

August 31, 2021

Ms. Sherry Hazel
AICPA

RE: Exposure Draft: Proposed Quality Management Standards

Dear Ms. Hazel,

On behalf of the Mississippi Society of Certified Public Accountants and our members, I am writing to express concerns in the Proposed Statements on Quality Management Standards Exposure Draft. While we are in agreement that quality is the foundation of accounting and auditing practices in the profession, we are very concerned that these proposed standards will significantly impact small practices which will in turn have an adverse effect on firms' livelihoods, their clients, and the future of the profession. Two areas of utmost concern are the following:

- **Self-Inspection:** Smaller firms with fewer individuals available and capable of performing the monitoring procedures may be required to engage individuals outside their firms to perform their annual inspections.
- **Cooling-Off Period for Engagement Quality Reviewers:** Smaller firms may find that they will need to look outside their firms for a qualified individual to perform a Quality Review (EQCR) of an engagement during the cooling off period.

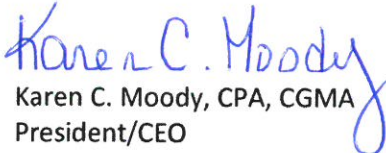
I have been inundated with responses from members who are up in arms about what they see as a continued assault on small practices. I would like to share some of those responses with you:

- *We must take a stand against the ridiculous burden placed on members by the AICPA as they continue to cater to Big 4 CPA firms. The peer review process has already gotten so out of control and caused review fees to triple. This exposure draft is just another way that the AICPA is destroying its members from within.*
- *This is absolutely unbelievable!! The AICPA wants the smaller firms out of auditing. There are so many smaller companies that are required to have audits or reviews in small towns. Our firm has had audits come to us from larger firms because of issues related to customer service. If we have to have almost a peer review every year, we cannot afford it. Our peer review costs were \$8,000, then \$12,000 and are now \$18,000. What are the smaller firms to do?!! We are responsible CPAs.*
- *As I understand it, the AICPA is essentially pushing many of us who practice in small environments to abandon our financial statement engagements. If implemented, these proposed standards will be totally burdensome and frankly, much like peer review has evolved, will accomplish very little. They are killing us with rules.*

- *I am voicing my concerns with the exposure draft as its passing will likely force me to discontinue performing assurance work. I would proudly put my work up against many larger firms who do poor work in spite of their large environments. As a sole practitioner, I fill a very special need when larger firms price their services so high that it is the client that suffers (especially nonprofits). I am sure this will weed out some of the smaller bad auditors, but please know that you are also weeding out some truly great ones. **We small practitioners are very vital to the success of this profession.***
- *I stopped compiling and reviewing financial statements years ago because of the mandated regulations and costs associated with being a CPA. As a sole practitioner, I became buried under the costs of providing financial statements to my clients. Unfortunately, I am almost reduced to being a very educated and skilled bookkeeper because of this. As a CPA of 30 years, this saddens me. I work hard to uphold the quality and professionalism of the CPA industry, but my own industry is beating me down with regulations and costs. As I attend CPE over the years, I've noticed an aging CPA workforce. This tells me that our industry is not attracting the youth. The added burdens our industry is putting on us I'm sure will make public practice that much more less attractive.*
- *The AICPA just needs to come out and say they do NOT want small firms preparing financial statements. For review engagements, I see a lot of small businesses that will not be able to afford financial statements in the coming future. And many large firms will not take on these small business clients. Then where are we?*
- *The majority of CPAs are responsible individuals who take pride in and want to perform quality work for their clients and do so. The AICPA has already changed the peer review procedures in the name of quality which have placed significant financial restraints on its members. Why do they continue to add more regulations? Sadly, the AICPA no longer represents its members and has no respect for CPAs who do not fit their mold or best interests.*

I agree that some responses are harsh, but as a small and mostly rural state, these concerns must be heard and acted upon accordingly. The future of our members, their clients, the Society, and the profession is at stake.

Sincerely,


Karen C. Moody, CPA, CGMA
President/CEO