

From: Shelley Smart <ssmart@ssmartcpa.com>
Sent: Tuesday, August 31, 2021 11:31 AM
To: Comment Letters <CommentLetters@aicpa-cima.com>
Subject: Comment on proposed quality management standards

I am writing this email to provide my comments on the proposed quality management standards from the ASB ED (proposed SQMS 1 and proposed SQMS 2). I am a sole proprietor with two employees, one of which is another CPA and one is a staff accountant pursuing her EA/CPA designation. My office prepares and compiles financial statements on a tax basis for small, privately owned business entities for tax planning and tax preparation purposes. We participate in the AICPA peer review program. Due to the cost, time, and complexity involved with implementing new requirements, I am not in favor of adopting these standards.

I believe the proposed standards are an onerous requirement for a small firm such as mine. At a time when we are struggling to keep up with tax changes and the change in work environment due to the pandemic, adding a requirement to comply with additional peer review burdens is untenable. We currently have an internal process to ensure quality in our engagements that involves two CPA's internally, so I believe this is a requirement that isn't really beneficial to our clients compared to the cost involved. Having an internal process is part of being a professional and shouldn't be something that even needs to be mandated by an outside agency. Either we are professionals trusted to understand and perform the work we do, or we are not. Mandating an annual review requirement in addition to a every 3 year requirement is not going to make someone who does not behave in a professional manner suddenly change their approach. The peer review process is already a costly, time intensive process that has the same quality goals as the proposed standards. Most of our small business clients have very little margin and I've had to provide discounted services over the past two years to accommodate changes in income flow due to the pandemic. Adding an annual engagement review process will unnecessarily increase the cost to the client and overburden staff that are already stretched thin.

I do not believe the issue with quality standards is due to lack of oversight from regulatory bodies, but rather a lack of clarity as to what the expectations are in the first place. Clearer communication that is available to members freely would assist me more in my efforts to be compliant. I find it odd that I am expected to pay a third party software company to gain access to the information I need to prepare or compile a financial statement and believe that the time and effort of regulatory bodies would be better spent in educating the professionals rather than mandating compliance.

If these quality standards go into effect, I envision the change to my firm to be the reduction in the provision of service to small business clients as the margin on accounting services is slim to begin with. At a time when the profession is struggling to meet the demand for professionals, it seems counter-intuitive to burden professionals more with additional requirements that provide limited benefit to stakeholders.

Put simply, I am personally overwhelmed and I am not making enough money to make this endeavor worth it. I spend more time reading new requirements and learning about tax changes than I do providing service to clients at this point. The amount I am able to charge clients does not equate to a livable salary for myself and my staff and adding more requirements that do not benefit my clients is not feasible. I believe implementation of this standard will reduce professional services available to small businesses due to the increased cost with minimal benefit. I also believe it will reduce the number

of small firms such as my own that provide services to clients that bigger firms do not even want to take on.

I appreciate your taking my comments into account.

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