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To: Comment Letters <CommentLetters@aicpa-cima.com>

Cc: Dave Marlett

Subject: Significant Changes Coming to all Firms with an Accounting or Auditing Practice – Peer Review Alliance Firms Asked to Comment

I have worked in public accounting since 1980 and have operated a small firm since 1987. We have undergone peer review since the inception of the firm since the first in 1991. The industry continues to shame and overregulate the small CPA firm to eliminate the small firm from auditing. It is so hard to operate in the present environment I would never recommend anyone leave a large firm to start a small firm. As small firms continue to add layers and layers of regulations from the AICPA and Illinois CPA Society which are now punitive not educational, large firms continue to operate and continue in business while making national headlines with issues related to audits and fraudulent tax schemes. While small firms worry about being forced out of business every three years from one bad peer review. Peer review for small firms has moved from educational to punitive. I have lost peer reviewers due to the latest example of over regulation the peer review of the peer reviewer. My former peer reviewer was forced to undergo a peer review of the peer reviewer during tax season. If that does not show a lack of understanding at the national and state level of small firms business, I cannot give a better example. Since then I have undergone four peer reviews and had four peer reviewers. The system is so bad peer reviewers are leaving the business and are now hard to find. There is no understanding at the national or state level the amount of stress and financial burden this “educational peer review” that is now punitive has placed on small firms. Most small firms have given up on the system review and will not complete audits and have moved down to the engagement review. My firm completes a total of six audits per year, all in our client focus of telecommunications. We do not audit any business out of our core focus. We stay in our lane of expertise. In order to continue to audit my peer review will cost a minimum of \$7,000 along with countless hours of firm time to follow the quality control burden placed on small firms now. Now to add to the existing regulations the fact the we will have to hire someone every year to perform self-inspection in the other two years, will probably put us out of the audit business. It is just not worth the cost or stress to continue in the audit business. To add this burden to small firms that have passed peer review for years or have had no regulatory issues with state or federal regulation is abhorrent to me. It just adds further to the fact that the AICPA and the Illinois CPA Society does not want small firms to operate, audit and will continue to add regulation burden after regulation burden, financial cost and internal firm costs to auditing that will eliminate the small firm from the auditing business while showing bias toward the large firms.

There were many scandals, settlements and tax frauds completed by the Big 4 and other large firms in 2019 to 2020 alone. Fines by the SEC, States, PCAOB and the IRS penalties for tax fraud. All of these firms continue to operate due to their deep pockets and national influence with the national and state accounting regulators. That information easy to find for anyone that wants to look. While the big firms continue to operate in that fashion, the AICPA and Illinois CPA Society are working to increase regulation on the already over regulated small firms, making sure the peer review process is punitive and costly in order to remove the small firms from the audit arena.

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