
Richard Hill	Cheryl Hartfield
Thomas Parry	Mark Harris
Stephen Langowski	Rebecca Tres
Paul Pierson	John Roller
Heather Lindquist	Chuck Jordan
Julie Salvaggio	Karen Guerra
Rafael Wiesenberg	Bimpe McMillon
Todd Shapiro	Jessica Mytrohovich
Melinda Hart	Barton Baldwin
Duncan Will	Thomas Cordell
Monica Farrell	Jennifer Winters
Gloria Snyder	Mary Beth Halpern
Stacey Lockwood	Thomas Bowns
Kary Arnold	Michelle Thompson
Marilee Lau Oliveira	Sherry Kidd
Sharon Romere-Nix	Jaime Sanabria
Karen Welch	Crista Burson
Jeff Sabetta	Patty Hurley
Wendy Garvin	Paul Balas
Chris Rouse	Marilee Lau
Stephen Young	Faye Hayhurst
Darlene Boles	Ross Roye
Kimberly Meyer	Sarah DeVoe
Dan Weaver	Monica Petersen
Gavin Burnham	Andrea Byrd
Marissa Mahoney	Anna Durst
Colleen Conrad	Francisco A. Fernandez
Heather Trower	Kedin Kleinhans
Jon Arbles	Gary Miyashiro
Diane Conant	Mary Kline-Cueter
Paul Ziga	Daniel Wamhoff
Katie Cheek	Adelina Burke
Glenn Roe	Donna Oklok
Allison Henry	Anthony Sessoms
Kathy Creel	Sara DeRoo
Gloria Roberts	Trish Brigham
Phil Windschitl	Colin Autin
Julie Phipps	Ashley Sellers
Viki Windfeldt	Suzanne Heidenreich
Boyd Busby	Jason Fox
Leah Moore	Robert Irwin
Pamela Lemire	Kent Absec
Dipesh Patel	Kellyann Kelly
Abby Dawson	Andrew Cohen
Laura Harrison	
Dawn Brenner	



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