AICPA

Peer Review Program

Peer Review Board Open Session Materials

September 9, 2022

Virtual Meeting

AICPA Peer Review Board
Open Session Agenda
Friday September 9, 2022
Teleconference

Date: Friday September 9, 2022
Time: 11:00AM – 1:00PM Eastern Time

1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Bluhm
1.2 Task Force Updates*
- Standards Task Force Report – Mr. Fawley
  A. Process for Approving Future Guidance Changes
- Oversight Task Force Report – Mr. Bluhm
- Education and Communication Task Force Report – Mr. Beck

1.3 Other Reports*
- Operations Director's Report – Ms. Thoresen
- Report from State CPA Society CEOs – Ms. Pitter
- Update on National Peer Review Committee – Mr. Wagner
- Update on QCM Examination Project – Ms. Rowley

1.4 Other Business** - Mr. Bluhm
1.5 For Informational Purposes*:
A. Report on Firms Whose Enrollment was Dropped or Terminated
B. Compliance Update - Firm Noncooperation

1.6 Future Open Session Meetings**
A. November 16, 2022 – Teleconference
B. February 8, 2023 – Teleconference
C. May 3, 2023 – Teleconference
D. September 7, 2023 – Teleconference
E. November 16, 2023 – Teleconference

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* Included on SharePoint
** Verbal Discussion
*** Will be provided at a later date

Agenda Item 1.2

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:

- Finalized and published the questions and answers document related to peer review independence requirements.
- Discussed and approved final draft of the Reviewer Alert related to issues with implementation of SAS No. 136, as amended.
- Discussed the process for implementing changes to the clarified standards, which is to include an exposure period for significant changes and general technical corrections or updates to requirements or application material.
    - See agenda item 1.2A for more information.
- Discussed and approved certain revisions to the clarified standards, with the current intent to expose the revisions for comment at an upcoming PRB meeting (likely November of 2022). The revisions include:
    - updated example familiarity threat policies and procedures,
    - changes to portions of SOC selection criteria, and
    - other various technical corrections that are intended to reduce confusion among users of the standards

Upcoming tasks:

- Discussion of draft exposure draft related to technical corrections within the clarified peer review standards
- Continue monitoring feedback from users and evaluate whether additional resources or application material may be appropriate to assist users with understanding the intent of requirements in the clarified peer review standards
- Continue developing conforming changes to peer review program engagement checklists and other resource documents to align with the clarified standards for the Fall 2022 PRPM update
- Continued discussions related to effect of SQMS on the program

Oversight Task Force

Accomplished since last PRB meeting:

- Approved Report Acceptance Body (RAB) observation reports
- Approved AE oversight report and AE response
- Reviewed AE benchmark summary forms and feedback received
- Discussed revisions to AE benchmarks based on feedback received
- Approved revisions to example familiarity threat policies and procedures guidance for consideration by the Standards Task Force and PRB
- Reviewed enhanced oversight reports with comments for consistency

- Monitored results of enhanced oversights
- Discussed the type of feedback issued by AEs as a result of enhanced oversights
- Monitored reviewer performance
- Discussed potential revisions to the AICPA Peer Review Program Oversight Handbook

Upcoming tasks:

- Approve RAB observation reports
- OTF members will perform AE oversights
- Review AE benchmark summary forms and feedback received
- Approve final revisions to AE benchmarks
- Review enhanced oversight reports with comments for consistency
- Monitor results of enhanced oversights
- Discuss the type of feedback issued by AEs as a result of enhanced oversights
- Monitor reviewer performance
- Discuss revisions to the AICPA Peer Review Program Oversight Handbook
- Joint meeting with NASBA's Peer Review Compliance Committee (PRCC)

Education and Communication Task Force

Accomplished since last PRB meeting:

- Held the 2022 Peer Review Conference from August 8-10, 2022 in St. Louis, MO, including:
    - Sessions for must-select employee benefit plan engagements and governmental engagements;
    - Specialized sessions for stakeholder groups such as peer reviewers, committee members, and technical reviewers; and
    - Conference cases for system and engagement reviews.
- Assessed informal and formal feedback received from the 2022 Peer Review Conference.
- Published the May 2022 Reviewer Alert on May 20, 2022.
- Published the Spring 2022 PR Prompts Newsletter on May 24, 2022.
- Held the first two of three scheduled AICPA-sponsored 2022 offerings of the "Becoming an AICPA Peer Review Team or Review Captain: Case Study Applications" course.
- Developed materials for peer review sessions at other conferences, including ENGAGE (satisfies the Team/Review Captain ongoing training requirement).

Upcoming tasks:

- Publish conference cases from the 2022 Peer Review Conference, taking into consideration attendee feedback provided by discussion leaders.
- Publish a Q&A document of unanswered or topical questions submitted during the 2022 Peer Review Conference.
- Create on-demand training courses designed to meet various peer review training requirements. The intent is to have these published before 2023.
- 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.
- Develop and publish the September 2022 Reviewer Alert and the Winter 2022 publication of the PR Prompts newsletter.

- Hold the October 2022 offering of the Reviewer Forum series, currently scheduled for October 5 with registration available shortly.
- Hold the last of three scheduled AICPA-sponsored 2022 virtual offerings of the “Becoming an AICPA Peer Review Team or Review Captain: Case Study Applications” course.

Agenda Item 1.2A

Process for Approving Future Guidance Changes

Why is this on the Agenda?
The STF discussed what process should be employed to approve future guidance changes now that the clarified peer review standards are effective. The task force would like to see if PRB members have any concerns about the approach prior to implementing.

Specifically, the STF agreed that

- Revisions to requirements and application material in the clarified standards should be exposed for a period of time that will be based on the significance of proposed changes
    - Final revisions will issued using a naming convention such as “Statements on Peer Review Standards” (SPRS), starting with SPRS No. 1, *Omnibus Technical Corrections*
    - To maintain continuity with updates to the peer review program manual and online professional library, effective dates of changes will be aligned with the PRPM update cycle in the spring or fall.
- The task force and board are still can and may consider proposing revisions in the future without exposing according to paragraph .A30 of section 100, when emergency or otherwise highly time-sensitive revisions are considered necessary under the circumstances. These changes would still, at a minimum, be discussed during an open session meeting.

Concerns discussed related to the approach included the necessity of exposing changes that impacted application guidance only. In other words, is the time and effort needed to expose such changes commensurate with the benefit obtained from the additional transparency.

Benefits discussed related to the approach included less frequent changes, more time for deliberation prior to approval and less difficulty in determining the effective date of changes. Additionally the approach would still allow changes to be approved without exposure for public comment should the situation warrant.

Board Considerations
The purpose of this item is to obtain feedback on the proposed approach as outlined above that the task force and board can consider in advance of implementation.

Agenda Item 1.4

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 hosted yet another successful Peer Review Conference in August with 510 attendees – 170 in-person and 340 online. Our exceeds expectations (5 rating) went up 10 percent over last year, with overall satisfaction up to 97 percent, a four-point gain over last year. Please save the date for the 2023 conference that will be held at the newly renovated Sheraton Philadelphia Downtown from July 31 – August 2. While you're saving the date, just another reminder to mark your calendar for the October Reviewer Forum to be held on October 5 from 1-2pm ET.

PRIMA Update
Over the weekend of June 25, we went live with numerous conforming changes in PRIMA related to the clarity standards, including updates to links, reports and letters. Our next go-live will be over the weekend of October 1, when we will upgrade our PEGA platform and update numerous forms to the new user interface.

Report from State CPA Society CEOs
Concerns about the peer review program relayed recently by the state CPA society CEOs include:

- The shrinking pool of reviewers and the related ability to identify a qualified peer reviewer for some firms.
- The perception that the program is becoming more punitive in nature as opposed to educational and uncertainty around the focus of the program, for example are the number of oversights increasing
- The lack of scalability of the peer review program. In other words, the extent of peer review procedures appears similar across all firms, even when the firm being reviewed is smaller in scope or less risky
- The need for early educational intervention for peer reviewers who are heading in a bad direction

Update on the National Peer Review Committee
The NPRC met last on May 12. One large firm review and 1 QCM review were presented and accepted.

Since the May PRB meeting, the NPRC has held seven RAB meetings. During those meetings:

- 39 reviews have been presented, including:
    - 31 Pass
    - 3 Pass with Deficiencies and
    - 5 Fail

The NPRC's next meeting will be held on October 13, 2022.

Update on QCM Examination Project
Staff would like to provide the following updates on QCM related guidance and engagements:

- *Reporting on an Examination of a Description of the Content of Quality Control Materials (QCM) and of the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (guide)
    - The AICPA is developing a new examination-level service under the Statements on Standards for Attestation Engagements (SSAEs, or attestation standards). Although not required to do so, a QCM provider, which may also be a CPA firm, may choose to engage a practitioner to perform an examination of its QCM content.
    - The examination will help CPA firms that use QCM to address the risks associated with the use of QCM and to monitor their practice
    - The guide is being developed to assist practitioners performing the examination.
- *Proposed Criteria for a Description of the Content of Quality Control Materials (QCM) and the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (proposed QCM criteria)
    - In cooperation with the AICPA Peer Review Program, the AICPA Assurance Services Executive Committee (ASEC) is expected to release an exposure draft (ED) for the criteria this fall.
    - The QCM criteria will be used to evaluate QCM content in the examination.

The standard titled, *A Firm's System of Quality Management* issued by the AICPA Auditing Standards Board (ASB) in May 2022, indicates that one of the matters a firm may consider when determining whether a resource from a service provider is appropriate for use in the firm's system of quality management or performing engagements, is the results of an assurance engagement performed by an independent third party. An example of an assurance engagement performed by an independent third party on an intellectual resource is an examination of a description and QCM content.

Board members may be asked by their firm to comment on the ED because of their peer review and quality control/quality management experience. The email address QCMcontentexam@aicpa.org is available for any questions on the project and will be used for the submission of ED comments.

Agenda Item 1.5A

Firms Dropped from the AICPA Peer Review Program for Noncooperation between April 1, 2022 and July 31, 2022

Enrollment in the Program for the following firms was dropped for noncooperation. Those reenrolled as of August 10, 2022, are denoted by an '*' following the firm name.

Firm Number	Firm Name	State
900255274047	Harmon Accounting, LLC*	AL
900001088729	Albert S. Kayal*	AZ
900255349028	Ignatius L. Jackson, CPA LLC	AZ
900255351720	Johnson CPA Group PLLC*	AZ
900010100269	Alex A. Accetta, CPA & Associates, Incv.*	CA
900010092240	Antonini CPA's, LLP*	CA
900255349930	Boitano & Sargent	CA
900010135238	Fleischmann & Wada, Inc.	CA
900011575457	Jack B. Daw, CPA	CA
900011575274	James C. Grimard CPA Corporation dba Grimard & Associates CPAs	CA
900006566098	Jean M. Oswalt	CA
900007395546	John P Zukoski CPA, APC*	CA
900255347899	John S. Balisy & Company	CA
900011494589	Kenneth Lester Peterson, CPA	CA
900011574636	Lampert & Eskridge, CPA's	CA
900008909139	M. Kathleen Klein, CPA*	CA
900010144934	Nelson & Assoc*	CA
900255349805	One Stop Accountancy Inc.	CA
900005556944	P&C Group Inc.	CA
900255350072	Pasari CPA PC*	CA
900010054865	Pfahnl & Hunt, A. C.	CA
900011603350	Philip R. Hulme	CA
900006901222	Pors & Associates	CA
900010134641	Saffer & Flint Accountancy Corporation*	CA
900010136446	Shafer & MacRae, CPAs	CA
900004541699	Simmons & Associates	CA
900255310757	Stack & Associates, CPAs	CA
900004422308	Stroub Thompson Noble, CPAs	CA
900001192598	Sue Yen Leo A. C.*	CA
900011559689	Susan Jones, CPA	CA
900010100004	Tahim & Associates, APC	CA
900010141728	Tony Winspear*	CA
900010102322	Travis L Agle, CPA DBA Dekarver And Agle	CA

Firm Number	Firm Name	State
900010114299	Wagner & Co. Certified Public Accountants Inc*	CA
900010101143	Walters & Kondrasheff, CPAs*	CA
900010090159	Weyer, Crellin & Custer*	CA
900255347403	Zoetewey and Dykstra AC	CA
900004835373	Haugen Group Inc. DBA CFO COLORADO*	CO
900004349965	Logan, Thomas & Johnson, LLC*	CO
900255348849	Zachary K Barber, P.C.*	CO
900007368859	Covington & Associates CPA, Inc.	FL
900009900623	Puerto Renfrow PLLC	FL
900010146810	Wald and Cohen PA*	FL
900255214894	Bedrock Consultants, LLC	GA
900010019792	Burch, Crooms & Company, LLP*	GA
900010012480	Clifton Lipford Hardison & Parker LLC	GA
900005471411	Crawford, Merritt & Company*	GA
900255351286	JAS & Associates, Inc.	GA
900010155976	Pendergrass & Ramsey, LLC	GA
900010063780	Serotta, Maddocks, Evans & Co.*	GA
900010153016	James D. Jennings, CPA's, Inc.*	HI
900010144295	Erichsen Kallsen & Associates, CPA's, LLP	IA
900255351448	Lamm and Company CPA PA*	ID
900010112308	Moore Van Engelen Pollow CPAs Chtd.	ID
900009042869	B H Whang & Associates LTD*	IL
900010148624	Campbell LLC*	IL
900010096548	Hartman & Roehr, CPAs Ltd.	IL
900005848217	Odoni Partners LLC DBA The A.C.T. Group LLC*	IL
900000761142	Schorb & Schmersahl, LLC	IL
900255351597	SMART SOLUTIONS*	IL
900004710758	The Walker Group, LLC*	IL
900006479594	Troy W Griffiths CPA*	IL
900010090403	Pershing & Company, Inc.*	IN
900010107223	John B. Dean, CPA*	KY
900000000639	Neikirk, Mahoney & Co. PLLC*	KY
900010134932	SK LEE CPAs, P.S.C.*	KY
900255351278	Xing Gao CPA LLC	KY
900010003326	Barneke and Anderson*	MA
900004746104	Berteletti, Desrochers & Company*	MA
900010151733	Douglas R. Leatham, CPA*	MA
900010146758	Fred Zayas*	MA
900010091916	Levenson, Goldberg & Co, LLC	MA
900010081982	O'Brien, Riley & Ryan, P.C.*	MA

Firm Number	Firm Name	State
900010154984	Raphael Okoye & Co., CPA*	MA
900008144995	Robert Boodman & Associates, LLC	MA
900001021101	Brent T. Carroll, CPA P.A.*	MD
900255351058	Franklin and Genes International, PC	MD
900011778777	Geimer, Ehrlich & Gross, PA	MD
900004789110	JJ Schmelzle & Co, PC	MD
900011776635	Klosterman & Associates	MD
900010139187	R. C. Schmidt & Associates, PA	MD
900255350509	Tributum CPA Group LLC	MD
900255347676	Wilson & McGinnis, P.A.	MD
900010099112	Freedman & Goldberg CPAs*	MI
900010154120	Hoffman Mclane CPA Firm	MI
900006404656	Deidiker, Alvarado & Associates, LLC	MO
900010091815	Brown Dedmond Peele CPAs	NC
900255184965	Christine Webb Rhodes, CPA, PA	NC
900081618961	Christopher Richard Donohue, CPA	NC
900010126333	Daphne W. Urquhart, CPA, P.A.	NC
900003822776	Donald Button, CPA, PLLC	NC
900008192028	LRH CPA, PLLC*	NC
900011434770	Nani Jahja, CPA	NC
900011588649	Tim Wicker CPA PA	NC
900255349142	Chris E. Robinett CPA PC	NE
900255349171	Doolittle & Lloyd CPAs PC*	NE
900006215305	Account Vision LLC	NJ
900009679063	Backos Group, PC*	NJ
900255323222	Curran & Company LLP*	NJ
900010001468	Gerson & Associates CPAs and Advisors, P.C.*	NJ
900255347862	Joseph S. Brunner, CPA*	NJ
900010154061	Kelly & Company*	NJ
900010128561	Marchionda & Ferrer, P. A.*	NJ
900006222756	Mauricio Canto, LLC	NJ
900005472325	MICHAEL DELPLATO, CPA & ASSOCIATES, LLC*	NJ
900255347808	NB ADVISORS, LLC*	NJ
900010149438	Olugbenga Olabintan, CPA	NJ
900010123113	Rahn J. Singer	NJ
900255192342	Richard J. Lucash, CPA*	NJ
900010094151	Sax LLP*	NJ
900010155476	Campbell & Houldsworth, CPA's, LLP*	NV
900010146264	McNair & Associates, Chtd*	NV
900010150446	Zohar Ben-Rey CPA PC*	NV

Firm Number	Firm Name	State
900010110312	A Gary Aaronson CPA PLLC*	NY
900010147722	DeFreitas & Minsky, LLP	NY
900008120467	Frederick A Wightman CPA PC*	NY
900006333996	George DiFede, CPA*	NY
900010115833	Greenfield & Fortuna, LLP*	NY
900255349175	IJ Consulting CPA PC*	NY
900004379729	J. Gliksman, CPA PC*	NY
900010049008	Mitchell & Titus, LLP	NY
900255348580	Miu & Co.	NY
900010045438	Raich Ende Malter & Co. LLP	NY
900255347931	Rob Goldman CPA, MBA, PLLC*	NY
900010123397	Sicilia and Associates, P. C.	NY
900255348638	Vincent A Berretta, CPA	NY
900001143141	Wei, Wei & Co., LLP*	NY
900255187612	Boytan & Associates, LLP*	OH
900009903363	Michel, Marty & Bain Consulting LLC*	OH
900010101169	Rowland Connelly Joyce & Associates, Inc.*	OH
900255349738	RTW Xxact Enterprises, LLC*	OH
900010044546	Maillie LLP*	PA
900001135473	Margaret J. Capone	PA
900010105545	Rosenberg, Smith, Cooney & Migliore, PC*	PA
900010131074	Trout, James & Associates P.C.	PA
900006451943	Cruz Aldecoa, PSC	PR
900004433721	Gomez-Ramirez CPA PSC*	PR
900010106306	Landa Umpierre PSC*	PR
900255350034	DarverKelly LLP*	SC
900080029887	Glenn J Matthews, CPA, LLC	SC
900010149478	Maurice A. White, CPA*	SC
900008852534	ALL Dominus CPA Services PLLC*	TN
900000000769	B. Scott Cradic	TN
900011674232	Harold Galyon, CPA*	TN
900001092974	Humphres & Associates*	TN
900011676272	Johnny W. Hash, CPA, PC*	TN
900004333980	Myers Valuation Associates, PLLC*	TN
900010155086	NANNEY, BROWER AND HEBERT	TN
900255351270	Scarlett Loy, CPA, PLLC*	TN
900005396641	Skibbie CPA Inc.*	TN
900011680972	William Fulton*	TN
900005719601	Bankole, Okoye & Associates, P.C.*	TX
900010098752	Gindler, Chappell, Morrison & Co. P. C.	TX

Firm Number	Firm Name	State
900001112635	Leonard M. Koblenz, CPA, PLLC	TX
900010082637	McBee & Co*	TX
900255351085	NP CPA Services, PC*	TX
900010150444	Reger Dale Dowell, Certified Public Accountant*	TX
900010154614	Swalm & Associates, P.C.*	TX
900001018449	William A. Coombes	TX
900006135562	JS Morlu, LLC*	VA
900010120287	Barry W. Merrell, CPA*	WA
900005137920	Hayes McColloch & Vickerman CPA Group	WA
900255052861	Huddleston Tax CPAs PS*	WA
900255349166	Marescot Palomino & Associates PLLC*	WA
900255183325	Mary Roth CPA PLLC	WA
900010039521	Schumacher Sama, LLP	WI
900010137031	Tirabassi, Felland & Clark, LLC*	WI
900004396791	Vecchio and Company, PLLC	WV

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

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 their most recent peer review.

Les S. Thompson & Co LLP – New York, NY
Schmidt & Associates, PC – Oklahoma City, OK
Erica L. McDaniel – Farmers Branch, TX
JAB CPA, LLC – Aurora, C
Joseph P. Przyhocki, III, CPA LLC – Morris Plains, NJ
Dena L Wicker PC – Addison, TX
Erica L. McDaniel CPA – Farmers Branch, TX
Collins & Company, CPAs – Mabscott, WV
Scott George Nelson – Old Saybrook, CT

Failure to complete an implementation plan
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 an implementation plan designed to remediate findings identified in their most recent peer review.

Thomas A. Klym & Associates Ltd – Orlando, FL

Failing to submit signed Finding for Further Consideration forms and Matter for Further Consideration forms:
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 to its administering entity documents required to complete the acceptance process of its peer review.

Sandon, Leist & Company, PLLC – Waterford, MI

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.

SGC & Associates, LLP – Great Neck, NY

Failing to correct deficiencies or significant deficiencies after consecutive corrective actions

The AICPA Peer Review Program terminated the following firm's enrollment in the AICPA Peer Review Program for failure to cooperate. The firm failed to correct deficiencies or significant deficiencies after consecutive corrective actions required by the peer review committee on the same peer review.

Richard M. Troese, CPA – Clarion, PA

Seriously deficient performance

The AICPA Peer Review Program terminated the following firm's enrollment in the AICPA Peer Review Program for failure to cooperate because the firm was found to be so seriously deficient in its performance that education and remedial, corrective actions are not adequate.

Larry E Carpenter CPA – Greenville, NC

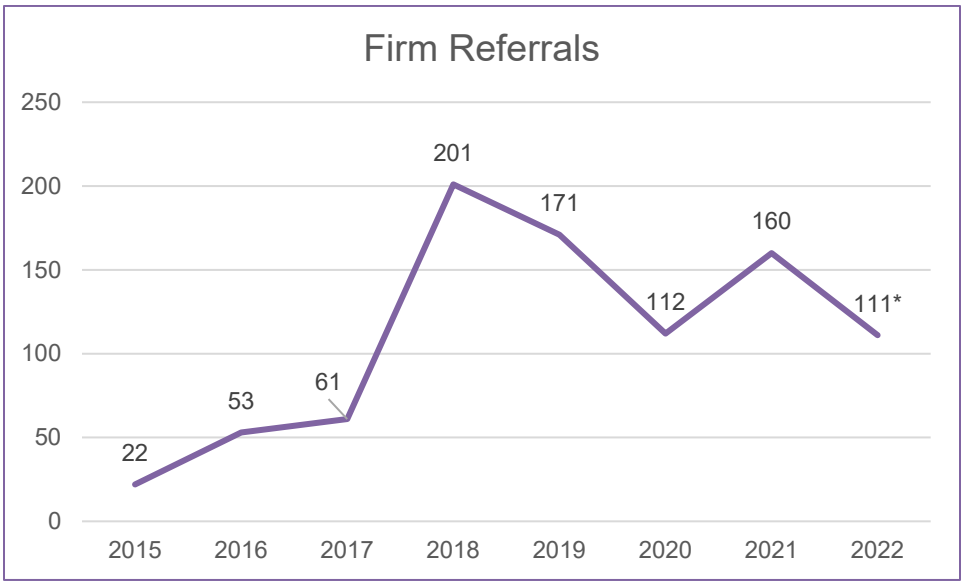
Agenda Item 1.5B

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.

Hearings, Drops and Terminations

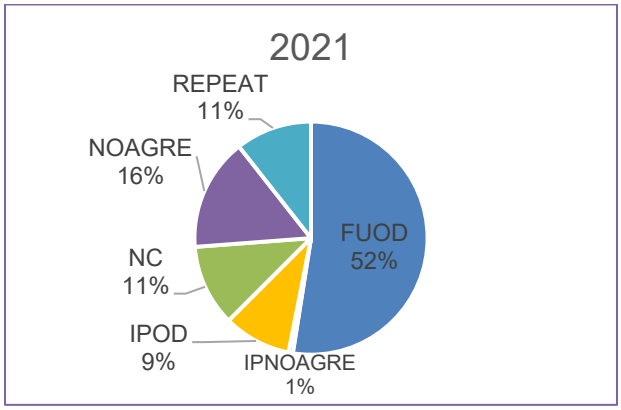
Firm Hearing Referrals and Mediation
Referrals are firm noncooperation cases for which the administering entity (AE) has submitted documentation to AICPA staff to proceed with a termination hearing. The table below shows overall hearings volume through July 2022:

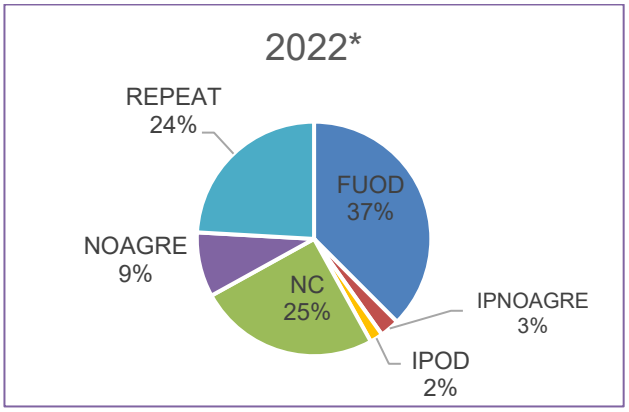


**through 7/31/2022*

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. Efforts to increase consistency, efficiency and effectiveness of administration of the AICPA Peer Review Program (PRP) resulted in maintaining that volume. The decrease shown in 2020 relates to several temporary changes made by the PRP in response to the coronavirus impact on firms, providing firms with additional time to complete peer reviews, corrective actions, and implementation plans. As of July 31, 2022, hearing volume appears to be exceeding pre-pandemic levels.

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





**through 7/31/2022*

Legend:	
FUOD/IPOD	Failure to complete corrective action(s) or implementation plan
NC	General noncooperation (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 2021, there was an increase in the number of cases related to failure to complete corrective actions as many of the extensions granted on corrective actions due to the coronavirus impact on firms expired. In 2022, there has been an increase in the number of firms referred for failure to complete their peer review (reflected in the NC number above), which appears to relate to monitoring efforts by AEs.

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. Mediation is not attempted for charges such as consecutive non-pass reports or material omission from scope because those firms do not have any recourse. Through July 2022, mediation was attempted on 78 of the hearing referrals received, resulting in 34 (or 44%) of those hearings being resolved prior to hearing.

Firm Enrollment Drops

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 included in the AICPA Standards for Performing and Reporting on Peer Reviews (PR-C 300.12, .A6-.A7) (previously in the Peer Review Board Drop Resolution included in Interpretation 5h-1).

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 an enrollment drop from the PRP and mediation is attempted for firms filing an appeal. In 2022 (through July):

Action/Status	#
Appeals received	19
Reenrolled prior to appeal hearing	12
Awaiting appeal panel	7

Firm Enrollment Terminations

A firm's enrollment may be terminated for other failures to cooperate with the PRP (typically after the commencement of a review). A detailed list of noncooperation reasons that may lead to a termination is included in the AICPA Standards for Performing and Reporting on Peer Reviews (PR-C 300.13) (previously in the Peer Review Board Termination Resolution (Interpretation 5h-1) on aicpa.org. Terminations from the PRP must be decided upon by a hearing panel of the PRB. Firms may appeal PRP enrollment termination.

Drops and terminations of firms enrolled in the 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 for which 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:

Number of Firms		
Year	Terminated	Not Terminated
2016	41	6
2017	18	6
2018	41	25
2019	59	57
2020	32	9
2021	39	11
2022*	34	3
Total	**264**	**117**

**through 7/31/2022*

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.

Firms not terminated reported above represent a hearing panel decision not to terminate the firm's enrollment. In such cases, hearing panels may require corrective, remedial 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.

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

If a firm's enrollment in the PRP is dropped or terminated, it should address or remediate the cause of the drop or termination to be considered for reenrollment. 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, reenrollment requests for some firms must be considered by a hearing panel (PR-C 300.16 .A14). 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 2021, six reenrollment cases were considered, resulting in four approvals. Through July 31, 2022, one reenrollment case was considered and approved. 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 reenrollment and, as such, evidence of completion must be completed (attached to the reenrollment case in PRIMA) at the time of reenrollment.

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