

**AICPA Peer Review Board  
January 30, 2014 Open Session Meeting Highlights**

**Meeting Participants**

**Board Members**

Richard W. Reeder, Chair  
James T. Ahler  
Betty Jo Charles  
Michael A. Fawley  
Anita Ford  
Lawrence Gray  
Richard W. Hill  
Richard Jones  
Michael LeBlanc (via telephone)  
Toni Lee-Andrews  
G. Alan Long  
Michael McNichols  
Randy L. Milligan  
Thomas J. Parry  
Thad E. Porch  
Jodi L. Rinne  
Robert Rohweder  
Steven K. Stucky

**AICPA Staff**

Fran McClintock, Staff Liaison  
Jim Brackens  
Kim Ellis (via telephone)  
Gary Freundlich  
Laurel Gron (via telephone)  
Lisa Joseph (via telephone)  
Tim Kindem (via telephone)  
Sue Lieberum  
LaVonne Montague (via telephone)  
Donna Roethel (via telephone)  
Susan Rowley (via telephone)  
Beth Thoresen

**Guests Participating Via Telephone**

See Exhibit 1

**Absent**

Scott Frew

**Purpose of the Meeting**

Regularly scheduled meeting to review and discuss proposed guidance and other topics. Mr. Reeder called the meeting to order at 1:00pm EST.

**Discussion Points**

**1.1 Welcome Attendees and Roll Call of the Board**

Mr. Reeder called the open session to order and welcomed the Board members and all participants.

**1.2 Approve Quality Control Related Guidance**

**A. Approval of Revisions to AICPA Peer Review Program Questions & Answers**

Ms. Lee-Andrews presented the revisions to the AICPA Peer Review Program Questions & Answers. Ms. Rinne motioned to approve. Seconded, all approved.

**Decisions, Next Steps and Action Items:**

- The updated AICPA Peer Review Program Questions & Answers will be posted to [www.aicpa.org](http://www.aicpa.org).

### **1.3 Report on Enhanced Quality Initiative**

Mr. Brackens introduced the importance of this initiative and the overall goal of raising the bar in audit quality. Mr. Reeder then explained that the Planning Task Force of the PRB developed recommendations of areas within the peer review program that should be focused on to achieve this goal. Mr. Reeder encouraged stakeholders to volunteer to help review, provide input and serve on various task forces that will be established to work on these recommendations. Mr. Hill and Ms. Lee-Andrews discussed their perspective and their excitement for the initiatives. Mr. Ahler added that he agreed with the importance of the process.

#### **Decisions, Next Steps and Action Items:**

- Stakeholders to contact Peer Review staff if they are interested in serving on a task force.

### **1.4 Approval of Revisions to Summary Review Memorandum (SRM), Team Captain Checklist, Review Captain Checklist and Engagement Statistics Data Sheet**

Ms. Ford presented the revisions to these materials and explained that the changes were made to make them easier to use and more logical. Ms. Ford mentioned that during closed session, additional changes to the checklists were discussed and will be made subject to approval of the Standards Task Force. Mr. Brown discussed the removal of Attachment 2 from the Technical Reviewer's Checklist. Mr. Long made a motion to accept the changes discussed in closed session and with the understanding that Technical Reviewers can make changes on the SRM related to engagement statistics. Seconded, all approved.

#### **Decisions, Next Steps and Action Items:**

- Apply the additional changes that were discussed in Closed Session and obtain approval from the STF.
- Revised documents will be included in the April 2014 edition of the manual.

### **1.5 Approval of Revisions to AICPA Peer Review Program Guidance on Engagements subject to PCAOB Inspections**

Ms. Ford introduced the necessity of this agenda item and explained that it is in response to changes made by the PCAOB to require auditors of broker-dealers to comply with PCAOB auditing standards. Additionally, there is a new compliance report that auditors are required to complete for auditors of broker-dealers. Accordingly, the Standards were amended to reflect that all engagements performed under PCAOB Standards would require NPRC administration of peer review. Other conforming changes were made in the manual, which are presented in the agenda materials. Ms. Ford asked if the PRB members had any questions or comments. No questions were noted. Ms. Hartfield asked if there would be an engagement checklist available in the April manual for engagements subject to PCAOB standards and Ms. McClintock responded, yes. Ms. Ford made a motion to approve all agenda materials. Seconded, all approved.

#### **Decisions, Next Steps and Action Items:**

- Revised documents will be included in the April 2014 edition of the manual.

### **1.6 Approval of Revisions to Noncooperation Provisions**

Ms. Ford requested that certain portions of the aforementioned guidance be revised in an effort to be responsive to situations in which the firm does not provide a complete listing of engagements that are subject to peer review. Ms. Ford detailed minor changes that will be made in addition to the materials resulting from the Standards Task Force discussion and the Peer Review Board Closed Session discussions. Ms. Roberts asked if the firms arising out of

the DOL project can be held to this guidance and Ms. McClintock confirmed that no, the guidance in effect at the time of the peer review commencement is the guidance that must be referenced during the drop and termination process. Discussion ensued. Ms. Roberts inquired as to whether communications would be made to state boards of accountancy (SBA) when a firm's peer review report was recalled for failure to provide a complete engagement listing. Ms. Roethel confirmed that Facilitated State Board Access (FSBA) does not notify the SBA automatically; however the SBA can run a termination and drop report. Mr. Cross indicated that the Administering Entities (AEs) are supposed to notify the SBA of recalls. Mr. Long made a motion to approve, subject to legal review. Mr. Hill seconded, all approved.

#### **Decisions, Next Steps and Action Items**

- The revised guidance will be included in the April edition of the manual once the AICPA legal department has approved of the changes.
- During the next bi-weekly AE conference call, staff would remind the AEs to notify the SBA upon recall of a peer review report.

#### **1.7 Discussion on Impact of ARSC Exposure Draft on Peer Review**

Ms. Ford introduced the main impacts of the ARSC Exposure Draft. The agenda materials include a summary of new service lines. Ms. Ford asked the Peer Review Board members and attendees to provide their thoughts on how these types of engagements should be handled. No comments were provided.

#### **Decisions, Next Steps and Action Items**

- None.

#### **1.8 Discussion on Engagement Review Reports: Pass with Deficiencies vs. Fail**

Ms. Ford initiated a preliminary discussion on whether the PRB should revisit the guidance on when pass with deficiencies and fail reports should be issued on engagement reviews. Discussed ensued and it was decided that this consideration was warranted.

#### **Decisions, Next Steps and Action Items**

- The STF will consider whether this guidance should be revised.

#### **1.9 Approval of Administering Entity Plans of Administration**

Mr. Hill presented the listing of Plans of Administration for approval by the Board.

#### **Decisions, Next Steps and Action Items**

- The Peer Review Board approved the Plans of Administration for the administering entities and allowed the OTF to approve (or conditionally approve any submitted with open items) the Plans of Administration submitted for 2014 when administering entities with open items submit all necessary documentation.

#### **1.10 Update on the MFC Findings to Date and Use of Information by Other AICPA Teams**

Mr. Freundlich briefly mentioned that we are actively working with several teams within the AICPA who are using the MFC findings to develop communications to the membership providing more information on the significant areas identified.

#### **Decisions, Next Steps and Action Items**

- None.

### **1.11 Update on the DOL Research Project**

Ms. Lieberum provided the current status of the DOL project along with statistics. To date, the project is resulting in many cases in the recall of the peer review report.

#### **Decisions, Next Steps and Action Items**

- None.

### **1.12 Operations Director's Report**

Ms. Thoresen gave an update on her last report in September and shared that we are actively working on the integration of PRISM with the new NetFORUM database that will replace our Oracle member database. To increase security of member data in the PRISM system, the AICPA planned to reduce the PRISM current 60 minute timeout to timeout after 20 minutes of inactivity. Based on feedback from Peer Review Administrators, we have postponed that change until we can add a warning message for PRISM users before sessions are timed out. Due to the fact that our development resources are fully engaged on the NetFORUM integration and building member self-service functionality for firm enrollment and firm structure change forms, it is unlikely the timeout will change before this summer.

Mr. Brackens authored an article that was showcased on January 3 via the AICPA Insights blog and the AICPA CPA Letter Daily on January 6. In the article, he mentions the value of self-regulation and what drives it. He also touched on the 25<sup>th</sup> anniversary of Peer Review and mentioned that we will be celebrating at this year's Peer Review Conference to be held August 3-5 at the Denver Marriott City Center. Please mark your calendars!

Staff members plan to host at least three webcasts in 2014 – Peer Review Update, Back to Basics (which will piggyback off of the Advanced Course) and Are You Ready for Your Peer Review (which is targeted to CPA firms and does not count towards meeting the peer reviewer training requirement). Staff is currently evaluating a few additional topics for potential webcasts. A free non-CPE version of all webcasts will be posted to the PR interest area. In addition, all of the webcasts will either be converted to on-demand technology or rebroadcast on multiple dates.

#### **Decisions, Next Steps and Action Items**

- None.

### **1.13 Report from State CPA Society CEOs**

Mr. Ahler gave an update and mentioned that the CPA/SEA met on January 9. The meeting included a program with Rich Jones and Jim Brackens discussing the DOL audit quality study. The CEOs were energized by the report and very much focused on the information from the DOL.

#### **Decisions, Next Steps and Action Items**

- None.

### **1.14 Update on National Peer Review Committee**

Ms. Charles gave an update from the December 12, 2013 in-person meeting and mentioned that the NPRC accepted 7 large firms and 1 QCM review. During that meeting, Helen Munter and Santina Rocca of the PCAOB joined the NPRC to discuss the current PCAOB activities. The NPRC approved the Plan of Administration as well as the Policies and Procedures Manual, which were subsequently approved by the PRB during closed session.

## **Decisions, Next Steps and Action Items**

- None.

### **1.15 Update on Standards Task Force**

Ms. Ford gave an update and mentioned that the STF has spent significant time on the non-cooperation guidance that was presented today. They also spent most of their time discussing future agenda items. As the items were reviewed, the STF determined that several of the items would be logically addressed by a particular task force taking on the new Planning Task Force initiatives. The STF is planning to meet via conference call on April 30, to discuss any Standards changes that will be presented at the May meeting.

## **Decisions, Next Steps and Action Items**

- None.

### **1.16 For Informational Purposes**

#### **A. Report on Firms Whose Enrollment was Dropped or Terminated**

A listing of firms dropped from the AICPA Peer Review Program for non-cooperation between September 11, 2013 and January 15, 2014, as well as a listing of firms whose enrollment was terminated from the AICPA Peer Review Program was provided in the materials. No questions ensued.

#### **B. Approved 2014 Association Information Forms for Associations of CPA Firms**

As of January 9, 2014, the Associations Task Force has accepted the 2014 Association Information Form (AIF) from 24 associations of CPA firms on behalf of the Board. Three associations have requested permission to assist their members in forming review teams. No questions ensued.

#### **C. Education and Communication Task Force Future Agenda Items**

Ms. Lee-Andrews discussed future agenda items to be covered by the ECTF. This includes the status of the 2014 Conference as well as updates on training courses and training materials and programs. No questions ensued.

#### **D. Oversight Task Force Future Agenda Items**

Mr. Hill discussed future agenda items to be covered by the OTF. This includes the Annual Report on Oversight, the timing of biennial visits of Administering Entities, desk reviews, reviewer performance issues and requests for suspension as well as a review and update of the Oversight Handbook. No questions ensued.

### **1.17 Future Open Session Meetings**

Mr. Reeder reviewed the upcoming meetings and locations listed in the agenda materials.

The meeting was adjourned at 3:09pm EST.

**Exhibit 1: Peer Review Board Open Session  
Guests Participating Via Telephone  
January 30, 2014**

<b>Name</b>	<b>Organization</b>
1. Sharon Romere-Nix	Thomson Reuters
2. Thomas Kirwin	Sullivan Bille PC
3. Carolee Lindsey	Cummings, Keegan & Co., PLLP
4. Heather Reimann	PICPA
5. Diane Conant	Conant, Nelson & Conant Ltd
6. Paul Brown	FL Institute of CPAs
7. Jerry Cross	TSCPA
8. Rita Barnard	KSCPA
9. Doris Leader	CHMS, P.C.
10. Kent Absec	Idaho State Board of Accountancy
11. Barbara McGuire	Chester M. Kearney, CPAs
12. Gerard Stifter	Gerard E Stifter LLC
13. Mary Kline-Cueter	TR for MACPA
14. Roger Johnson	Roger D. Johnson CPA
15. Glenna Osier	SC Association of CPAs
16. Michael Jack	D Michael Jack CPA
17. Jean Keith	TX State Board of Accountancy
18. Patty Hurley	OK Society of CPAs
19. Cheryl Hartfield	Thomson Reuters
20. Barbara Bennett	FICPA
21. Sherry McCoy	PROC CA State Board of Accountancy
22. Gloria Roberts	MSCPA
23. Lisa Brown	The Ohio Society of CPAs
24. Mark Mersmann	MO Society of CPAs
25. Julie Phipps	WA Society of CPAs
26. Ryan Murnick	IL CPA Society
27. Art Winstead	Davenport Marvin Joyce & Co., LLP
28. Linda McCrone	CA Society of CPAs
29. Pamela Lemire	NEPR
30. Janice Gray	NASBA CAC
31. Nichole Favors	Indiana CPA Society
32. Marsha Moffitt	AR Society of CPAs
33. Greg Wasiak	Dauby O'Connor & Zaleski, LLC
34. Michelle Thompson	ISCPA
35. Susan Lamb	CA Society of CPAs
36. Glen Tesch	NYS Education Department
37. Theresa Campbell	NYSSCPA
38. Mary Jo Richard	Eide Bailly LLP
39. Henry Krostich	Fuocogroup
40. William Martin	Office of the Comptroller of the Currency
41. Katie Cheek	TN Society of CPAs
42. Julie Salvaggio	KY Society of CPAs
43. Allison Henry	PICPA
44. Chris Bacon	MO Society of CPAs
45. Leah Moore	OR Society of CPAs

**Name**

46. Janice Wood  
47. Gloria Snyder  
48. Cora Edwards

**Organization**

NJSCPA  
LCPA  
MACPA