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

Couple of items would like to comment on for the proposed Statement on Quality Management Standards. (SQMS)

Self-Inspection: Prohibiting this would be detrimental to smaller firms, as they will not do it (causes peer review issues) or they will have to spend money to have someone else do it. This also hurts larger firms as if a firm specializes in one area and as example only has 3 staff in that area, they would not have anyone qualified internally to do the inspection. In addition from a peer reviewer (which I am one), if this passes as is, I might decide to do inspections for firms that need it, and get out of the peer review program, and it is already projected we will be short of peer reviewers in the future. Strongly against prohibiting self-inspection

Cooling off period for EQCR: I would argue that the best person to do the EQCR is the engagement partner coming off the job, as they know the job the best. I can also see if this is implemented that firms will actually configure their QM to do less EQCRs, as it is their risk the way they lay it out, and that is not good for the overall quality of the engagement. I do not see the benefit of having a cooling off period and again hurting smaller firms. Strongly against prohibiting self-inspection

Proposed Effective date of Dec 2023: Way too soon! This is a massive change and we need more time to implement properly. To do it right, Firms need to start this a couple years out at the latest. Then we need practice aids to help “guide” firms and seems there is delay getting practice aids out recently (for instance information for Yellow Book for implementing SAS 134 is not even available yet, as still waiting for the AICPA's audit guide for Governmental Auditing Standards and Single Audits to come out-and we need to get Engagement Letters out). Just pointing out that everything seems to be behind still from the pandemic, and firms are still trying to dig out of the pandemic. Plus we are still dealing with Revenue Recognition, then SAS 134-140 coming, Lease standards, new risk assessment and various other standards. We as an industry are overloaded and will take us a while to dig out. Not to mention staffing issues everyone is having. Bottom line is we need more time, and suggest pushing couple years out, Dec 2025 at earliest (for implementation in year 2026), later is even better.

Thanks for the opportunity to comment on the substantial standards change

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