



Peer Review
Program

Peer Review Board Open Session Materials

August 2, 2018

Minneapolis, MN

**AICPA Peer Review Board
Open Session Agenda
Thursday August 2, 2018
Minneapolis, MN**

Date: Thursday August 2, 2018

Time: 9:30AM – 12:00PM Central Time

Meeting room: Excelsior/Lafayette – 8th floor

Conference call number: **External:** 855 880 1246 (US Toll Free) **AICPA Staff:** 408 638 0968

Meeting ID: 919 402 2199

- 1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Parry
- 1.2 Approval of Proposed Revisions to Guidance Related Non-compliance with the Risk Assessment Standards* - Mr. Pope
- 1.3 Approval of Revisions to Guidance Related to Reviewer Feedback Form Signatures* - Mr. Pope
- 1.4 Approval of Revised Rules of Procedures for the Drop Appeal or Termination of a Firm with No AICPA Members * - Mr. Pope
- 1.5 Approval of Revisions to Qualification Requirements for Technical Reviewers and RAB Members* - Mr. Bluhm
- 1.6 Approval of Confidentiality Letters for Administering Entity Staff – Mr. Bluhm
- 1.7 Approval of Revised Peer Review Oversight Committee (PROC) Guidance – Mr. Bluhm
- 1.8 Discussion of the Process to Update Peer Review Checklists* - Ms. McClintock
- 1.9 Task Force Updates*
 - A. Education and Communication Task Force Report – Ms. Kerber
 - B. Oversight Task Force Report* – Mr. Bluhm
 - C. Standards Task Force Report – Mr. Pope
- 1.10 Operations Director's Report** – Ms. Thoresen
- 1.11 Compliance Update - Firm Noncooperation* - Ms. Lieberum
- 1.12 Report from State CPA Society CEOs** – Ms. Birmingham
- 1.13 Update on National Peer Review Committee** – Mr. Fawley
- 1.14 Other Business** - Mr. Parry
- 1.15 For Informational Purposes*:
 - A. Report on Firms Whose Enrollment was Dropped or Terminated*
- 1.16 Future Open Session Meetings**
 - A. October 19, 2018 Open session – Teleconference
 - B. January 30, 2019 Open session – Scottsdale, AZ
 - C. May 3, 2019 Open session – Durham, NC
 - D. August 8, 2019 Open session – Washington, DC

* Included on SharePoint

** Verbal Discussion

*** Will be provided at a later date

Revisions to Guidance Related to Non-compliance with the Risk Assessment Standards

Why is this on the Agenda?

The STF has been discussing the EAQ theme of compliance with the risk assessment standards, including the internal inspection aid for risk assessment developed by ASB/EAQ staff in May 2018. Based on these discussions, the STF would like the PRB to consider an alternative approach for reviewers to address identified non-compliance with the risk assessment standards to support this EAQ initiative. This alternative approach is outlined in agenda item 1.2A and 1.2B.

Feedback Received

ASB/EAQ staff have reviewed the proposal and provided any relevant commentary, which has been incorporated into the proposal as appropriate.

PRIMA Impact

Minor programming changes will be made within PRIMA to allow reviewers to indicate how many engagements are non-conforming due to non-compliance with the risk assessment standards. This will provide a mechanism for Staff to track the effectiveness of the initiative. These changes are expected to be implemented in early 2019.

Communications Plan

The September Reviewer Alert will include details of the changes. Additional communications to various stakeholders will be coordinated through our communications team.

We also plan to provide committees, technical reviewers, and administering entities more detail on the types of implementation plans allowable in these scenarios.

Manual Production Cycle

September 2018

Effective Date

For reviews commencing October 1, 2018 through September 30, 2021.

Board Consideration

Review and approve the following:

- Agenda Item 1.2A - Evaluation of Non-compliance with the Risk Assessment Standards
- Agenda Item 1.2B - Revisions to general audit checklist conclusions section
- The plan to have conforming changes to RAB Handbook Chapter 4 regarding situations in which implementation plans are appropriate, to be reviewed and approved by the STF.

PRP Section 3100 *Supplemental Guidance*, Evaluation of Non-compliance with the Risk Assessment Standards

Evaluation of Non-Conformity

Members of the ASB have stated that if an auditor fails to comply with the requirements of AU-C 315 or 330, then the objectives of these standards would not be met. Accordingly, the audit would not be conducted in accordance with GAAS and the auditor would fail to obtain sufficient appropriate audit evidence to support the audit opinion. Therefore, it would be difficult to conclude that such an engagement conforms with professional standards from a peer review perspective and should be considered non-conforming.

Examples that would lead to non-conforming engagements:

- Failure to identify or document the identified risks of material misstatement (RMM), including any significant risks
 - Virtually every audit, including audits of small- and medium-sized entities, has at least one significant risk.
- Failure to assess or document the assessment of risk at both the relevant assertion level and financial statement level
 - A reviewer may encounter audits where the risks of material misstatement are assessed at the account level only rather than at the relevant assertion level.
 - Some practitioners confuse account-level risk with financial statement-level risk. Financial statement-level risks are not risks limited to one account balance, but rather, risks that are pervasive to the financial statements.
- Failure to perform or document the performance of procedures that address identified significant risks, or failure to perform anything beyond “basic” procedures when the basic procedures don’t address the RMM.
 - Significant risks require special audit consideration, which means consideration above and beyond what a standardized audit program would address.
- Failure to properly document the firm’s identification and assessment of the RMMs and response thereto.
 - Reviewers should consider the linkage between the risk assessment and the auditor’s procedures, and they should determine whether the procedures are responsive to the client’s financial statement- and assertion-level risks.
- Failure to evaluate the design and implementation of controls relevant to the audit
 - Auditors are expected to:
 - Consider what could go wrong as the client prepares their financial statements
 - Identify the controls meant to mitigate those financial reporting risks
 - Evaluate the likelihood that the controls are capable of effectively preventing or detecting and correcting material misstatements

More detail of the proceeding examples can be found in the [Internal Inspection Practice Aid](#).

Why the Risk Assessment Standards are an EAQ Theme

Data gathered from 2016 MFC forms shows that more than 1 in 10 firms failed to comply with AU-C section 315, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, or AU-C section 330, Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained. Through this and other means, we have become aware of a significant gap in the understanding of AU-C 315 and AU-C 330, even with firms that have robust systems of quality control.

Impact to the Peer Review

Currently, the Standards only require that non-conforming engagements be communicated to the firm via an MFC form. **For peer reviews commencing October 1, 2018 through September 30, 2021, peer reviewers should comply with the following guidance (the following chart is an illustrative example):**

If the firm has any non-conforming engagements related to non-compliance with the risk assessment standards, and the non-compliance is not considered isolated, the reviewer should issue:

- A finding if no deficiencies or significant deficiencies related to other issues are noted, even if all the engagements reviewed are non-conforming due to the risk assessment standards.
- A deficiency or significant deficiency if deficiencies and significant deficiencies related to other omitted audit procedures.

Non-compliance noted	Isolated or Systemic	Conclusion
Failure to comply with the risk assessment standards	Isolated	MFC
Failure to comply with the risk assessment standards	Systemic	FFC and Implementation Plan
Failure to comply with the risk assessment standards and other deficiencies or significant deficiencies exist	Systemic	Deficiency or Significant Deficiency with Corrective Action

Additional Required Firm Actions

Currently, the Standards do not require an implementation plan for an FFC with a non-conforming engagement. **When an FFC is required for non-compliance with the risk assessment standards, on reviews commencing October 1, 2018 through September 30, 2018, the RAB should issue the firm an implementation plan that requires one or more of the following:**

- CPE (webcast, other)
- Pre-issuance reviews
- Post-issuance reviews

The firm is expected to comply with all requirements of the program, including remediation of nonconforming engagements.

Reviewer Performance Considerations

For reviews commencing 12/31/18 or earlier, if a reviewer fails to identify issues involving noncompliance with the risk assessment standards, and thus fails to properly evaluate matters and identify an engagement as nonconforming it should be considered a reviewer performance finding as opposed to a potential reviewer performance deficiency.

For reviews commencing after 12/31/18, if a reviewer fails to identify significant issues involving noncompliance with the risk assessment standards, and thus does not identify the engagement as nonconforming, RABs should follow the stated guidance in the RAB Handbook and issue a reviewer performance deficiency.

The following is an excerpt of the general audit checklist (PRP Section 20,400) conclusions sections with track changes to illustrate the proposed revisions.

VI. Conclusions

Any “YES” answers to the following questions should result in a nonconforming engagement. Peer Review Standards define nonconforming as not performed or reported in conformity with applicable professional standards in all material respects.

1. Based on your review of the work performed, including other inquiries and observations, did anything come to your attention that caused you to believe that

<i>a.</i> There are errors or omissions, individually or in the aggregate, in the financial statements (including disclosures) related to requirements under the applicable financial reporting framework that exceed materiality established by the auditor, and the auditor’s report was not appropriately modified.	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>

<i>b.</i> The auditor failed to perform planning, including documentation and an appropriate risk assessment, in accordance with current professional standards, which resulted in inadequate procedures performed. In coming to your conclusion, consider the adequacy of the collective work performed in the following areas: ^{fn 19}	YES	NO
	<input type="checkbox"/>	<input type="checkbox"/>

- Assessed risk of material misstatement at the financial statement level
- Assessed risk of material misstatement at the relevant assertion level for material classes of transactions, account balances and disclosures
- Planned audit procedures responsive to the risk assessment
- Risk assessment procedures, beyond inquiry, performed to evaluate the design and confirm implementation of key controls (manual and IT) relevant to the audit

^{fn 19} ~~The bulleted items listed in 1b represent common areas of noncompliance. Inadequacy in any one of the bulleted items would not necessarily lead to a nonconforming engagement provided audit risk was reduced to an appropriately low level.~~ Please refer to PRP Section 3100 when determining the impact of noncompliance with the risk assessment standards to the peer review.

c.	The auditor's report is not presented in accordance with the most current applicable professional standards and regulatory requirements (does not contain the critical elements), including evidence of firm reliance on outdated standards.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d.	The engagement team, collectively with the partner in charge of the engagement, did not have the knowledge, skills, and abilities (competencies) to perform the engagement in accordance with professional standards?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e.	There are errors, omitted procedures or information identified that could reasonably represent material noncompliance with regulatory requirements, if applicable.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f.	Although there is not a material error or omission in the performance, including documentation, of the engagement, there are numerous less significant issues that indicate the work was not thoroughly reviewed and the engagement was not properly supervised.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
g.	The auditor's opinion is not supported by sufficient and appropriate documented audit evidence. For example, if significant oral explanations were required from the firm to support its conclusions for significant areas, then this question should be answered yes.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
2.	Other than the preceding matters, was (were) there any other matter(s) that led you to conclude the engagement was not performed or reported on in conformity with applicable professional standards in all material respects? If "Yes," explain the matter:	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<hr/>			
<hr/>			
<hr/>			
3.	If any of the preceding questions were answered "Yes," but you concluded that the firm performed or reported on this engagement in conformity with applicable professional standards in all material respects, explain why:	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<hr/>			

Reviewer Performance Feedback Form Signature

Why is this on the Agenda?

The guidance in the Report Acceptance Body Handbook states that the reviewer performance feedback form should be signed (electronic or typed signature is acceptable) and dated by a member of the committee or board. Feedback should be issued by (or on behalf of) the committee, it is not deemed necessary for a specific committee member's name/information to appear in the signature block of the form, although that option is allowable.

This agenda item proposes to allow a generic AE "peer review committee" signature to appear in the signature block of the form if that option is chosen by the AE. The form provides a more specific contact person and information for either the administrator, technical reviewer, or a committee member if the reviewer has questions or comments about the form.

Feedback Received

Administering entities requested this clarification during an AE bi-weekly call. The generic committee signature would eliminate PRIMA modification when the committee chair person changes, and when the chair is otherwise involved in another role for a specific review (i.e. as reviewer, technical reviewer, oversight reviewer, firm). In addition, at times the committee chair may not be directly involved in issuance of the feedback because the report acceptance body collectively approves feedback forms on behalf of the committee.

Oversight Task Force Reviewer Performance Focus Group, Standards Task Force, and the Technical Reviewers Advisory Task Force considered this matter on July 10, 16, and 19, respectively, and their feedback has been incorporated.

PRIMA Impact

Requirements are in place to allow a generic committee signature on the feedback form.

AE Impact

AE's (technical reviewers) would need to confirm that if a generic peer review committee signature is used, then a more specific contact person is selected within the form.

Communications Plan

To be discussed during subsequent AE bi-weekly call and quarterly technical reviewer call.

Manual Production Cycle (estimated)

Soon after PRB approval (expected August 2018)

Effective Date

Immediately upon approval.

Board Consideration

Review and approve the proposed changes to the RAB Handbook (Agenda Item 1.3A).

Report Acceptance Body Handbook

Chapter 8 Reviewer Qualifications, Responsibilities, and Performance

IV. Reviewer Performance

B. Reviewer Performance Feedback Forms

Reviewer performance feedback forms document reviewer performance deficiencies or findings on individual reviews. Committees should use reviewer performance feedback forms when performance deficiencies or findings are noted during the review acceptance process or through other means such as oversight.

The purpose of issuing a reviewer performance feedback form is to document specific areas of needed improvement. Reviewer performance feedback forms also help the AE and staff monitor the performance of the reviewer, including whether there is a pattern of reviewer performance findings. Deficiencies or findings noted on reviewer performance feedback forms should be substantiated by peer review guidance. Completion of the explanation section of the reviewer performance feedback form or other written correspondence with the reviewer (which is retained with the reviewer performance feedback form) is required to ensure that the reviewer understands the reviewer performance deficiencies or findings.

The reviewer performance feedback form is designed to give reviewers feedback directly from the committee or board. The reviewer performance feedback form should be signed (~~electronic or typed signature is acceptable~~) and dated by a ~~member of the committee or board~~ or one of its members ~~and may be remitted to the reviewer electronically or via mail~~. Technical reviewers and staff may make recommendations for reviewer performance feedback to the committee or board but should not issue or sign reviewer performance feedback forms.

When the committee or board issues performance feedback to a team member, impact to the team captain should be considered. For example, if the team member receiving performance feedback did not identify the matters on the checklist which would have informed the team captain to consider the issues, then the team captain cannot bear that responsibility and should not receive performance feedback. However, if the team member identified significant “no” answers in the checklists but did not properly conclude on the engagement and the team captain did not question the conclusion, there is still a responsibility for properly supervising and fulfilling the team captain role. The team captain should then receive performance feedback as well as the team member.

The AE should issue reviewer performance feedback timely to allow the reviewer an opportunity to correct performance weaknesses. This communication should take place no later than the notification to the reviewer that the underlying peer review has been accepted by the committee. If the reviewer performs reviews for

other AEs, it is important that feedback be shared with those AEs. As such, the AICPA has developed a web-based platform to house all performance feedback forms issued by committees or the board. The AE issuing the feedback should verify that the reviewer performance feedback forms are available to staff and other AEs within 14 days of issuance. This procedure enhances monitoring of reviewers' performance. Each AE should have formalized procedures in place to allow for periodic monitoring of reviewer performance feedback forms to determine whether there is a pattern of findings in a reviewer's performance.

Rules of Procedures for Drops of Firms with no AICPA Members

Why is this on the Agenda?

Firms are dropped, without a hearing panel, for non-cooperation prior to commencement of their peer review. Examples of non-cooperation prior to commencement include failure to:

- timely file requested information (such as PRI forms) to the AE or reviewer,
- have a peer review by the required date,
- accurately represent its A&A practice after indicating it does not perform engagements requiring a peer review, and
- timely pay fees and expenses to AE and/or AICPA.

Firms being dropped are notified of the failure via a letter (currently sent via method providing proof of delivery) and given an opportunity to cooperate. If the firm does not cooperate within 30 days, the Board is advised of the situation. The firm is dropped if it is appropriate to do so. The firm is notified via letter of the change in status. Firms with AICPA members may appeal this decision to the AICPA Joint Trial Board. Firms without AICPA members have the right to appeal pursuant to fair procedures established by the Board.

This agenda item proposes revisions to current fair procedures for firms without AICPA members to include the appeal for enrollment drops.

Feedback Received

The STF has reviewed and approved this agenda item.

PRIMA Impact

None

AE Impact

None

Communications Plan

After the effective date (see below), the Rules of Procedures for the Termination of a Firm with No AICPA Members will be posted on the aicpa.org website for public access and provided to each firm subject to such a hearing proceeding.

Manual Production Cycle (estimated)

N/A

Effective Date

Upon approval by the PRB

Board Consideration

Review attachment to this agenda item (Agenda Item 1.4A) and approve.



AICPA[®]

Peer Review
Program

AICPA Peer Review Board

**Rules of Procedures for the Drop Appeal or
Termination of a Firm with No AICPA Members**

Effective Date – January 1, 2018

FOREWORD

Quality in the performance of accounting and auditing engagements is the goal of the AICPA Peer Review Program. The program seeks to achieve its goal through education and remedial, corrective actions. Firms (and individuals) enrolled in the program have the responsibility to cooperate with the peer reviewer, administering entity and the AICPA Peer Review Board (the “Board”) in all matters related to the:

- firm’s enrollment in the program – including arranging scheduling, and completing the peer review. Instances of noncooperation by an enrolled firm would include, but not be limited to a failure to:
- Timely file requested information prior to the commencement of the peer review;
- Have a peer review by the required date;
- Accurately represent its accounting and auditing practice, as defined by the AICPA Standards for Performing and Reporting on Peer Reviews ; and
- Timely pay related fees.
- ~~the~~ peer review – including , including taking remedial, corrective actions or implementing Findings for Further Consideration (“FFC”) plans as needed. Instances of non-cooperation by a reviewed firm would include, but are not limited to:
 - Performance failure so seriously deficient that education and remedial, corrective actions or implementation plans are not adequate;
 - Failure to correct deficiencies or significant deficiencies in a single peer review after consecutive corrective actions requested by a Report Acceptance Body (RAB); and
 - Failure to receive a report with a rating of pass after (1) receiving a peer review report with a peer review rating of pass with deficiencies and/or fail AND (2) receiving notification that a consecutive failure to receive a report with a peer review rating of pass may be considered a failure to cooperate with the administering entity.

Enrollment Drops

The Board has adopted a resolution, which states:

A firm’s enrollment in the AICPA Peer Review Program will be dropped by the AICPA Peer Review Board, without a hearing, thirty days after the AICPA Peer Review Program notifies the firm by certified mail, or other delivery method providing proof of receipt that the firm has failed to:

- (1) Timely file requested information with the entity administering the firm’s peer review concerning the arrangement or scheduling of that peer review, prior to the commencement of the peer review,
- (2) Timely submit requested information to the reviewer necessary to plan or perform the firm’s peer review, prior to the commencement of the peer review,
- (3) Have a peer review by the required date,
- (4) Accurately represent its accounting and auditing practice, as defined by the AICPA Standards for Performing and Reporting on Peer Reviews, after notifying

its administering entity that it does not perform engagements that require the firm to have a peer review,

(5) Timely pay in full the fees and expenses of the review team formed by an administering entity, or

(6) Timely pay all fees related to the administration of the program that have been authorized by the governing body of an administering entity and the AICPA.

Enrollment Terminations

In addition, a Board Resolution states;

A firm is deemed as failing to cooperate by actions including but not limited to:

- Not responding to inquiries once the peer review has commenced;
- Withholding information significant to the peer review, for instance but not limited to:
 1. failing to discuss communications received by the reviewed firm relating to allegations or investigations in the conduct of accounting, auditing, or attestation engagements from regulatory, monitoring, or enforcement bodies;
 2. omission or misrepresentation of information relating to its accounting and auditing practice as defined by the *AICPA Standards for Performing and Reporting on Peer Reviews*, including, but not limited to, engagements performed under Government Auditing Standards; audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements];
- Not providing documentation including but not limited to the representation letter, quality control documents, engagement working papers, all aspects of functional areas;
- Not responding to Matters for Further Consideration (“MFCs”) or Findings for Further Consideration (“FFCs”) timely;
- Limiting access to offices, personnel or other once the review has commenced;
- Not facilitating the arrangement for the exit conference on a timely basis;
- Failing to timely file the report, and the response thereto related to its peer review, if applicable;
- Failing to cooperate during oversight; or
- Failing to timely acknowledge and complete required corrective actions or implementation plans.

If a reviewed firm refuses to cooperate, fails to correct material deficiencies, or is found to be so seriously deficient in its performance that education and remedial or corrective actions are not adequate, the Board may take actions leading to the termination of the firm’s enrollment in the AICPA Peer Review Program.

These rules of procedures have been prepared for the use of the Board in connection with proceedings related to the drop or termination of a firm's enrollment in the AICPA Peer Review Program. These procedures have also been prepared for those firms that may be a party to such a proceeding.

Hearings conducted under these procedures are informal in nature. Accordingly, the rules of evidence do not apply and any evidence, whether written or oral, will be considered if relevant to the case at hand in accordance with these procedures set forth.

The overriding objectives of these procedures are to provide for an orderly proceeding, achieve a fair result, and adequately safeguard the rights of firms and individuals that may become party to a proceeding.

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1. GENERAL

1.1 Authority to Conduct Proceedings

The Board of Directors of the AICPA has authorized the AICPA Peer Review Board (the “Board”) to -drop a firm’s enrollment, without a hearing, 30 days after due notice. If a firm’s enrollment is dropped, the firm may appeal that decision to a hearing panel (see section 6).

The Board of Directors of the AICPA has also authorized the Board to terminate a firm’s enrollment in the AICPA Peer Review Program (“Program”), or otherwise sanction a firm after due notice and a fair hearing.

Pursuant to this grant of authority, the Board hereby establishes the following procedures, which will govern the adjudication of all matters that may lead to the drop or termination of a firm’s enrollment in the Program or other sanctions. Other committees, such as administering entity’s peer review committees or subcommittees or task forces established by the Board to consider peer review reports, may not terminate a firm’s enrollment in the Program.

1.2 **Applicability of Rules of Procedures**

The Board has authorized the Director of the Program or a designee to determine if a hearing or appeal panel is appropriate. The rules of procedures set forth herein become applicable when the Director of the Program or a designee decides that a hearing to consider whether to terminate a firm’s enrollment in the Program or impose other sanctions or appeal panel should be conducted. Once these rules of procedures become applicable to a proceeding, they are to be applied until a decision to terminate a firm’s enrollment or impose other sanctions becomes effective or the matter is otherwise disposed of.

1.3 **Hearings**

Hearings are held to adjudicate matters that may lead to the termination of a firm’s enrollment in the Program. Firms affected will be advised that they may participate by telephone in the hearing to challenge or contest the charges or recommendations being made.

1.4 **Nature of Hearings**

Hearings are designed both (a) to assist the Board in assessing the facts on which to base a decision as to whether or not to terminate a firm from the AICPA Peer Review Program or impose other sanctions and (b) to provide procedural fairness thus providing firms the ability to defend themselves. Hearing procedures are informal to afford all parties maximum flexibility in presenting every side of an issue. Firms may be represented by counsel. Hearings shall not be open to the public (see section 3.7).

1.5 **Hearing Panel**

The Board conducts hearings by appointing hearing panels. The hearing panel determines whether or not to terminate a firm's enrollment in the Program. The Board Chair or designee shall appoint five members to the hearing panel, however, action may be taken by the hearing panel as long as a quorum is present. A majority of the hearing panel constitutes a quorum. The hearing panel will be drawn from either current Board members or other members of the AICPA appointed at the sole discretion of the Chair of the Board or the Chair's designee. One member of the hearing panel will be appointed as the presiding officer by the Chair or the Chair's designee. The Chair, or designee, may appoint himself or herself as a member of a hearing panel or as its presiding officer.

If a decision is made by the hearing panel not to terminate a firm's enrollment in the Program, the hearing panel may determine whether and what remedial actions should be required of the firm to remain enrolled in the Program. The hearing panel has the authority to affirm, modify or reverse all or any part of the decision regarding actions previously required by the administering entity that administered the review.

If the hearing panel decides to terminate a firm's enrollment in the Program, firms with no AICPA members have the right to appeal to an independent appeal panel of the Board (see section 6.1).

1.6 **Parties to the Proceeding**

Only the affected firm and the AICPA peer review staff are parties to the proceeding. Participation by third parties in proceedings shall not be permitted, except other parties may be present as provided in paragraph 3.7. The designated staff of the AICPA or other individuals with responsibility for presenting the charges to the hearing panel and the representative(s) of or on behalf of the affected firm may present evidence, call and question witnesses, and make arguments, including rebuttal arguments. AICPA's Office of General Counsel acts as counsel to the panel to advise on practice and procedures and may be present at the hearing and during any executive sessions.

2. THE RIGHTS OF PARTIES

2.1 **Right to Participate via Conference Call**

A party to a proceeding has the right to participate and be heard at a hearing which is conducted by conference call. In order to secure its right to participate, the firm is required to notify AICPA staff at least 14 days prior to the hearing date of its desire to participate. Upon notification that the firm wants to participate, the Board may reschedule the hearing to a day and time convenient to the panel, which may

be fewer than 30 days from the originally scheduled date. If rescheduled, the firm will be notified as described in paragraph 3.3.

A firm may be represented by counsel, other representatives, or both. A hearing panel is empowered to conduct a hearing in the absence of a representative of the firm, provided a Notice of Hearing pursuant to section 3.3 has been properly served, and there is no compelling reason, in the view of the presiding officer of the hearing panel, not to proceed.

2.2 **Right to Present Evidence and to Cross Examine**

A party to a proceeding has the following rights in a hearing-

- a. To present evidence.
- b. To present arguments on issues relevant to the subject of the proceeding.
- c. To cross-examine witnesses at the hearing.

2.3 **Right to Copy of Transcript**

A firm that is a party to a proceeding who has participated by phone may request a copy of the transcript of the hearing when a transcript is prepared in accordance with section 4.3. The request must be made at the time of the hearing. Such a request does not stay the effective date of the decision.

3. BASIC PRINCIPLES

3.1 **Purpose of Rules of Procedures**

Although hearings conducted by a hearing panel are informal, these rules of procedures have been adopted to insure fairness and an orderly disposition of such proceedings.

3.2 **Rules of Evidence**

In hearings or appeal panels governed by these rules of procedures, the formal rules of evidence applicable to proceedings at law or in equity do not apply, and evidence that would be inadmissible in a court of law may be received so long as it is relevant in the discretion of the presiding officer. The hearing panel shall determine the weight to be given to any evidence.

3.3 **Notification of Proceeding**

Within a reasonable period of time after the Director of the Program or designee decides that it will conduct a hearing, AICPA staff shall mail to the firm at least 30 days prior to the proposed hearing date, a "Notice of Hearing" containing a description of the charges against the firm, the time and date the hearing panel will hear the matter, and indicating that the firm has a right to participate by telephone as long as the firm advises the Director of the Program or designee at least 14 days prior to the hearing date of its desire to do so. Upon notification that the firm elects to participate, the Board may reschedule the hearing to a day and time convenient to the panel, which may be fewer than 30 days from the originally scheduled date. If rescheduled, AICPA staff will notify the firm by mail of the new hearing date within five days of the firm's notification of their wish to participate. The notice of hearing shall also advise the firm that it may answer the charges in writing as set forth in paragraph 3.4.

AICPA staff shall present the hearing panel with a hearing memorandum containing the charges against the firm and the material upon which it intends to rely upon at the hearing. Copies of this hearing memorandum and related material shall be furnished to the firm at the time of the mailing of the Notice of Hearing. Such Notice, when mailed by registered or certified mail (postage prepaid), return receipt requested, or other means of delivery providing proof of delivery, addressed to the managing partner, shareholder, or sole owner (chief executive officer) of the firm at its last known address as reflected in Program's enrollment records shall be deemed to be properly served.

The firm has the right to acknowledge the charges that are contained in the hearing memorandum. The firm would indicate that it acknowledges the charges against the firm by signing a statement included on the Notice of Hearing and returning it to the Director of the Program or his designee at least 14 days prior to the date on the Notice of Hearing. By acknowledging the charges, the firm waives its rights to a hearing, accepts the sanctions proposed by the charging authority and consents to disclosure per section 3.9.

A copy of these rules of procedures shall accompany the Notice of Hearing to the firm.

3.4 **Answer to Notice of Hearing**

It is in the best interests of the firm to provide the hearing panel with an answer in writing to the charges and hearing memorandum enclosed with the Notice of Hearing, and the firm is requested to do so. In order for any such answer to be considered it must be timely filed with AICPA staff as follows. To be timely filed, the answer must be received by AICPA staff via registered or certified mail (postage prepaid), return receipt requested, or other means of delivery providing proof of delivery, or by electronic delivery with confirmation of delivery (the firm has proof that the email was opened) at least 14 days prior to the date of the hearing. The answer may contain a denial of some or all the charges, an explanation of some

or all of the facts described in the hearing memorandum, any defenses being asserted, and any other information deemed relevant by the enrolled firm. No written or electronic submissions will be considered by the hearing panel after this period except in extraordinary circumstances and at the sole discretion of the presiding officer. The answer may be in the form of a reply memorandum to the memorandum and material accompanying the Notice of Hearing. In all cases, however, the firm is required to notify the AICPA staff at least 14 days prior to the date of the hearing whether the firm will participate in the hearing by conference call, the identity and affiliation of the individual(s) who will represent the firm, and who will participate on behalf of the firm at the hearing. See also Section 2.1

3.5 **Postponements**

A firm may request a postponement of a hearing for good cause. To be considered, any request for postponement must be received by the Director of the Program or his designee at least fourteen (14) days prior to the date scheduled for a hearing. Prior to the hearing, the presiding officer of the hearing panel, or Chair of the Board, if no presiding officer has been appointed, shall have sole discretion regarding the granting of a postponement. Only in extraordinary circumstances may a postponement be granted less than fourteen (14) days prior to the hearing date. Within a reasonable period of time from the date the postponement is granted, the presiding officer shall reschedule the hearing. A postponement is not a matter of right and will be granted only upon the showing of good cause.

A hearing panel, when in session for the purpose of hearing a case, may postpone or adjourn the hearing and designate a new date upon a showing of good cause. Such action shall be taken by a majority vote of the hearing panel in executive session.

Denial of a firm's request for postponement does not prevent the firm from reasserting the substance of its request as a basis for an appeal of a hearing panel's decision on the merits of the case to an appeal panel.

3.6 **Witnesses**

Both the representatives of the firm and the staff or other individuals with responsibility for presenting the charges to a hearing panel may produce such witnesses as they deem appropriate. Witnesses will normally be excluded from a hearing except during such time as they are actually giving testimony. Since it is assumed they will testify truthfully, witnesses at a hearing will not be sworn.

3.7 **Confidentiality of Proceedings**

No hearing before a hearing panel shall be open to the public. However, relevant staff of the AICPA, and Board members may observe a hearing. Briefs, memoranda, documentary evidence introduced at hearings and stenographic

transcripts of hearings, except as otherwise provided in Section 4.2, shall be available to the following on a confidential basis:

- a. The parties to the proceeding, observers to the preceding as set out in the preamble above, and their consultants, advisors or representatives.
- b. The appeal panel (see section 1.5), if the firm appeals the decision by the hearing panel, members of the hearing panel, staff, and parties to the proceeding. In addition, a firm's state board of accountancy, if such firm holds a permit or license to practice issued by a state board, shall be notified of any firm enrollment terminations from the peer review program.
- c. Members of the AICPA Peer Review Board and hearing panel members.

3.8 **Decisions**

Once a hearing panel is convened to hear a case, every effort will be made to reach a decision while it is convened. Thus, all parties shall be prepared to present their full case at that time.

3.9 **Public Disclosure of Terminations**

If a firm's enrollment in the Program is terminated, the state board of accountancy issuing the firm's permit or license to practice shall be notified. Also, the termination will be reflected in the records maintained by the AICPA so that individuals making inquiries about the firm may be so advised in accordance with the *Standards for Performing and Reporting on Peer Reviews*.

Information contained in the files of the AICPA or the administering entity regarding pending proceeding(s) and matters that may result in the initiation of a proceeding, are to be held in confidence but may be produced if legally required.

3.10 **Disqualification from Participating in a Proceeding**

The following preclude a person from participating in any part of a proceeding on behalf of the Board, serving on a hearing panel, or serving on an appeal panel:

- a. The individual's firm has performed a peer review in the last two peer review cycles of the affected enrolled firm's accounting and auditing practice.
- b. The individual has served on the review team that performed a peer review in the last two peer review cycles of the affected enrolled firm.
- c. The individual's firm is the subject of the proceeding.

- d. The individual serves on the board of accountancy of the state in which any office of the firm is located or where the firm has a license to practice public accounting.
- e. The individual serves on the peer review committee of the administering entity that administered the review.
- f. The individual serves in any enforcement capacity at the AICPA, state CPA society (including any professional ethics committee), state board, or on the AICPA Joint Trial Board.
- g. The individual believes he or she could not be impartial and objective with respect to the charges or has a conflict of interest.

Notwithstanding the foregoing, subject to confidentiality (see Section 3.7), peer review committee members may serve as a witness if requested by the peer review charging authority.

3.11 **Effective Date**

A decision by the hearing panel to terminate a firm's enrollment in the Program or to impose other sanctions shall become effective 30 calendar days after the decision is made, unless, with respect to a termination, an appeal has been filed by the affected firm to the appeal panel. A decision by the appeal panel shall be effective immediately.

4. CONDUCTING A HEARING

4.1 **Responsibilities of the Presiding Officer**

The Chair of the Board or the Chair's designee shall appoint a member of the Board to serve as the presiding officer. The Chair can also appoint himself or herself as the presiding officer.

The presiding officer is to take action necessary to maintain order; rule on motions and procedural questions arising during the hearing; call recesses or adjourn the hearing; examine witnesses (along with other members of the hearing panel); determine the admissibility of evidence; and take such reasonable actions as may be necessary to provide for a fair and orderly hearing.

4.2 **Panel Conferences When Firm Does Not Participate**

If a firm does not advise the AICPA staff that it will participate in the hearing as set forth in section 2.1, the hearing may be conducted by conference call of the panel members, the date of which shall be contained in the Notice of Hearing, as

provided in paragraph 3.3, without further notice to the firm. During the conference call, the presiding officer calls the roll of the members of the hearing panel by firm name and announces whether a quorum (see section 1.5) is present. Thereafter, the panel members may discuss the hearing memorandum, any submissions by the firm, and any other matters they deem relevant to their decision. Only hearing panel members, relevant AICPA staff, and other Board members may listen in the telephone conference call. The hearing panel decides in executive session, without the presence of AICPA or the other observers, except the representative, if any, of the AICPA Office of the General Counsel may also be present at the executive session to advise the panel as to the appropriate rules of procedures. The hearing panel decides the case by polling all participating members, including the presiding officer (see section 5). A decision of the hearing panel requires the affirmative vote of a majority of the participating members. If the hearing panel is unable to reach a decision during the executive session, it may adjourn the hearing to such later date as it shall determine. When the firm is not participating, no transcript of the conference call hearing will be prepared. The firm shall be notified of the decision by letter via certified mail (postage prepaid, return receipt requested, or other means of delivery providing proof of delivery) within a reasonable period of time after the decision.

4.3 **Order of Proceedings**

If a firm advises that it will participate in the hearing as set forth in section 2.1 and 3.4, the hearing shall be conducted in accordance with the following rules:

- a. The presiding officer calls the session to order, identifies a representative of the office of General Counsel, if present, who will serve as legal counsel to the panel, identifies the case by firm name and firm number, and determines that a reporter is present and prepared to make a transcript of the hearing.
- b. The presiding officer requests that the representatives of the enrolled firm and counsel, if any, identify themselves for the record.
- c. If no representatives of the firm are present, the presiding officer may proceed if he or she determines on the record that it is appropriate to do so.
- d. He or she calls the roll of the members of the hearing panel. The presiding officer asks all those present to identify themselves for the record. The presiding officer announces for the record whether a quorum is present. (A quorum is a majority of those members appointed to the hearing panel, including the presiding officer.)
- e. The presiding officer states for the record a brief summary of the subject of the hearing and the authority for holding it.

- f. The presiding officer states that the hearing will be conducted under these rules of procedures, noting in particular the informal nature of the hearing, especially as it relates to rules of evidence, and the need to maintain confidentiality.
- g. The presiding officer allows the parties to the proceeding to state for the record any objection they have to any prehearing proceeding, such as service of the Notice of Hearing, and to make any prehearing motions they have, such as request for postponement (see Section 3.5).
- h. The presiding officer requests the parties to the proceeding to identify their witnesses for the record.
- i. The presiding officer requests the staff or other individuals with the responsibility for presenting the charges to the hearing panel to present the evidence against the firm. In the course of this presentation, which may include taking testimony from witnesses, any exhibits to be introduced as evidence are passed to the representative of the firm for inspection. They are then passed to the presiding officer, who indicates orally whether they are to be admitted. The presiding officer should see that all documentary and physical evidence is marked for identification and that a list is kept that describes the exhibit and its identification.
- j. The presiding officer permits the following individuals to question witnesses called on behalf of the Board upon completion of their testimony:
 - i) The representatives of the enrolled firm or counsel.
 - ii) Members of the hearing panel and the representative from the Office of the General Counsel, if present.
- k. The presiding officer requests the representatives of the firm, or counsel, to present any evidence in the firm's defense, following the same procedures in (i) above.
- l. The presiding officer permits the following individuals to question witnesses called on behalf of the firm upon completion of their testimony:
 - i) The staff or other individuals with responsibility for presenting the charges to the hearing panel.
 - ii) Members of the hearing panel and the representative from the Office of the General Counsel, if present.
- m. The presiding officer permits the individual(s) with the responsibility for presenting evidence against the firm to offer rebuttal evidence.

- n. The presiding officer permits the representatives of the firm, or counsel, to make a closing statement that is then followed by the closing statement of the individual(s) with responsibility for presenting evidence against the firm.
- o. The presiding officer requests that all individuals other than the members of the hearing panel and its counsel, if any, disconnect from the conference call. (If for any reason the members of the hearing panel desire to speak with any other individual after this point, the representatives of the enrolled firm including its counsel, if any, shall be recalled to observe the discussion.)
- p. In the executive session, the hearing panel discusses and decides its disposition of the case by polling all participating members, including the presiding officer (see section 5). A decision of the hearing panel requires the affirmative vote of a majority of the participating members. In the event that the hearing panel is unable to reach a decision during the executive session, it may adjourn the executive session to such later date as it shall determine or it may agree to reach its final decision by telephone.
- q. If a decision is reached on the day of the hearing, all persons present prior to executive session and the reporter are recalled (assuming they are still available) for the purpose of recording the decision. If a decision cannot be reached on the day of the hearing, the parties to the proceeding shall be informed of the decision by letter, which is to be mailed within a reasonable period of time after the decision in the same manner as a Notice of Hearing (see section 3.3).

5. THE HEARING PANEL'S DECISION

5.1 Decisions to be Made

All hearing panels must make the following determinations based on the evidence presented at the hearing.

- a. Whether the facts, as determined, support the charges brought against the firm.
- b. Whether the charges brought are a violation of the *Standards for Performing and Reporting on Peer Reviews* established by the Board.
- c. Whether the firm's enrollment in the Program should be terminated.

- d. Whether and what remedial actions should be required of the firm if its enrollment is not terminated.
- e. Whether and what remedial actions or conditions should be required for reenrollment consideration if the firm's enrollment is terminated.

A hearing panel will not reconsider a prior decision when a firm corrects the matter causing the hearing after the hearing is held. The completion of required actions after a decision has been made to terminate the firm's enrollment does not negate the fact that the firm has failed to cooperate and the firm is not deemed to be in compliance with the requirements of the Program.

However, this does not preclude the Board's Chair from deciding that a hearing panel (but not necessarily the same hearing panel that decided the matter initially) should reconsider a prior decision when there is new evidence, that was not available to the hearing panel and which is likely to have made a difference in the hearing panel's decision. The procedures to be used in such instances shall be at the discretion of the Chair. Firms may request reenrollment into the program in accordance with guidance governing reenrollment (see section 7).

5.2 **Burden of Proof**

A determination that the facts support the charges brought against the firm must be based on the preponderance of the evidence and the charging authority has the burden of proof as to the charges it brings.

6. APPEALS

6.1 **Appeal of Hearing Panel and Enrollment Decisions**

As noted in section 1.5, a firm enrolled in the Program will have the right to appeal a decision of a hearing panel to terminate the firm's enrollment to an independent appeal panel. However, the firm will not have the right to appeal a panel's decision when the hearing panel has imposed sanctions other than termination.

Firms also have the right to appeal a decisions by the AICPA Peer Review Board to drop their firm's enrollment to an independent appeal panel.

In order for a request for appeal to be considered, it must be sent via registered or certified mail (postage prepaid), return receipt requested, or other means of delivery providing proof of delivery, or by electronic delivery with confirmation of delivery (the firm has proof that the email was opened) and received by AICPA staff within 30 calendar days of the date of the notice of the decision. The request must be made within the 30-day time limit without regard to the date on which the transcript becomes available, if applicable.

The firm requesting the appeal has the burden of proof to convince the appeal panel that the decision ~~of the hearing panel~~ should be changed. The appeal request shall set forth the petitioner's reasons why the decision of the Board should be modified or set aside. The request may be supplemented by any relevant material, including material not submitted at the hearing before the hearing panel, provided such supplementary material is filed with AICPA staff within 15 days after the expiration of the 30-day period for requesting review. If no reasons for requesting the appeal are given or no additional relevant material is provided within the prescribed time limits, the request for appeal will be deemed invalid.

Upon receipt of a request for appeal of a decision, an independent appeal panel consisting of least three members of the Board or other members of the AICPA appointed at the sole discretion of the Chair of the Board or the Chair's designee, who did not participate in the prior proceedings in the case of a termination decision, will be appointed to act on the request. One member of the panel will be appointed as the presiding officer by the Chair or the Chair's designee. Members of the appeal panel will be precluded from participation in a proceeding if any of the disqualifying conditions (see section 3.10) are identified.

Appeal panels will be conducted by telephonic conference. Petitioners and their counsel, if any, may participate by telephone. The petitioner will be provided at least 30-days' notice of the time of the telephonic conference for the appeal.

The appeal panel will be provided the stenographic transcript of the hearing panel (if applicable), copies of all exhibits filed with the hearing panel, and all documents filed in connection with the request for appeal. For appeals of drop decisions, the appeal panel will be provided the drop warning letter, associated proof of delivery, drop notification letter, and all documents filed in connection with the request for appeal. The record on the appeal may be supplemented by any additional matter which the appeal panel considers to be relevant (See section 3.2) and of sufficient importance to merit consideration. The appeal panel has the authority to affirm, modify, or reverse any part of the hearing panel's or Board's decision but does not have the authority to increase severity.

The appeal panel decision is final.

7. REENROLLMENT

7.1 Requests for Reinstatement of Firm Enrollment

A Board Resolution provides that a firm previously dropped or terminated from the AICPA Peer Review Program (Program) may request enrollment in the Program after the firm has sufficient opportunity to implement appropriate changes to correct the cause of the drop or termination. For reenrollment requests that are subject to Board approval, the request must meet the following requirements:

- a. The written request for reenrollment must be submitted to the Board no sooner than thirty days after the effective date of the enrollment termination (as described in paragraph 3.11). The written request should be accompanied by the decision letter from the previous hearing panel that terminated the firm's enrollment and supported by the firm's evidence of remediation since the date of enrollment termination.
- b. The firm is allowed to participate by telephone in the Board hearing panel considering the reenrollment request. To secure its right to participate, the firm is required to notify AICPA staff at least 14 days prior to the hearing date of its desire to participate (as described in paragraph 2.1). If the firm participates, a transcript of the hearing will be prepared.

Reenrollment requests that are subject to evaluation by a Board hearing panel are conducted in accordance with these rules of procedure unless otherwise noted. Decisions reached will be based upon a quorum of the hearing panel (as described in paragraph 1.5). The decisions of the hearing panel considering the reenrollment are final and not subject to appeal or further review. The firm may reapply for reenrollment if the initial request for reenrollment is denied by a hearing panel.

Proposed Changes to Technical Reviewer and Committee Member Qualifications/Requirements

Why is this on the Agenda?

Staff is proposing revisions to the RAB handbook in regard to technical reviewer and committee member qualifications and requirements. See agenda item 1.5A for proposed changes to relevant guidance related to restricting technical reviewers and committee members from being engaged in certain activities.

The proposed changes are conforming changes that provide additional clarity specifically related to committee members and technical reviewers not being involved in enforcement areas of the profession.

See agenda item 1.5B for similar revisions to the appointment and confidentiality agreements for committee or RAB members.

Agenda Item 1.5C is a new confidentiality agreement for technical reviewers that are not employees of an administering entity. As a result of evolution, technical reviewers are required to annually sign a confidentiality agreement.

Feedback Received

The proposals shown in agenda items 1.5A through 1.5C will be discussed by the Oversight Task Force on July 30th. Any changes to these proposals based on that discussion will be communicated verbally during Open Session.

Communications Plan

Relevant stakeholders will receive targeted communications regarding this clarified guidance. For example, this item, including how the confidentiality letters can be accessed, will be communicated to administering entities through an administrator alert and during an AE biweekly call.

Manual Production Cycle (estimated)

September 2018

Effective Date

Upon Approval by the PRB

Considerations

Please review and approve the following agenda items:

- Agenda Item 1.5A - Overview of Revised Qualifications for Technical Reviewers and Committee Members
- Agenda Item 1.5B – Appointment and Confidentiality Agreements
- Agenda Item 1.5C - Confidentiality Letter if Technical Reviewer is Not an Employee of Administering Entity

Proposed Changes to Technical Reviewer and Committee Member Qualifications

The following revisions would be included in Section 1 (“Formation”) of Chapter 1 within the RAB Handbook, which outlines some qualifications necessary to serve on a Peer Review Committee or RAB.

“An administering entity appoints a peer review committee to oversee the administration, acceptance, and completion of peer reviews. The committee may decide to delegate a portion of the report acceptance function to report acceptance bodies (RABs), whose members are not required to be, but may be, members of the committee as well (sec. 1000, Standards for Performing and Reporting on Peer Reviews, par. .132). It is recommended that the administering entity document its committee and RAB structure and relationship.

The board prohibits ~~the following~~ individuals that perform enforcement related work from serving on a committee or RAB. This includes, but is not limited to, individuals currently serving as a member, employee, consultant, volunteer (or other similar arrangement) of:

- ~~A member of an~~The AICPA or state CPA society ethics committee
- The AICPA Joint Trial Board
- A ~~member of any~~-state board of accountancy (or other regulatory agencies, governmental bodies or similar groups or subgroups).
- ~~An individual performing enforcement related work for any of the prior mentioned.~~

An individual should contact AICPA peer review staff if there is uncertainty as to whether he or she is prohibited from serving on a peer review committee or RAB.

Staff also proposes adding the following language to Section 1 (“Technical Reviewer Qualifications”) of Chapter 2 within the RAB Handbook as item “D.” The previous intent of the PRB was that the guidance related to the prohibition of those performing enforcement related work from serving on a peer review committee or RABs also be applicable to technical reviewers.

“D. Prohibition of Enforcement Related Work

Similar to committee and RAB members, the board prohibits individuals that perform enforcement related work from serving as a technical reviewer. This includes, but is not limited to, individuals currently serving as a member, employee, consultant, volunteer (or other similar arrangement) of:

- The AICPA or state CPA society ethics committee
- The AICPA Joint Trial Board
- A state board of accountancy (or other regulatory agencies, governmental bodies or similar groups or subgroups).

An individual should contact AICPA peer review staff if there is uncertainty as to whether he or she is prohibited from serving as a technical reviewer.

AGENDA ITEM 1.5B

The following exhibit is located in Chapter 1 of the RAB Handbook (Peer Review Program Manual Section 3300):

Exhibit 1-1 — Committee or RAB Appointment & Confidentiality Confirmation

[Date]

[Name and Address of Committee Member]

Dear [Mr. or Ms.] [Last Name of Committee or RAB Member]:

It is my pleasure to formally notify you that you have been appointed to serve on the [Administering Entity Peer Review Committee] for the [period] committee year. We know you have many demands on your volunteer time. We appreciate your willingness to use a part of that time to serve our profession. We hope you benefit as much by your volunteer service as much as the committee benefits from having individuals willing to volunteer.

~~Committee membership in a professional association such as the [Administering Entity] provides you with an opportunity to serve the accounting profession in various interesting and worthwhile assignments. If you accept membership on the committee, As a committee member,~~ you have a responsibility to exert your efforts towards achieving the committee's objectives through preparation for and attendance at its meetings and participation in its deliberations. ~~In particular, you~~ You also have an obligation to adhere to the confidentiality requirements described in the AICPA's *Standards for Performing and Reporting on Peer Reviews* (standards). Thus, you agree ~~not to divulge~~ keep information ~~concerning each reviewed~~ that would identify any firm, ~~or any of its clients or personnel,~~ peer reviewer/reviewing firm or other information including the findings of the review and the reviewed team that is obtained as a ~~consequence of the review,~~ confidential result of your responsibilities. You agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the AICPA Peer Review Program (program) or use it in any way not related to meeting the objectives of the Program.

As a condition of your appointment as a committee member, you agree not to participate in any enforcement related work such as, but not limited to, serving as a member, employee, consultant, volunteer (or other similar arrangement) of the AICPA or state CPA society ethics committee, AICPA Joint Trial Board, state board of accountancy or other regulatory agencies, governmental bodies or similar groups or subgroups

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

Sincerely,

[Name]

[Title]

I understand that each Committee or RAB member charged with the responsibility for accepting reviews should:

- Be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in the program, as a partner of the firm, or as a manager or person with equivalent supervisory responsibilities. To be considered currently active in the accounting or auditing function, a committee member-reviewer should be presently involved in the accounting or auditing practice of a firm supervising one or more of the firm's accounting or auditing engagements or carrying out a quality control function on the firm's accounting or auditing engagements ([Interpretation No. 132-1a](#)).
- Associated with a firm (or all firms if associated with more than one firm) that has received a report with a peer review rating of *pass* on its most recently accepted System or Engagement Review that was accepted timely, ordinarily within the last 3 years and 6 months. ~~If a committee member's firm's most recent review was a Report Review, then the member is not eligible to be charged with the responsibility for acceptance of any peer reviews~~ ([Interpretation No. 132-1b](#)).
- ~~trained~~ Demonstrate proficiency in the standards, interpretations, and guidance of the program by completing training that meets the team captain training requirements established by the board within 12 months prior to serving on the committee or during the first year of service on the committee ([Interpretation No. 132-1c](#)).
- Be an AICPA member in good standing, whether conducting report acceptance body duties for firms with or without AICPA members ([Interpretation No. 132-1d](#)).
- Prohibited from performing enforcement related work including, but not limited to, serving as a member, employee, consultant, volunteer (or other similar arrangement) of:
 - The AICPA or state CPA society ethics committee
 - The AICPA Joint Trial Board
 - A state board of accountancy or other regulatory agencies, governmental bodies or similar groups or subgroups.
- Adhere to the confidentiality requirements of the *Standards for Performing and Reporting on Peer Reviews*

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

Signed: _____

Date: _____

The following excerpt is from Chapter 2, Section I, paragraph C of the Report Acceptance Body Handbook:

C. Independence, Confidentiality, and Conflict of Interest

Technical reviewers are subject to the same independence, confidentiality, and conflict of interest rules that apply to committee and report acceptance body (RAB) members. See guidance in chapter 1, [sections V](#) and [VI](#). This includes, but not limited to, annually signing a confidentiality agreement.

AGENDA ITEM 1.5C

Confidentiality Letter if Technical Reviewer is Not an Employee of Administering Entity

[Date]

[Name and Address of Technical Reviewer]

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

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

As a condition of being a technical reviewer, you agree not to participate in any enforcement related work such as, but not limited to, serving as a member, employee, consultant, volunteer (or other similar arrangement) of the AICPA or state CPA society ethics committee, AICPA Joint Trial Board, state board of accountancy or other regulatory agency or any committee or subgroup of an agency.

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

Sincerely,

[Name]

[Title]

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

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

- a technical reviewer update training course developed by the AICPA
- the annual Peer Review Conference
- Be an AICPA member in good standing, whether conducting technical reviewer duties for firms with or without AICPA members ([Interpretation No. 132-1d](#)).
- Participate in at least one peer review each year, which may include participation in an on-site oversight of a System Review (Interpretation No. 132-1b).
- Have an appropriate level of accounting and auditing knowledge and experience suitable for the work performed
- Be prohibited from performing enforcement related work including, but not limited to, serving as a member, employee, consultant, volunteer (or other similar arrangement) of:
 - The AICPA or state CPA society ethics committee
 - The AICPA Joint Trial Board
 - A state board of accountancy or other regulatory agencies, governmental bodies or similar groups or subgroups.
- Adhere to the confidentiality requirements of the *Standards for Performing and Reporting on Peer Reviews*.

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

Signed: _____

Date: _____

**Confidentiality Agreement for Administering Entity(AE) Staff
Involved in the Peer Review Program**

Why is this on the Agenda?

One of the AE benchmarks for the CPA on staff is to obtain, annually, confidentiality agreements from all AE staff involved with peer review. AE staff includes, but is not limited to, the Society's or organization's CEO or executive director, CPA on staff, technical reviewer(s) and administrator(s) employed by the administering entity. The proposed confidentiality agreement for administering entity employees is on the following page.

Note: Committee members and contract technical reviewers are still required to annually sign confidentiality agreements. See Agenda Items 1.5B and 1.5C.

Feedback Received

The proposal shown in agenda item 1.6A will be discussed by the Oversight Task Force on July 30th. Any changes to this proposal based on that discussion will be communicated verbally during Open Session.

PRIMA Impact

None.

AE Impact

AE staff will be required to sign the agreement on an annual basis. Through the annual plan of administration, the CEO will report that all employees involved in the peer review program have signed the confidentiality agreement. Confidentiality agreements will be reviewed during the OTF AE oversight visits. Therefore, these agreements should be signed prior to the oversight or no later than the due date of the plan of administration.

Communications Plan

Relevant stakeholders will receive targeted communications, including in an administrator alert and during an AE biweekly call, regarding this confidentiality letter template including how the confidentiality letters can be accessed.

Manual Production Cycle (estimated)

N/A

Effective Date

Upon approval by the Peer Review Board.

Board Consideration

1. Discuss the agreement and propose any revisions to Agenda Item 1.6A.

Confidentiality Agreement¹

[Date]

[Name]

[Title]

[Administering Entity name]

As staff of the [Administering Entity name], you have an obligation to adhere to the AICPA's *Standards for Performing and Reporting on Peer Reviews* (standards) confidentiality requirements. You have the responsibility to keep results of the review confidential in accordance with 1000.146, except as authorized through written permission from the firm. You agree not to divulge information that would identify any firm, its clients or personnel, peer reviewer/reviewing firm or other information obtained as a result of your responsibilities.

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

Agreement:

By signing this document, I agree to adhere to the AICPA Peer Review Program's confidentiality requirements as set out in 1000.146 and related interpretations.

Signature: _____

Title: _____

Date: _____

¹ Agreement should be signed annually by all administering entity staff associated with peer review. This includes, but is not limited to, the Society's or organization's CEO or executive director, CPA on staff, technical reviewer(s) and administrator(s).

Oversight Handbook – Chapter 3

Why is this on the Agenda?

Chapter 3 of the Oversight Handbook is outdated. Some of the original content was applicable when many state boards of accountancy also had their own “peer review” programs. Currently, we are only aware of one state board that continues to have its own program. Therefore, the information related to state board of accountancy programs is being removed.

Chapter 3 has also been updated to provide information related to the peer review oversight committees (PROC) that perform oversight of the administering entities and report to their state board of accountancy. The update includes:

- Recognition that PROCs may be required by statute or regulations,
- PROC members may be from the same or a different state than being oversighted,
- Qualifications that all PROC members must meet to perform PROC duties, unless laws and statutes provide otherwise,
- PROC responsibilities and ability to access materials, data, and reports once qualifications are met,
- Procedures that may be performed by PROCs,
- An updated confidentiality agreement.

Feedback Received

The proposal shown in agenda item 1.7A will be discussed by the Oversight Task Force on July 30th. Any changes to this proposal based on that discussion will be communicated verbally during Open Session.

PRIMA Impact

None.

AE Impact

For administering entities that are oversighted by PROCs, they will need to get the revised confidentiality agreement signed by October 31, 2018 or by the date of their oversight by the Oversight Task Force, whichever is earlier.

Communications Plan

Relevant stakeholders will receive targeted communications regarding this clarified guidance. For example, this item, including how the confidentiality letters can be accessed, will be communicated to administering entities through an administrator alert and during an AE biweekly call.

Manual Production Cycle (estimated)

N/A

Effective Date

Upon approval by the Peer Review Board.

Board Consideration

Discuss and approve changes to the Oversight Handbook and updated PROC Confidentiality Letter, shown at agenda item 1.7A.

CHAPTER 3

An Administering Entity's Oversight Relationship

With its State Board of Accountancy or other Governmental Regulators

State Board of Accountancy Peer Review Oversight Committees (PROC)

Statutory/Regulatory Requirement

A.

- I. Several state boards of accountancy (SBOAs) have a statutory/regulatory requirement to oversight the sponsoring organizations/entities administering peer review programs ~~in its state~~ that are intended to meet the SBOA's peer review licensure requirements. ~~There is an expectation that an SBA will want to perform certain procedures to gain a level of comfort that all peer review programs being administered in its state are being conducted in such a manner that is acceptable to the SBA.~~ Accordingly, since all SBOAs that require peer review accept the AICPA Peer Review Program (program), it is in the best interest of the program and our joint (with SBOAs) mandate to protect the public that we cooperate in the establishment of a mutually acceptable oversight process.

- II. ~~Therefore, administering entities are strongly encouraged to enter into an oversight agreement with their respective SBAs when requested to do so. The discussion that follows primarily refers to SBAs but could be tailored as necessary to include other governmental regulators. The AICPA Peer Review Board developed a paper describing a model for an oversight organization, which is included on the following pages. In order to provide reasonable assurance that peer reviews are being conducted and administered in accordance with peer review standards, SBOAs may appoint a Peer Review Oversight Committee (PROC).~~

- III. ~~The relationship discussed in the paper is only a suggestion as to how an administering entity might interface with a SBA oversight body:~~
 - A. ~~If the administering entity enters into such an agreement; and~~

 - B. ~~If the operation of a SBA oversight program would guarantee the waiver from the SBA's positive enforcement program (peer review requirement).~~

SBOA's may designate other state board PROCs or state board national/regional or similar PROCs to achieve the oversight objectives of an administering entity.

IV. PROC member should meet all qualifications in Section B. of this chapter.

V. Administering entities should understand the statutory/regulatory requirements for all states it administers peer review. When there are statutory/regulatory differences with guidance contained in this chapter, the statute/regulatory guidance usually takes precedence. If the administering entity becomes aware of such differences, it should contact AICPA staff to discuss. When the statute or regulations do not include guidance on peer review oversight committees, this guidance should be followed by the PROC/administering entity.

B. Peer Review Oversight Committee (PROC) Qualifications

PROC members shall:

1. Not include individuals who are members or employees of any SBOA; any individuals who perform enforcement related work for regulatory or governmental bodies, professional organizations (including but not limited to an AICPA ethics committee, AICPA Joint Trial Board, or state professional ethics committee) or similar groups or subgroups.
2. Not include individuals that are from the same firm as the technical reviewer, committee or RAB members due to potential conflicts of interest. Exceptions may be granted by the AICPA Oversight Task Force if the board and administering entity can demonstrate appropriate safeguards are in place to address objectivity, independence (in appearance and fact), and other familiarity threats.
- 4-3. Be required to annually sign a confidentiality agreement (Exhibit 3-1) indicating they will not divulge any information, except as allowable by law, to the board that would identify any firm, licensee, or peer reviewer/reviewing firm or other information obtained from the oversight of the administering entity. For example, if the law permits the board access to peer review reports, it would be acceptable for a PROC to inform the board that a firm received a consecutive non-pass report. It would not be acceptable for the PROC to discuss or report to the board detailed information about the performance or acceptance of that review.
 - a. Failure to sign a confidentiality agreement will limit the PROC access to only information allowed in paragraph .146 of the standards unless the firm has given the administering entity written permission to provide specific objective information to the PROC or board.

Exhibit 3-1

~~Oversight Relationship Between the Administering Entity Fully Involved in the Administration of the AICPA's Peer Review Program and its Respective~~

~~State Board of Accountancy~~

GENERAL

~~Some state boards of accountancy (SBAs) have implemented a program to review the accounting and auditing work performed by their licensees. In most cases, programs adopted by SBAs involve the submission by a licensee of at least one audit, review and compilation report selected by the licensee for technical review by the SBA. These programs usually do not involve a review of working papers except in extreme circumstances.~~

~~The SBA sponsored "positive enforcement programs" involves all practice units in a state whether or not they held membership in the AICPA or an administering entity. Such programs generally have the support of the profession as a desirable measure to enhance the quality of services provided by the profession to the public. Indeed, several state CPA societies actively pursued legislation to establish such a SBA program. Some state CPA societies support the SBA programs by providing volunteers to conduct reviews under the authority of the state board.~~

~~The AICPA has a national practice-monitoring program in which participation is required as a condition of continued AICPA membership if the practice unit performs engagements and issues reports that fall within the practice-monitoring program. Thus, many of the practice units in a state are now subject to a System or Engagement review, any one of which can be more extensive in scope than programs administered by the SBAs.~~

~~A few SBAs and other regulators consider adding additional peer review requirements that go beyond those in the AICPA *Standards for Performing and Reporting on Peer Reviews* (standards). There are 55 licensing jurisdictions and hundreds of other federal, state and local governmental regulators. Understandably, if each of these entities instituted their own specific peer review requirements in addition to those issued by the AICPA, conducting a national peer review program would not be possible and could result in firms having to participate in multiple peer reviews. However, we have found that as SBAs and other regulators become more familiar with the AICPA Peer Review Program, the standards and the process, sometimes via an oversight relationship, the need to consider adding additional peer review requirements no longer becomes necessary. We are always attempting to enhance peer review, whether it's the standards via the public exposure process or changes to our guidance which is predominantly done in meetings open to the public. We are also pleased to discuss the AICPA Peer Review Program with SBAs and other governmental regulators so we can better understand what each other is trying to accomplish with peer review.~~

~~In those states in which the SBA is now conducting or considering conducting a program, the prospect of their members having to participate in two practice-monitoring programs has led state CPA societies to approach their respective state boards to request a waiver from the SBA program for firms participating in the AICPA practice-monitoring programs.~~

~~Although most SBAs seem ready to grant some type of waiver from their positive enforcement program for a firm participating in an AICPA practice-monitoring program, several boards require the firm requesting such a waiver to submit its peer review report and, sometimes, other documents to the SBA in support of the waiver application. (The reports and certain other documents on peer reviews in the AICPA Private Companies Practice Section and Audit Quality Centers are public documents.)~~

~~The AICPA Peer Review Board conducts an extensive oversight program to ensure that the AICPA Peer Review Program is being conducted in accordance with the *Standards for Performing and Reporting on Peer Reviews* and the guidelines developed. In addition, the AICPA Peer Review Board agrees that when a SBA makes the request, an administering entity that is fully involved in the administration of the AICPA Peer Review Program may enter into an oversight agreement with its respective state board of accountancy.~~

~~The remainder of this discussion suggests a model for an oversight organization. Individual states may vary the size, composition or operation of the oversight body in their state to reflect local situations or other forces bearing on the issue.~~

~~However, the following restrictions should always apply:~~

~~no member of a state oversight board shall be a current member of a SBA or ethics committees (the SBA could appoint a non-board/committee member liaison who is not currently directly involved in enforcement related work for the SBA, Ethics Committee or other regulatory body.~~

~~access by members of a state oversight board to the records of the AICPA Peer Review Program will not be expanded beyond the limits set herein.~~

STRUCTURE

~~The SBA and the administering entity will mutually agree as to the size and composition of the oversight board. One recommendation is:~~

~~two CPA members, with extensive experience in accounting and auditing, currently in practice at the partner level (similar to qualifications of a System Review team captain).~~

~~one public member, with some background in the utilization of public accounting services.~~

~~Appointments would be by the SBA, with the extent of input and consultation by the administering entity to be decided locally.~~

FUNCTION

~~A fully involved administering entity may agree that an oversight board appointed by a SBA will have access to the following:~~

C. Peer Review Oversight Committee Access and Responsibilities

~~The administering entity may provide PROC members that meets the qualifications in Section B, access to the following:~~

- ~~1. Standards, procedures, guidelines, training materials and similar documents prepared for the use of reviewers, reviewed firms, and administering entities.~~
- ~~2. State societyAdministering entity peer review committee and report acceptance body (RAB) meetings and materialsand allincluding minutes of such meetings, including meetings during which peer review reports are considered.~~

- ~~3. Information concerning the extent to which the administering entity peer review committee has reviewed the quality of reviewers' working papers in connection with the acceptance of reviews.~~
43. Statistical data available concerning the results of reviews ~~in the respective state~~ including, but not limited to, the number and type of corrective actions required and the number, nature and extent of the monitoring procedures applied.
4. Reports such as, but not limited to, benchmark and monitoring reports, RAB observation reports, oversight reports performed on reviewers including enhanced oversights, and other oversight reports from the Oversight Task Force

Procedures that may be performed by the PROC include, but are not limited to:

- (i) Visiting the sponsoring organizations of the approved peer review program;
- (ii) Reviewing sponsoring organization procedures for administering the program;
- (iii) Meeting with a sponsoring organization's RAB during consideration of the peer review documents;
- (iv) Reviewing the sponsoring organization's compliance with [the program](#).

PROC's should provide the SBOA with a report on procedures, conclusions and recommendations if applicable. To enhance the quality of the peer review program, the reports should be shared with the administering entity peer review committee and AICPA Oversight Task Force. Reports should not identify names of firms, reviewers, technical reviewers, committee members or anyone else involved in the administration or performance of peer reviews.

~~A fully involved administering entity may also agree that the oversight board appointed by the SBA will have access to the following documents on a reasonable sample of reviews that have been accepted by the administering entity:~~

- ~~1. The report** on the review and the firm's letter of response, if applicable.~~
- ~~2. The firm-wide summary review memorandum.~~
- ~~3. The team captain/review captain's checklist.~~
- ~~4. Any working papers, notes, or other documentation, including reviewer's working papers prepared or reviewed by the administering entity in connection with the scheduling, performance, or acceptance of the review.~~

** -And the letter of comments, if applicable, for reviews commenced prior to January 1, 2009.

- ~~5. Correspondence or other documentation concerning acceptance of the review, the imposition of required corrective actions, the monitoring procedures applied, and the results thereof.~~

~~The oversight board shall predetermine the number of reviews to be selected each year and shall select the specific reviews using random sampling.~~

CONFIDENTIALITY

~~Members of the state oversight board must sign an agreement to treat all information to which they have access as confidential (exhibit 3-2). Failure to sign a confidentiality agreement will limit the state oversight board's access to only information as allowed by the standards. The standards do not allow access to information on reviewed firms such as findings of the review; reviewer's working papers; or documentation concerning scheduling, performance, or acceptance of the review. The oversight board shall not communicate to the SBA, or any other regulator, information that would divulge the identity of a licensee or a firm.~~

CONCLUSION

~~It should be stressed that these are only suggestions as to how an administering entity might interface with an SBA appointed oversight body, *if* the society enters into such an agreement, and *if* the operation of a SBA oversight program would guarantee the waiver from the SBA's positive enhancement program.~~

Exhibit 3-12

Illustrative Confidentiality Letter—State Board Peer Review Oversight Committee (PROC)

[Date]

[Address of PROC member]

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

State Board Peer Review Oversight Committee (PROC) participation provides you with an opportunity to serve the accounting profession and the public in various interesting and worthwhile assignments. By accepting appointment to the PROC, you have a responsibility to exert your efforts towards achieving the PROC's objectives through various oversight procedures and reporting to the [insert name of state(s)] state board(s) of accountancy (board). ~~preparation for and attendance at its meetings and participation in its deliberations.~~

In fulfilling your responsibilities as a PROC member, you have an obligation to adhere to the confidentiality requirements described in the AICPA *Standards for Performing and Reporting on Peer Reviews*. Thus, you agree not divulge any information, except as allowable by law, to the bBoard that would identify any firm, licensee, peer reviewer/reviewing firm or other information obtained from the oversight of the administering entity. ~~would keep information concerning each reviewed firm or any of its clients or personnel, the peer reviewers and the findings of the review, that is obtained as a consequence of the oversight procedures, confidential.~~ You ~~would~~ agree not to discuss or disclose such information to anyone not involved in carrying out the review or administering the program or use it in any way not related to meeting the oversight objectives of the program and the board.

In addition, as a condition of being a member of the PROC, you may not participate in any enforcement related work such as, but not limited to, serving as a member, employee, consultant, volunteer (or other similar arrangement) of the AICPA or state CPA society ethics committee, AICPA Joint Trial Board, state board of accountancy or other regulatory agency or any committee or subgroup of an agency.

Please confirm your acceptance of the responsibilities and obligations of the PROC by signing this letter in the space provided and return it to me. If you have any questions, please feel free to contact me at [phone number].

Sincerely,

[Administering Entity's Peer Review Committee Chair]

I accept the responsibilities and obligations this participation entails and agree to maintain the confidentiality of information received through the oversight objectives.

Signature: _____ Date: _____

Process to Update Peer Review Checklists

Why is this on the Agenda?

The Board should consider whether staff's procedures for updating engagement (including supplemental) checklists are appropriate to ensure that checklist questions are not setting or misinterpreting professional standards.

Current Update Process

- Staff update the checklists for professional standard updates, enhancements and/or conforming changes. They may consult with volunteer groups (for example, the Practice Monitoring Task Force) or other internal teams (for example, ethics, A&A or industry specialists).
 - See agenda item 1.8 for an overview of volunteer groups or internal teams that were consulted for the last version of each of the System Review engagement checklists.
- The timing and extent of assistance depends on various factors, for instance:
 - whether the checklist relates to a high-risk area, or whether there are significant peer review or regulatory issues
 - whether there were significant professional standard or industry changes during the year (for example, prior SSARS, SSAE, PCAOB overhauls)
 - whether there is a related task force, expert panel, AQC or similar group
 - the availability and cooperation of the volunteer group and internal teams
- After staff's update, all engagement and supplemental checklists are reviewed by a PRB member with the related practice area and industry experience, as applicable. In some circumstances, and with staff's advance knowledge, a PRB member will delegate the review to another in his or her firm that has the specialized experience.
- Changes and comments are provided by the PRB member or designee and are addressed by staff, at which point the PRB member or designee will clear the responses and approve the checklist.
 - Whether due to the quality of staff's update or the level of detail to the PRB member/designee's review, the extent and type of changes and comments vary.

Board Consideration – The Board should consider whether any procedures to update checklists require enhancement.

PRPM Section	Section Title	Assistance from Volunteer Groups / Other Internal Teams
20,200	General Compilation Engagement Checklist For engagements performed in accordance with SSARS	Checklists were given to the Audit & Attest Standards Team - ARSC staff, however since there were no significant practice issues or areas they were aware of (changes hadn't been extensive), they indicated a review wasn't necessary
20,250	General Preparation Engagement Checklist For engagements performed in accordance with SSARS	see 20200
20,300	General Review Engagement Checklist For engagements performed in accordance with SSARS	see 20200
20,400	General Audit Engagement Checklist	Staff consulted with the Audit & Attest Standards team, and the Professional Ethics team, during planning.
20,500	Governmental Audit Engagement Checklist	Staff reached out to the the Governmental Auditing & Accounting team and State & Local Governments Entities Expert Panel, however they have not had the volunteer time of late to assist; PMTF-Gov/Compliance Audit Subgroup first, then Teresa shares with GAQC Executive Committee
20,600	Not-for-Profit Audit Engagement Checklist	The staff liaison to the Not-for-Profit Member Section and Not-for-Profit Expert Panel looked through the cklist for an hour + provided comments
20,700	Employee Benefit Plan Audit Engagement Checklist	The entire PMTF, but primary consultations with the Chair Bill Lajoie, Tom Parry & Marilee Lau; changes received initial buy-in from them and then they were discussed with the full PMTF for additional feedback. Final changes were detail reviewed by Marilee (per Bill & Tom's request) and then circulated among the full PMTF. This year also requested review by members of the Expert Panel & EBPAQC Exec Committee...they formed a small task force of 4 people with varying backgrounds and firm sizes to represent both the EP and EC
20,800	Supplemental Checklist for Review of Prospective Financial Statement Engagements	none
20,900	Agreed-Upon Procedures Engagement Checklist	Updates reviewed by the Audit & Attest Standards team
21,000	Examination Attestation Engagement Checklist	see 20900
21,050	Review Attestation Engagement Checklist	see 20900
21,100	Reporting on Controls at a Service Organization Checklist (SOC1 ® Reports)	SOC expert panel consulted before update, and they didn't have anything substantial. They didn't review the updated checklist because their meetings were put on hold for 18 months (not sure of end date) as they work on "certification" project
21,150	Reporting on Controls at a Service Organization Checklist (SOC2 ® Reports)	see 21100, however another SOC 2 cklist is pending and Staff to reach out again to expert panel

PRPM Section	Section Title	Assistance from Volunteer Groups / Other Internal Teams
21,200	Public Company Accounting Oversight Board (PCAOB) Audit Engagement Checklist	none
21300 (formerly 22160)	SEC-Registered Broker-Dealer Audit and Attest Engagements Checklist	Consultation with/requested review of specific checklist sections from NPRC/NPRC's broker dealer experts, Audit & Attest Standards team, Accounting Standards team, General Counsel team, CAQ & CAQ Broker Dealer Task Force
22,010	Supplemental Checklist for Review of Banks and Savings Institutions Audit Engagements	There is an AICPA Depository & Lending Institutions Expert Panel but they have not been helpful/cooperative in past. They focus more on industry topics/ none are peer reviewers. Also they had lost their AICPA staff liaison contact around time of our update
22,040	Supplemental Checklist for Review of Construction Contractor Engagements	Ordinarily staff consults with the Product Management & Development team's member responsible for the Construction Contractors Guide (working with related committee) --but for 2017 update, he had been out on extended leave in fall 2016. Did not get reply/assistance from another on his team
22,060	Supplemental Checklist for Review of Common Interest Realty Associations	none
22,070	Supplemental Checklist for Review of Engagements of Health Care Organizations	discussed in advance with Audit & Attest Standards Team's liason to the Health Care Expert Panel, Health Care Committee & Health Care Audit Guide Task Force but checklist not reviewed
22,080	Supplemental Checklist for Review of Audits of For-Profit Housing and Urban Development (HUD) Engagements	Provided checklist/ consulted with the Governmental Auditing & Accounting team; an overall approach comment was received.
22,090	Supplemental Checklist for Review of Personal Financial Statement Engagements	none
22,100A-UG	Part A Supplemental Checklist for Review of OMB Single Audit Engagements (Uniform Guidance)	PMTF-Gov/Compliance Audit Subgroup first, then they share with GAQC Executive Committee
22,100B-UG	Part B Supplemental Checklist for Review of OMB Single Audit Engagements (Uniform Guidance)	See 22100A
22,110	Supplemental Checklist for Review of Audit Engagements Performed in Accordance With Government Auditing Standards (Yellow Book) December 2011 Revision	see 22100A

		<u>Assistance from Volunteer Groups / Other Internal</u>
PRPM Section	Section Title	Teams
22,120	Supplemental Checklist for Review of Agreed Upon Procedures and Other Attestation Engagements Performed in Accordance With Government Auditing Standards (Yellow Book) December 2011 Revision	See 22100A
22,130	Supplemental Checklist for Review of Audit Engagements of State and Local Governments Participating in Pension Plans	The Governmental Auditing & Accounting team was consulted several times & provided good input
22,300	Financial Reporting and Disclosure Checklist	none
22,400	FRF for SMEs™ Financial Reporting and Disclosure Checklist	Consulted with the Accounting Standards team (re: Private Company Financial Reporting) for 2016 update
22,500	IFRS Financial Reporting and Disclosure Checklist (for Financial Statements with Years Beginning on or After January 1, 2013)	n/a-no update recently made
23,200	Engagement Reviews - General - For engagements performed in accordance with SSARS	See 20200
23,300	Engagement Reviews – Compilations that Omit Substantially All Disclosures Checklist For engagements performed in accordance with SSARS	see 20200
23,400	Engagement Reviews - Agreed-Upon Procedures Checklist	see 20900
23,500	Engagement Reviews - Review Attestation Engagement Checklist	see 20900
23,600	Financial Reporting and Disclosure Checklist	none

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:

- Approved revisions to guidance related to non-compliance with the Risk Assessment Standards
- Approved revisions to guidance related to Reviewer Feedback Form signatures
- Approved revised Rules of Procedures for the Drop Appeal or Termination of a Firm with No AICPA Members
- Clarity project update
 - Evaluated organizational structures to support the following characteristics
 - User specific sections
 - Segregated by system review and engagement review
 - Divide the guidance into requirements and application material

Upcoming tasks:

- Continued focus on the clarity project
- Revisions to the SRM to remove duplicate information requested in PRIMA
- Consideration of SSARS 24 impact to peer review
- Continued consideration of QCM review guidance revisions
- A discussion of how peer review guidance should address Cybersecurity advisory services
- Assessment of guidance needed in response to the implementation of PRIMA;
 - Risk Assessment Toolkit in narrative form

Education and Communication Task Force

Accomplished since last PRB meeting:

- Planned and prepared for the 2018 Peer Review Conference, including general session agenda, conference cases, and concurrent session materials
- Reviewed and approved a group of proposed Conference Cases
- Discussed ways to improve the peer reviewer pool by state, including must-select reviewers
- Offered alternative training sessions at the
 - Employee Benefit Plan Conference – May 2018
 - Engage Conference – June 2018
 - Not-for-Profit Industry Conference – June 2018

Upcoming tasks:

-
- Assess feedback received from the 2018 AICPA Peer Review Program conference and begin to plan for the 2019 conference
 - Continue to implement plans to improve the peer reviewer pool by state, including must-select reviewers
 - Revise guidance related to approving peer review course instructors
 - Continue to identify and implement improvements to the Peer Review website
 - Update the various on-demand training offerings.

Oversight Task Force

Accomplished since last PRB meeting:

- Approved Report Acceptance Body (RAB) observation reports
- Reviewed administering entity (AE) responses to RAB observation reports
- Approved revisions to the RAB observation report template
- Approved AE oversight visit reports
- Approved revisions to AE oversight exhibits in the Oversight Handbook
- Approved and conditionally approved AE plans of administration
- Approved 2019 plan of administration
- Clarified guidance for CPA on staff requirement
- Approved minor revisions to the Peer Review Administration Change Form
- Monitored the Enhanced Oversight results
- Reviewed sample of Enhanced Oversight reports for consistency
- Discussed type of feedback issued by AEs as a result of the Enhanced Oversight
- Reviewed feedback received on the Enhanced Oversight process
- Monitored reviewer performance
- Approved revisions to technical reviewer and committee member qualifications
- Approved new and revised confidentiality agreements
- Approved revisions to Chapter 3 of the Oversight Handbook which include revised Peer Review Oversight Committee guidance

Upcoming tasks:

- Approve RAB observation reports
- Approve responses from AEs to AE oversight visit reports
- OTF members will conduct AE oversight visits
- Monitor results of Enhanced Oversight
- Develop guidance for AE non-compliance and fair procedures
- Monitor reviewer performance

Compliance Update: Firm Noncooperation

Why is this on the Agenda?

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

Firm Noncooperation

- Firms whose enrollment will be dropped from AICPA Peer Review Program (AICPA PRP) are sent to PRB members for negative approval and subsequently reported in PRB open session materials
- Drops and terminations are reported in monthly communication to state boards of accountancy and (since January 2018) available on Extranet for administering entities (AEs).
- [AICPA Peer Review Program Firm Terminations](#) are published on the AICPA.org website for the public and included in the PRB open session materials
- Below is a summary of firm terminations over the past several years

<u>Firm terminations</u>	
<u>Year</u>	<u>#</u>
2015	22
2016	40
2017	18
2018 (thru 7/12)	<u>21</u>
Total	<u>101</u>

- Reflects hearing panel decisions to terminate, including those within their available appeal period.
- Does not reflect later decisions by an appeal mechanism to reverse or modify those decisions.
- Does not reflect cases that are mediated or the underlying cause is resolved (stopped hearings).

Consecutive Non-Pass Peer Reviews

There are currently over 200 firms enrolled in the AICPA PRP that have received consecutive non-pass peer review report ratings, but have not been referred to a PRB hearing for non-cooperation. This will continue to be a focus of the program.

AICPA staff actions taken or planned:

- Further analyze data to assess trends and provide information for AEs (administrator, technical reviewer, and peer review committee) to consider and evaluate.
- Recent revision of technical reviewer checklist to focus attention on consideration of consecutive non-pass report ratings.
- Re-emphasize and clarify existing guidance for AEs (discussion items during conference sessions are planned).

- Staff will continue to periodically monitor to determine if firms with consecutive non-pass reviews are being properly addressed through evaluation, and if warranted, hearing referral

Completeness Activities

Objective: Research publicly available data to verify that all firms that should be enrolled in peer review are enrolled and to verify that all engagements that are within peer review scope are included in the population subject to peer review. Firms without AICPA members are also included in the scope of these ongoing activities.

Most recent project in progress seeks to identify firms performing Employee Benefit Plan (EBP) audits via the Department of Labor (DOL) database and assess whether the firms are in compliance with peer review requirements.

Initial research based on filings for EBP audits with plan years through 12/31/16 indicates the following as of July 2018:

<u>Classification/Status</u>	<u># of Firms (rounded)</u>	<u>% of Total</u>
Closed	4850	93%
Research/Outreach In Progress:		
Not Enrolled	200	4%
Enrolled, omitted EBP	150	3%
Total unique firms in population	5200	100%

- Closed
 - Firms was either in compliance, there is no avenue for recourse (firm sold/merged, etc.), or situation otherwise resolved
- Not enrolled
 - Approximately 200 firms not enrolled (potentially non-compliant)
 - Sent enrollment verification inquires and requested firms to enroll if required
 - If review is past due, must have peer review due in 90 days
 - If firm is no longer performing A&A, but violated enrollment requirement, must enroll and annually confirm no A&A
 - Firms that do not comply with enrollment request may be referred to appropriate regulatory body (Ethics or state board of accountancy)
- Enrolled but appear to have omitted EBP from most recently accepted review
 - Research/outreach on-going for approximately 150 firms
 - Omission will be addressed in upcoming review if already scheduled
 - Reviewer should consider the implications of the omission matter, but would not expect a peer review report deficiency unless there is a systemic issue in the quality control system
 - If firm’s next review is not yet scheduled, recall acceptance of most recent review
 - Send firm to a hearing to determine if enrollment should be terminated or if firm should be allowed to have a replacement review
- Overall compliance rate for unique firms in the DOL database is 93%.

**Firms Dropped from the AICPA Peer Review Program for Non-Cooperation
between April 21, 2018 and July 16, 2018**

Firm Number	Firm Name	State	Drop Date	Drop Reason
900010154325	Gregg Richmond	AK	5/22/2018	PR Info Not Received
900004902684	Shaffer & Co CPAS, LLC	AK	4/29/2018	PR Info Not Received
900000068697	Thomas K. Black Jr.	AK	6/27/2018	Failed to have its review
900010141976	C. Robert Coats CPA PC	AL	5/22/2018	PR Info Not Received
900011742372	Carter & Company, LLC	AL	5/22/2018	PR Info Not Received
900010126636	Steven Deerman	AL	5/22/2018	PR Info Not Received
900005820032	Accounting and Financial Solutions, PLLC	AZ	5/22/2018	PR Info Not Received
900004959764	Accounting Professionals, LLC	AZ	6/27/2018	PR Info Not Received
900010001255	Anderson & Scow, LLP	AZ	6/27/2018	PR Info Not Received
900004280954	Biltmore Tax & Accounting Solutions	AZ	5/1/2018	Scheduling Info Not Received
900010138015	Doug W. Griffore CPA, PC	AZ	5/22/2018	PR Info Not Received
900004563553	Kolton Consulting	AZ	4/29/2018	Failed to have its review
900010136248	Larry L. Ales PC	AZ	6/27/2018	PR Info Not Received
900004327265	Michelle Harvey, CPA, PC	AZ	4/29/2018	Failed to have its review
900010154078	Pamela A. Watkins, PLLC	AZ	6/27/2018	PR Info Not Received
900004525472	Rivers & Moorehead PLLC	AZ	4/29/2018	PR Info Not Received
900010101992	Robert J. Voordeckers	AZ	4/29/2018	PR Info Not Received
900010143643	Roger S. Brown PC	AZ	5/22/2018	PR Info Not Received
900010154789	Alex C. Anguiano	CA	6/27/2018	Scheduling Info Not Received
900010102530	Barton CPA	CA	6/27/2018	PR Info Not Received
900010058247	Benson, Piombo & Company	CA	6/27/2018	PR Info Not Received
900010122011	Bobst & Briel, Certified Public Accountants, Inc	CA	6/27/2018	Scheduling Info Not Received
900010147151	Brent F. Freeman, Jr., A. C.	CA	5/22/2018	PR Info Not Received
900010126593	Campbell Tersolo & Clyman	CA	5/23/2018	Scheduling Info Not

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				Received
900010141612	Collins and Associates	CA	5/23/2018	Scheduling Info Not Received
900005411926	Corbett Accountancy Corporation	CA	5/1/2018	Scheduling Info Not Received
900010125278	Fitzpatrick & Casimiro, CPAs, Inc	CA	4/29/2018	PR Info Not Received
900000598261	Frank F. Mooney	CA	6/27/2018	Scheduling Info Not Received
900000003265	G. L. Howard and Company CPAs, LLP	CA	4/29/2018	PR Info Not Received
900010148154	G.Rich Hubler	CA	5/22/2018	PR Info Not Received
900010133493	George Hall	CA	5/22/2018	PR Info Not Received
900000778308	Glynn Shaw CPA/PFS	CA	5/1/2018	Scheduling Info Not Received
900000465985	Harvey J. Koelln	CA	4/29/2018	PR Info Not Received
900001146462	Holmes & Associates	CA	5/23/2018	Scheduling Info Not Received
900010083524	Hull, Ruhl & Moore, A Professional Accountancy Corporation	CA	6/27/2018	PR Info Not Received
900010137022	Hunter & Renfro, LLP	CA	4/29/2018	PR Info Not Received
900010144353	James F. Herren	CA	6/27/2018	PR Info Not Received
900005700253	James Turnbull	CA	5/1/2018	Scheduling Info Not Received
900010132448	Larry Elliot Berss	CA	6/27/2018	PR Info Not Received
900010122805	Michael L. Howland	CA	5/22/2018	PR Info Not Received
900001007104	Miers & Miers, LLP, CPA's	CA	6/27/2018	PR Info Not Received
900010150772	Miller Accountancy Corporation	CA	4/29/2018	Failed to have its review
900005719576	Myers & Associates	CA	6/27/2018	Scheduling Info Not Received
900010155106	Parveen K. Maheshwari	CA	5/22/2018	PR Info Not Received
900010149360	Pavlik & Chitwood, LLP, CPAs	CA	4/29/2018	PR Info Not Received
900003675414	Phillips Starbuck CPAs	CA	5/22/2018	PR Info Not Received
900008681286	Plamondon & Company, CPA, APC	CA	6/27/2018	PR Info Not Received
900011375009	R. Frank Miller, CPA	CA	6/27/2018	PR Info Not Received

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900010108369	R. Lawrence Wehrle An Accounting Corp	CA	5/23/2018	Scheduling Info Not Received
900001164631	Randolph Scott & Company CPA's, Inc.	CA	4/29/2018	PR Info Not Received
900255308609	Rita C Hansen, Certified Public Accountant	CA	6/27/2018	Failed to have its review
900001108020	Robert E. Garibay	CA	4/29/2018	PR Info Not Received
900011510769	Ron Bresolin, Jr., CPA	CA	5/22/2018	PR Info Not Received
900010132223	Scott C. Thompson & Assoc.	CA	6/27/2018	PR Info Not Received
900010101329	Simpson Accountancy Corporation	CA	4/29/2018	PR Info Not Received
900010114722	Snow, Bittleston & Co., CPA's, LLP	CA	5/22/2018	PR Info Not Received
900010151355	Teng Accountancy Corporation	CA	5/1/2018	Scheduling Info Not Received
900004618726	Vertical Advisors, LLP	CA	6/27/2018	PR Info Not Received
900006645394	Vinas & Associates	CA	5/22/2018	PR Info Not Received
900010131001	Virginia Anderson	CA	5/22/2018	PR Info Not Received
900255189521	William Michael Sturgeon	CA	6/27/2018	PR Info Not Received
900010134396	William W. Lippert	CA	7/5/2018	PR Info Not Received
900008331915	Cutler & Co LLC	CO	6/27/2018	Scheduling Info Not Received
900010058077	Fetzer & Company	CO	5/23/2018	Scheduling Info Not Received
900011984156	James R. Grisier & Assoc LLC	CO	6/27/2018	Scheduling Info Not Received
900010111647	John Gallo	CO	4/29/2018	PR Info Not Received
900004840856	Paridae Enterprises, LLC dba A Resource	CO	4/29/2018	PR Info Not Received
900005596076	Pollock Tax & Accounting, LLP	CO	6/5/2018	Scheduling Info Not Received
900005635884	Rickards & Company LLP	CO	5/21/2018	PR Info Not Received
900010140491	Constantino, Nelson & Werline, LLC	FL	6/27/2018	Society Admin Fee Not Paid
900006112080	FLALS LLC dba Florida Accounting and Litigation Services	FL	4/30/2018	PR Info Not Received
900255226782	GC Accounting & Consulting Services, LLC	FL	6/27/2018	PR Info Not Received

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900255311653	Gonzalo Sanchez, CPA	FL	6/27/2018	PR Info Not Received
900255186943	Gregorio Herrera CPA	FL	6/27/2018	PR Info Not Received
900008475806	Hanna Zaki & Company LLC	FL	5/1/2018	Scheduling Info Not Received
900010099196	Horkey & Associates, P. A.	FL	5/24/2018	Scheduling Info Not Received
900010113946	Ira M. Herschbein CPA, P. A.	FL	6/27/2018	Scheduling Info Not Received
900010144580	James R. Goddard CPA PA	FL	6/27/2018	PR Info Not Received
900010118639	John D. Lykkebak & Associates	FL	5/24/2018	Scheduling Info Not Received
900010146099	Jorge Ramirez P.A.	FL	5/22/2018	PR Info Not Received
900001014160	Louis Adrian Raley	FL	6/27/2018	Failed to have its review
900010107876	Margolies Fink & Wichrowski	FL	5/2/2018	Scheduling Info Not Received
900010140755	Matthew J. Kahn CPA, PA	FL	5/22/2018	PR Info Not Received
900003873394	Mendez Rothbard Molieri & Co., LLC	FL	4/29/2018	PR Info Not Received
900255329331	Michele Bourcy Nelson CPA	FL	4/29/2018	PR Info Not Received
900010130963	Saunders & Kolpin, P.L.	FL	5/22/2018	PR Info Not Received
900010126470	Alex Choi CPA, P. C.	GA	5/22/2018	PR Info Not Received
900005271601	Arthur H Murphy, CPA, PC	GA	4/29/2018	PR Info Not Received
900004503128	BW Harrington & Associates, PC	GA	5/22/2018	PR Info Not Received
900008395771	DeLuca Ladd & Company	GA	4/29/2018	PR Info Not Received
900010116555	E. B. Chang	GA	4/30/2018	Society Admin Fee Not Paid
900010103990	Freeman, Daniel & Co., LLC	GA	6/27/2018	PR Info Not Received
900011689334	Hale R. Hamilton	GA	6/27/2018	PR Info Not Received
900010135317	Jennifer E. Powell	GA	5/22/2018	PR Info Not Received
900010124428	Johnny B. Martin	GA	5/22/2018	PR Info Not Received
900010140810	Pamela A. Woodell-Patterson CPA, P.C.	GA	5/22/2018	PR Info Not Received
900255347341	Polay Clark & Co	GA	6/27/2018	Scheduling Info Not Received

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900010152006	R. Lee Pennington CPA PC	GA	6/27/2018	PR Info Not Received
900081125844	Scott T Hill	GA	6/27/2018	PR Info Not Received
900010134804	Scott T. Sherman CPA, P C	GA	5/22/2018	PR Info Not Received
900010130359	Tabb & Tabb	GA	4/30/2018	Society Admin Fee Not Paid
900010148064	Womack & Company, P.C.	GA	4/29/2018	PR Info Not Received
900008949799	Agribusiness Resources CPA, LLC	IA	4/30/2018	Society Admin Fee Not Paid
900010105446	Hamilton Associates, P. C.	IA	6/27/2018	PR Info Not Received
900010119813	John B. Cashman	IA	5/23/2018	Society Admin Fee Not Paid
900004039596	Kile & Co., PLC	IA	4/30/2018	Society Admin Fee Not Paid
900010129007	Michael Kent Munns, CPA	IA	6/27/2018	PR Info Not Received
900007543290	David M. Charlton & Associate, Chtd	ID	6/27/2018	PR Info Not Received
900004593222	AJL & Associates, P.C.	IL	4/30/2018	Society Admin Fee Not Paid
900004862272	Alkafaji & Associates Ltd	IL	4/30/2018	Society Admin Fee Not Paid
900081686328	Audit and Consulting Services, Ltd	IL	4/30/2018	Society Admin Fee Not Paid
900010110215	Borhart Spellmeyer & Company, LLC	IL	4/30/2018	Society Admin Fee Not Paid
900010141883	Broman & Kosar, Ltd	IL	4/30/2018	Society Admin Fee Not Paid
900010146429	Cronin & Associates, Ltd.	IL	5/23/2018	PR Info Not Received
900010110025	D. M. Siegel Ltd.	IL	4/30/2018	Society Admin Fee Not Paid
900010017870	Dreyer Ooms & Van Drunen LTD	IL	6/27/2018	PR Info Not Received
900006279691	Ernest G. Potter, Ltd	IL	5/23/2018	PR Info Not Received
900001067896	Gerardo G. Liwanag & Associates	IL	5/23/2018	PR Info Not Received
900005490775	Jeffrey L. Upchurch, CPA, Inc DBA Upchurch & Associates	IL	6/27/2018	Scheduling Info Not Received
900010118169	Joseph L Jimenez M. S., CPA	IL	4/29/2018	PR Info Not Received

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900001008156	Kenneth S. Jaszczak	IL	4/30/2018	Society Admin Fee Not Paid
900010039555	Leo J. Krupp & Company LLP	IL	4/30/2018	Society Admin Fee Not Paid
900009003111	Maria Tai and Associates	IL	5/23/2018	PR Info Not Received
900010114492	Michael N. Mahoney, P.C	IL	4/30/2018	Society Admin Fee Not Paid
900010117546	Richard I. Haber CPA, Ltd.	IL	4/30/2018	Society Admin Fee Not Paid
900005510065	Sprung Financial Advisors, P.C.	IL	5/24/2018	Scheduling Info Not Received
900010150274	Thomas E. Smith	IL	4/30/2018	Society Admin Fee Not Paid
900000862385	Timmer & Associates CPA, PC	IL	6/29/2018	Scheduling Info Not Received
900010085044	Terrell & Mardis, CPAs, P.C.	IN	5/1/2018	Scheduling Info Not Received
900004938791	Danny Meenach, CPA, PSC	KY	5/23/2018	PR Info Not Received
900010152544	Jeffrey Holliday, CPA	KY	6/29/2018	PR Info Not Received
900010154979	Melvin L. Davis, CPA, LLC	LA	5/22/2018	Failed to have its review
900011727232	Arthur L. Glynn & Company	MA	6/27/2018	Scheduling Info Not Received
900010129020	Bennett E. Shifman CPA	MA	5/23/2018	PR Info Not Received
900255152953	Gordon W Ulen CPA PC	MA	6/27/2018	Scheduling Info Not Received
900008196255	Jeffrey James Vellucci, CPA	MA	4/29/2018	PR Info Not Received
900001005429	John S Sullivan	MA	5/1/2018	Scheduling Info Not Received
900006407083	Martin Beaudin, CPA, MST	MA	5/23/2018	PR Info Not Received
900011730272	Melissa M. Thomas, CPA	MA	5/24/2018	Scheduling Info Not Received
900010149742	Michael D. Cooney , CPA PC	MA	4/29/2018	PR Info Not Received
900007397180	Vu CPA, P.C.	MA	6/27/2018	Scheduling Info Not Received
900010150652	Claxton and Company, P.C.	MD	5/23/2018	PR Info Not Received

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900011780855	Harvey Schevitz, CPA	MD	6/27/2018	PR Info Not Received
900005590187	Jag Accounting LLC	MD	5/23/2018	PR Info Not Received
900005898742	John M. Erskine CPA	MD	5/23/2018	PR Info Not Received
900001009612	Robert A Parrack	MD	5/23/2018	PR Info Not Received
900010141820	Stacey A Milbourne	MD	6/27/2018	Scheduling Info Not Received
900010085025	Zagami Trozzi, Chartered	MD	6/27/2018	PR Info Not Received
900255227219	Al-Hassan, Howell, Sadaps, CPA, PC	MI	6/27/2018	Scheduling Info Not Received
900001005196	Allen G. Mattson	MI	5/23/2018	PR Info Not Received
900010134180	Barber & Associates, P. C.	MI	4/30/2018	Society Admin Fee Not Paid
900010148958	Henry Wolcott	MI	4/29/2018	PR Info Not Received
900010082621	Johnson, Kula & Company, P.C.	MI	4/29/2018	PR Info Not Received
900010129191	Paige & Company, P. C.	MI	5/1/2018	Scheduling Info Not Received
900255347250	Robert L Adams Jr	MI	6/27/2018	Scheduling Info Not Received
900010106847	Schellenberg & Evers, P. C.	MI	4/29/2018	PR Info Not Received
900010003916	Ullrey & Company PC	MI	4/29/2018	PR Info Not Received
900010140232	Duane W. Senger	MN	5/23/2018	PR Info Not Received
900001169018	Kevin L. Applequist	MN	4/29/2018	PR Info Not Received
900010139859	Lesage Reynolds Welter & Co., Ltd.	MN	4/29/2018	PR Info Not Received
900004859433	DA Johnson & Associates LLC	MO	4/29/2018	PR Info Not Received
900001046249	Early Wilson, CPA	MO	4/30/2018	Society Admin Fee Not Paid
900010045464	Massie, Fudenberg, Goldberg, L.L.C.	MO	6/27/2018	Scheduling Info Not Received
900004972502	Pace & Associates Company	MS	6/27/2018	Scheduling Info Not Received
900001060785	Verbalee B. Watts	MS	6/27/2018	PR Info Not Received
900008857609	Sidney Tax Service, Inc	MT	6/27/2018	Scheduling Info Not Received

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900011349829	Theresa Sherbo CPA	MT	6/27/2018	Scheduling Info Not Received
900255347708	Alan J. Asbury CPA PLLC	NC	6/27/2018	PR Info Not Received
900010137480	Alan J. Asbury, PLLC	NC	6/27/2018	PR Info Not Received
900010034090	Elma P. Wood, CPA, P.A.	NC	4/29/2018	PR Info Not Received
900010108036	Maxton C. McDowell	NC	5/23/2018	PR Info Not Received
900007000945	Rudolph H Clark Jr CPA	NC	5/24/2018	Scheduling Info Not Received
900010118343	William D. Owensby Jr., CPA	NC	6/27/2018	Scheduling Info Not Received
900001111747	Harold J. Rotunda	ND	6/27/2018	Scheduling Info Not Received
900010155350	AZ & Co., LLC	NJ	4/29/2018	Failed to have its review
900010144590	Carmine A. Principato, CPA, PC	NJ	5/23/2018	PR Info Not Received
900255192418	Chenellen LLC	NJ	6/27/2018	PR Info Not Received
900006521592	Jimenez & Traier, LLC	NJ	5/23/2018	PR Info Not Received
900006481043	Kauffman & Company	NJ	4/30/2018	Society Admin Fee Not Paid
900010137329	Michael Jablonsky	NJ	6/27/2018	PR Info Not Received
900003875669	R.A. Eberle & Company LLC	NJ	4/30/2018	PR Info Not Received
900255329000	Smart Tax Solutions LLC	NJ	6/27/2018	PR Info Not Received
900010133003	Steven Kessler & Associates, LLC	NJ	6/27/2018	Scheduling Info Not Received
900010101017	Weinberg Lieberman & Co	NJ	6/27/2018	Scheduling Info Not Received
900255186319	Gwen K. Farner, CPA	NM	6/27/2018	PR Info Not Received
900001104590	Tim J. O'Quinn	NM	6/27/2018	Scheduling Info Not Received
900002162398	Craig Mull, CPA, LLC	NV	4/30/2018	PR Info Not Received
900255188155	Thunder Rand & Company	NV	6/27/2018	PR Info Not Received
900005127621	Aftab A. Siddique, CPA	NY	5/2/2018	Scheduling Info Not Received
900010128767	Anthony M. Spota	NY	6/27/2018	PR Info Not Received

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900010085443	Ballo & Co	NY	4/30/2018	PR Info Not Received
900006496613	Berry & Berry CPAs	NY	5/23/2018	PR Info Not Received
900010128609	David L. Philo	NY	5/2/2018	Scheduling Info Not Received
900004036077	Feuer & Orlando, LLP	NY	5/23/2018	PR Info Not Received
900005707249	Homayoon Moosazadeh CPA PC	NY	6/27/2018	PR Info Not Received
900005413481	John Sattler CPA PC	NY	6/27/2018	Scheduling Info Not Received
900010064607	Kalmanowitz & Lee, CPAs PLLC	NY	6/27/2018	PR Info Not Received
900010082585	Morton Berger CPA, P. C.	NY	6/27/2018	PR Info Not Received
900010050008	Moses and Schreiber, LLP	NY	6/27/2018	Scheduling Info Not Received
900000002762	Nestor Chopin CPA, PLLC	NY	5/23/2018	PR Info Not Received
900010059938	Putterman & Rothschild, CPA	NY	4/30/2018	PR Info Not Received
900005263979	Richards Accounting & Financial Services	NY	4/29/2018	Failed to have its review
900008454875	Robert Hanoman CPA LLC	NY	5/24/2018	Scheduling Info Not Received
900010121497	Scott J Faye CPA P C	NY	5/22/2018	Failed to have its review
900002184056	Seader Fitzgerald, CPAs PLLC	NY	6/27/2018	Scheduling Info Not Received
900010063934	Shandling & Landsman	NY	5/24/2018	Scheduling Info Not Received
900009835523	Tariqah Mills CPA	NY	5/2/2018	Scheduling Info Not Received
900005554191	Alan S Portnoy CPA	OH	6/27/2018	PR Info Not Received
900010097897	Eaglowski & Company	OH	4/30/2018	PR Info Not Received
900010124016	Igel & Schindler CPAs, LLC, dba Schindler & Associates, CPAs	OH	6/27/2018	PR Info Not Received
900010104941	J. P. Marsh & Co.	OH	6/27/2018	PR Info Not Received
900010123064	James R. Newman	OH	6/27/2018	PR Info Not Received
900010130368	John D. Brown	OH	6/27/2018	Scheduling Info Not Received
900010090823	Polos & Associates, LLC	OH	6/27/2018	PR Info Not Received

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900000005295	Volz CPA, Inc.	OH	5/24/2018	Scheduling Info Not Received
900010135603	McNeil's Accounting & Taxes	OK	5/24/2018	Scheduling Info Not Received
900010046650	A. F. McGervey Co. LLC	PA	4/30/2018	PR Info Not Received
900010114120	D F Martin White & Company	PA	4/30/2018	Society Admin Fee Not Paid
900010055608	Diamond & Associates, P. C.	PA	6/27/2018	Scheduling Info Not Received
900011333830	EALG&S PC	PA	4/30/2018	Society Admin Fee Not Paid
900005435491	Farah Financial P.C.	PA	4/30/2018	Society Admin Fee Not Paid
900010142115	Gerald J. Micsky	PA	4/30/2018	Society Admin Fee Not Paid
900010029736	Hatter Harris & Beittel LLP	PA	6/27/2018	PR Info Not Received
900010146017	Joseph M Periandi	PA	5/23/2018	PR Info Not Received
900010142295	Joseph Wood Batson Jr & Associates PC	PA	4/30/2018	PR Info Not Received
900010136371	Kaminski & Co, LLC	PA	6/27/2018	PR Info Not Received
900001092034	Paul Joseph Cannataro	PA	5/23/2018	PR Info Not Received
900010105545	Rosenberg, Smith, Cooney & Migliore, PC	PA	4/30/2018	PR Info Not Received
900004628402	Sobol Veltum & Associates	PA	4/30/2018	PR Info Not Received
900010152084	Stefanko & Costa, CPAs	PA	4/30/2018	PR Info Not Received
900004759402	Stillwaggon & McGill, LLC.	PA	5/23/2018	PR Info Not Received
900010118874	Sunil Philip	PA	5/23/2018	PR Info Not Received
900010102331	Taggart, Mitchell & Associates	PA	6/27/2018	PR Info Not Received
900010093658	Wittig Certified Public Accts	PA	6/27/2018	PR Info Not Received
900008927661	Loiselle & Company, CPAs, Ltd.	RI	5/23/2018	PR Info Not Received
900009079470	Brian A Sutton CPA PA	SC	4/30/2018	Society Admin Fee Not Paid
900000918340	David L. Whitehead, CPA	SC	5/24/2018	Scheduling Info Not Received
900005822425	John B. Lane CPA	SC	4/29/2018	PR Info Not Received

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900008753386	Judson J Abraham, CPA	SC	4/30/2018	Society Admin Fee Not Paid
900005464388	Knoble, Ingle, CPAs LLP	SC	6/27/2018	PR Info Not Received
900010119809	Lakes Area Accounting Inc.	SC	5/24/2018	Scheduling Info Not Received
900010059439	Lucia K. King P. A.	SC	5/23/2018	PR Info Not Received
900000795827	Randy L. Skinner & Company, PA	SC	6/27/2018	Scheduling Info Not Received
900010070706	Scott Taylor White & Wingo, CPA	SC	4/30/2018	Society Admin Fee Not Paid
900010152252	Stanley S. Sessler, CPA, LLC	SC	4/30/2018	Society Admin Fee Not Paid
900010104594	Whitener, Pettigrew & Company CPAs LLC	SC	4/30/2018	Society Admin Fee Not Paid
900010136382	Guthmiller Accounting, Ltd	SD	5/24/2018	Scheduling Info Not Received
900001119271	Eugene A. Edmonds	TN	5/23/2018	PR Info Not Received
900010095058	Harold C. Ward Jr., CPA, P.C.	TN	6/27/2018	PR Info Not Received
900010153612	Kenneth R. Kelly Jr MAcc, CPA	TN	6/27/2018	PR Info Not Received
900011695641	Kevin Hume, CPA	TN	5/24/2018	Scheduling Info Not Received
900255346050	Walter F. Bond CPA	TN	6/27/2018	PR Info Not Received
900004937070	Wayne Arney CPA	TN	6/27/2018	PR Info Not Received
900010111413	Bennie A. Robinson	TX	5/23/2018	PR Info Not Received
900010085293	C. Neel Wells, P.C.	TX	6/27/2018	Scheduling Info Not Received
900255189154	Caballero CPA Firm, PLLC	TX	6/27/2018	Scheduling Info Not Received
900003869731	Charles Wilson, LLC	TX	5/23/2018	PR Info Not Received
900005665597	Constance J Arismendez, CPA	TX	6/27/2018	PR Info Not Received
900010136885	Gazaway & Company	TX	6/27/2018	PR Info Not Received
900010153711	Green & Gentry, CPA P. C.	TX	4/29/2018	Failed to have its review
900010135011	Jeff Pickering	TX	4/30/2018	PR Info Not Received
900010122394	Jeffrey M. Kovach, CPA	TX	5/23/2018	PR Info Not Received

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900010150478	Jeffrey S Austin & Company, PC	TX	5/23/2018	PR Info Not Received
900004874670	Karlins, Ramey & Tompkins, LLC	TX	5/23/2018	PR Info Not Received
900010147742	Keith Allen Bland	TX	6/27/2018	Scheduling Info Not Received
900007305536	KEITH HERNANDEZ ARGUETA,CPA	TX	6/27/2018	Scheduling Info Not Received
900010040891	Lawrence, Littlefield, Jacob & Ferris LLP	TX	5/2/2018	Scheduling Info Not Received
900001108075	Pamela R. Winkler P. C.	TX	6/27/2018	PR Info Not Received
900004854748	Patrick Dossey	TX	6/27/2018	PR Info Not Received
900009360202	R K Bonnet, PC	TX	5/22/2018	PR Info Not Received
900005420961	Sarah Berel-Harrop	TX	5/23/2018	PR Info Not Received
900007487886	Stuart C. Hill CPA PLLC	TX	4/30/2018	PR Info Not Received
900006440062	Sumrall & Bondy PC	TX	5/2/2018	Scheduling Info Not Received
900010142770	Terry P. Andrews CPA, PC	TX	5/23/2018	PR Info Not Received
900010033107	Tracy D Vordokas CPA, P.C.	TX	6/27/2018	Scheduling Info Not Received
900001086410	Turnage & Company, P.C.	TX	5/23/2018	PR Info Not Received
900010148588	W. Bret Garner PC	TX	5/24/2018	Scheduling Info Not Received
900010131171	Wesley F. Crowley	TX	6/27/2018	PR Info Not Received
900081167977	William E Bender CPA	TX	6/27/2018	PR Info Not Received
900010144271	Won Ja Chin	TX	6/27/2018	PR Info Not Received
900003811712	Gregory & Associates LLC	UT	5/23/2018	PR Info Not Received
900255179803	GWSnyder and Associates	UT	6/27/2018	PR Info Not Received
900006738749	Malinka CPA, LLC	UT	5/23/2018	PR Info Not Received
900010125074	Nievaard, Kofoed & Teran, P. C.	UT	4/30/2018	PR Info Not Received
900001003202	Strong & Strong	UT	5/2/2018	Scheduling Info Not Received
900009346515	Allen & Akershoek	VA	5/2/2018	Scheduling Info Not Received
900010143310	Cecil R. Floyd Jr. CPA, P. C.	VA	5/24/2018	Scheduling Info Not

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				Received
900008238436	Counts Accounting and Tax, LLC	VA	4/30/2018	PR Info Not Received
900255270962	Gregory V. Harrell, C.P.A. PC	VA	4/30/2018	PR Info Not Received
900010155070	Hal Noyes CPA	VA	5/23/2018	PR Info Not Received
900009280259	Kwang M. Kim & Company, Inc.	VA	5/23/2018	PR Info Not Received
900010149113	Melissa C. Huffer	VA	5/24/2018	Scheduling Info Not Received
900005186028	Reid Consulting, LLC	VA	6/27/2018	PR Info Not Received
900010151452	Richard W. McMinn, III CPA PLLC	VA	6/27/2018	PR Info Not Received
900007395407	Spark Accounting LLC	VA	4/30/2018	PR Info Not Received
900255284859	Stone and Shah CPAs, PC	VA	6/27/2018	PR Info Not Received
900004716636	Thompson & Griffin PC	VA	5/23/2018	PR Info Not Received
900255327186	TK KIM & COMPANY, PLLC	VA	6/27/2018	PR Info Not Received
900010143477	V. Elvest Morris	VA	6/27/2018	PR Info Not Received
900003919973	Ward Dean Jr., CPA PLLC	VA	6/27/2018	Scheduling Info Not Received
900011274449	Deloitte (Virgin Islands) Limited	VI	6/27/2018	PR Info Not Received
900255249367	Roy D. Jackson, CPA	VI	6/27/2018	PR Info Not Received
900003720148	Anastasi, Moore & Martin, PLLC	WA	4/30/2018	PR Info Not Received
900255273643	Central Accounting PS	WA	6/27/2018	PR Info Not Received
900011469889	Goodfellow & Associates PS	WA	6/27/2018	PR Info Not Received
900010109890	Michael R. Lemm CPA, P. S.	WA	6/27/2018	PR Info Not Received
900010147054	Augustine & Associates, LLC	WI	4/29/2018	PR Info Not Received
900255347197	Michele A Jones, CPA LLC	WI	4/29/2018	PR Info Not Received
900010122468	Petkovsek & Moran LLP	WI	5/1/2018	Society Admin Fee Not Paid
900010083326	Carte Warwick, PLLC	WV	5/1/2018	Society Admin Fee Not Paid
900004121759	John D. Blackwell, CPA	WV	5/1/2018	Society Admin Fee Not Paid

Firms Whose Enrollment Was Terminated from the AICPA Peer Review Program since Reporting at the May 2018 Meeting

Consecutive non-pass reports in system reviews:

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

Carathimas & Associates – San Ramon, CA
Eric H. Lampl – Cincinnati, OH
Hee Jung Park & Co. – Elkins Park, PA

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 firm did not complete corrective actions designed to remediate deficiencies identified in the firm's most recent peer review.

Arthur White & Associates, LLC – Tarkio, MO

Firm terminations are also published on our website at:

<https://www.aicpa.org/forthepublic/prfirmterm/2018peerreviewfirmterminations.html>



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