

Subject: RE: Response to Exposure draft-QUALITY MANAGEMENT STANDARDS
Date: Friday, April 9, 2021

TO: Sherry Hazel at CommentLetters@aicpa-cima.com

I have been a peer reviewer for approximately two decades, served on state peer review committees and currently serve on a RAB with the Illinois Peer Review Alliance. I support CPA attest quality but find myself increasingly at odds with the direction Peer Review has been heading - [1] Overriding the reviewer's judgement by PRIMA in the dictating of the type of report for engagement reviews. [2] the quality of PRIMA itself reflects poorly upon the AICPA's judgment in selection of vendors [3] increased difficulties for small firms to comply with accounting and auditing standards and peer review standards.

There are approximately 42,000 CPA firms in the USA and 41,600 firms fall into the "small firm" category with less than four or five people and revenues less than \$600,000. Under these proposed standards, the demographics of these small firms will not provide eligible individuals within those firms to perform monitoring and inspections in compliance with these proposed standards. That means contracting outside the firm for those services – more cost that these small firms cannot pass on to their typical clients. The typical smaller clients (governmental, small contractors, CIRAs and NFPO), that these smaller CPA firms service, will not financially support the hiring of outside quality reviewers. The number of firms performing audits has declined from approximately 7,600 in 2011 to below 4,000 currently. I lay the decline squarely at the feet of the AICPA, FASB and GASB.

As far as I am concerned the AICPA is not currently capable of administering an efficient, fair and cost effective peer review system for a myriad of reasons – pronouncement overload that the PR checklists cannot keep current, PRIMA that requires handholding if you are not performing peer reviews as a profession (and supposedly AICPA does not want that), PR checklist questions that are not always supported by the referenced standards, an inability of the system to distinguish the material from the immaterial and increasingly treating reviewers as wayward youth. One day this system of standards will hopefully collapse under its own weight.

In the state in which I live there are an increasing number of smaller governmental entities that are failing to file state mandated financial statements because the smaller firms are saying to hell with attest work and peer review. It is only matter of time before legislators commence an inquiry and the reason for failure to file those financial statements is going to reflect poorly on the AICPA and the profession.

Four or five years ago I had two fine young auditors resign to buy a tax practice – I repeat their words verbatim "We hope to never again hear or see the words FASB or GASB". Please do not fire another dagger at the heart of small firms in the profession.

Thanks for your consideration

Thanks,

Rob Jordan



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