

January 19, 2023

Mr. Brad Coffey
AICPA Peer Review
Via email @ PR_expdraft@aicpa.org

Re: *Proposed Peer Review Standards Update No. 1, Omnibus Enhancements and Technical Corrections*

Dear Mr. Coffey

The Peer Review Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the above referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above-mentioned proposed Peer Review Standards Update. The FICPA has more than 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of twenty-two members consisting of different size firms throughout the state. The response below reflects only the views of the Committee. The Committee has the following comments related to the questions requested for comment numbered below:

1. The proposed changes described in the summary including any suggestions for improving the understandability and applicability of the requirements or application and other explanatory material. The Committee agrees with the proposed changes as described in the summary. Many of the changes are minor and have little to no impact on the way peer reviews are currently performed. Revising such wording from “presently” to “currently,” etc. does not have a significant impact on how reviews are performed, reported on, or administered. However, the Committee believes that if such changes reflect the appropriate terminology in the AICPA’s view, we agree with the proposed changes made.

The change made to assessing control risk at PR-C Section 210.17 is a good change as control risk is assessed prior to the testing compliance of the firm’s policies and procedures. However, the Committee would like for the Board to consider adding a subsequent question in the SRM in the risk assessment area to address the following: “Did the review team consider the effect of any matters noted during the review of engagements and testing of compliance with policies and procedures to lead the review team to consider changing its initial assessment of control risk and the impact to the scope of engagements reviewed?” Control risk should be an on-going assessment.

PR-C Section 220.36 – Although we do not administer NPRC reviews, we could not think of any planning documents noted in item “c” that would be required to be submitted for engagement reviews, especially since PRIMA lists out the details of engagement issued by the responsible party. It appears that this was just copied from the system requirements and may not be applicable to engagement reviews.

The Committee likes the new requirements that there may be rare circumstances where exceptions to reviewer qualification or RAB qualifications may be approved for both system and engagement reviews. The question proposed by this Committee is whether the AICPA can only approve those exceptions? Or could the Administering Entity also approve?

RAB qualifications have an exception in PR-C Section 410.21.d where it references the rare exception in para. .A25. The Committee questions why PR-C 410.25.c for third parties does not have the same exception as RAB members. If this is considered and included para. A25 would need to cross reference back to paragraph .25 in addition to .21.

2. The Committee believes the proposed effective date of May 31, 2023, is sufficient to implement the changes in the proposed update. The changes proposed are not significant enough to impact how reviews are performed or administered to delay the effective date until a later date.

The Committee appreciates this opportunity to respond to the exposure draft. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,



Ron Weinbaum, CPA
Chair, Florida Institute of CPAs Peer Review Committee

Committee members coordinating this response:

Ileana Alvarez, CPA
Steve Bierbrunner, CPA
Froment Gonzalez, CPA
Helen Painter, CPA
Christian Parks, CPA



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

January 23, 2023

AICPA Peer Review Board
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Attn: Brad Coffey, Manager – AICPA Peer Review Program

Via e-mail: PR_expdraft@aicpa.org

Re: Exposure Draft: Proposed Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections*

Dear Members and Staff of the AICPA Peer Review Board (PRB):

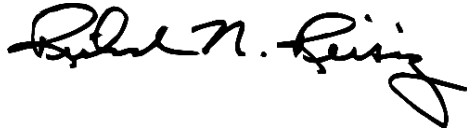
The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the Proposed Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections* (the Exposure Draft). NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. Our comments on the Exposure Draft are made in consideration of the Boards' of Accountancy charge as regulators to protect the public interest.

In furtherance of that objective, NASBA supports the PRB in this initiative. We have reviewed the Exposure Draft and have no suggestions for improving the understandability and applicability of the requirements or application and other explanatory material.


We agree with the proposed effective date of May 31, 2023, coinciding with the May Peer Review Program Manual update.

We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,

Handwritten signature of Richard N. Reising in black ink.

Richard N. Reising, CPA
NASBA Chair

Handwritten signature of Ken L. Bishop in black ink.

Ken L. Bishop
NASBA President and CEO

Jan. 30, 2023

Brian Bluhm, Chair
AICPA Peer Review Board
220 Leigh Farm Road
Durham, NC 27707-8110
PR_expdraft@aicpa.org

Re: Proposed Peer Review Standards Update No. 1, Omnibus Enhancements and Technical Corrections

Dear Mr. Bluhm:

The Peer Review Committee (the committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the proposed Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections*. The PICPA is a professional association of approximately 18,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The committee is composed of practitioners from both regional and small public accounting firms, and it oversees the administration of the AICPA's peer review program for Pennsylvania, Delaware, New York, and the U.S. Virgin Islands.

The committee's comments on the proposed enhancements and technical corrections to the clarified standards are below:

PR-C Section 100

- Paragraph .A11 – In the table presented, under the heading “Statements on Auditing Standards (SASs),” should it read as “Audit Engagements” as opposed to “Engagements” to be in line with the description of the other engagements?

PR-C Section 220

- Appendix A, Examples of Noncompliance with Applicable Professional Standards (proposed paragraph .A31) – A new matter is being added under SSARS procedures. Should the following example, discussed in the December 2022 Peer Reviewer Alert, also be incorporated into Appendix A? When the phrase, “*and for determining that the XYZ basis of accounting is an acceptable reporting framework*” is omitted from the accountant's report, it would generally result in a deficiency as it has been determined to be a critical element.

Without precise and additional examples of what constitutes as a critical element of the accountant's report, Administering Entities will likely continue to conclude differently on the same matter.

The committee also would like to share some additional comments on the current standards, which are included in this letter's attachment.

We appreciate your consideration of our comments, and we are available to discuss any of these comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Linda Gabor CPA". The signature is written in a cursive style.

Linda Gabor, Chair, PICPA Peer Review Committee

Attachment – Additional Comments

PR-C Section 210

- Pg. 95-96, Illustration 5 – We propose the Peer Reviewer’s Responsibility paragraph in the Fail system review report be updated to be consistent with all other system review reports. Currently, the illustration reads, “Our responsibility is to express an opinion on the design of and compliance with the firm’s system of quality control and the firm’s compliance therewith based on our review.” The paragraph should read, “Our responsibility is to express an opinion on the design of and compliance with the firm’s system of quality control based on our review.”
- Pg. 234-236, Exhibits A, B, C, and D – The tables of allowable corrective action and implementation plans do not include having the firm acknowledge that it does not perform a specific type of engagement. This action is discussed within the standards, but it is not specifically listed in any table. We propose the list of allowable action items in each exhibit mirror what is programmed in PRIMA. Technical reviewers will use these exhibits as guidance when deciding what actions to recommend to the RABs, therefore having complete lists of all allowable actions would be beneficial.

PR-C Section 310

- Pg. 153-154, Exhibit A (.A26) – We propose the illustrative representation letter for a system review include sample wording in the third paragraph, either in parentheses or a footnote, pertaining to possible disclosures of instances of noncompliance. If sample wording is not incorporated into the exhibit, consider including the wording in paragraph 310.16 or 310.17. We continually run into situations where firms and reviewers believe that stating “We have disclosed to all known situations” alone meets the requirements of the standards. A lack of samples is leading reviewers and firms to think they do not need to include any detail about the restriction and/or instance of noncompliance. Despite the reference to paragraphs .16 and .17, reviewers are not reading the standards.

PR-C Section 320

- Pg. 172-173, Exhibit A (.A19) – We propose the illustrative representation letter for an engagement review include sample wording in the third paragraph, either in parentheses or a footnote, pertaining to possible disclosures of instances of noncompliance. If sample wording is not incorporated into the exhibit, consider including the wording in paragraph 320.16 or 320.17. We continually run into situations where firms and reviewers believe that stating “We have disclosed to all known situations” alone meets the requirements of the standards. A lack of samples is leading reviewers and firms to think they do not need to include any detail about the restriction and/or instance of noncompliance. Despite the reference to paragraphs .16 and .17, reviewers are not reading the standards.



Administering peer reviews for the following:

Illinois CPA Society | Indiana CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

January 30, 2023

Brad Coffey
AICPA Peer Review Board
PR_expdraft@aicpa.org

RE: Proposed Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections*

Dear Board Members:

The Peer Review Alliance (PRA) is an approved peer review administrator of the AICPA Peer Review Program and one of the largest administrators in the United States. PRA currently manages the peer review program on behalf of seven states (Illinois, Indiana, Iowa, Kentucky, South Carolina, West Virginia and Wisconsin). With over 2,100 CPA firms under its administration, PRA assists firms ranging in size from sole practitioner to over 300 professionals in meeting their peer review needs.

The PRA Report Acceptance Committee (“Committee” or “we”) is pleased to comment on the Proposed Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections*.

The organizational and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These comments and recommendations represent the position of the Committee rather than any individual members of the Committee, the organizations with which such members are associated, or the partner state CPA societies.

PR-C Section 220, General Principles and Responsibilities for Reviewers – Engagement Reviews

We agree with the proposed revisions to Appendix A in an Engagement Review setting where nonconformity equates to a deficiency. However, because the added paragraph .A32 in PR-C Section 210 also refers Team Captains to this Appendix when performing a System Review, we suggest that different headings be considered (i.e., ones that refer to conformity vs. nonconformity rather than a finding vs. a deficiency) since nonconformity on a System Review does not always result in a deficiency. Alternatively, we suggest an explanatory note to clarify this difference for Team Captains.

Appendix A — Examples of Noncompliance With Applicable Professional Standards

~~.A3129~~ The following is a list of examples of noncompliance with applicable professional standards. This is not an all-inclusive list, and the reviewer should decide if the noncompliance is a matter, finding, or deficiency as described in paragraphs .2120–.2524 and by using the following guidance. (Ref: par. .2120–.2524 and .A97)

List of Matters ~~and Findings~~ That Generally Would ~~Not~~ Result in a ~~Deficiency-Finding~~

[The content beneath the preceding heading is unchanged.]

List of Matters ~~and Findings~~ That Generally Would Result in a Deficiency

[All other content beneath the preceding heading is unchanged.]

PR-C Section 300, General Principles and Responsibilities of Reviewed Firms

Paragraph .A23 of the proposed standards update states that, “A firm may resign from the program when it no longer performs engagements that require the firm to be enrolled in the program.” Paragraph .20 adds that, “Before resigning, a firm should determine if it is in compliance with requirements of its state board of accountancy for enrollment in the program.” However, we believe that individual AICPA membership requirements should also be considered when determining whether a firm may resign from the peer review program.

AICPA Bylaws Section 230 – *Requirements for Retention of Membership* states that, “Members of the Institute shall...Engage in the practice of public accounting with a firm that is enrolled in an Institute-approved practice-monitoring program if the services performed by such a firm are within the scope of the AICPA’s practice-monitoring standards and the firm issues reports purporting to be in accordance with AICPA professional standards or, if authorized by Council, themselves enroll in such a program” (BL Section 2.3.4).

Now let’s consider two identical firms – one that performed engagements during its “normal peer review year” (i.e., “the same peer review year-end for subsequent reviews” [PR-C Section 100.A43]) and one that did not. Firm A’s most recently accepted peer review had a year-end of 12/31/2019 and is due to have its next peer review with a year-end of 12/31/2022 and a due date of 6/30/2023. The review has not commenced; however, the firm performed services within the scope of the AICPA’s practice-monitoring standards and issued reports purporting to be in accordance with AICPA professional standards for client period-ends falling within the peer review year of 12/31/2022 and wishes to resign from the program to avoid peer review.

Firm B’s most recently accepted peer review had the same year-end of 12/31/2019 and is due to have its next peer review with a year-end of 12/31/2022 and a due date of 6/30/2023. However, Firm B planned ahead and did not perform any services within the scope of the AICPA’s practice-monitoring standards or issue any reports purporting to be in accordance with AICPA professional standards for client period-ends falling within the peer review year of 12/31/2022.

Setting aside state board rules for the moment, we have always been directed that if a firm performed engagements during its “normal peer review year”, the firm needed to complete one final peer review before it was able to resign from the peer review program because PRIMA asks the firm to change its response for all accounting and auditing engagements from “Performed” to “Do Not Perform” and to provide the level of service, period-end and report date of its last engagement. A “Do Not Perform” response would not be appropriate if the firm completed engagements during its normal peer review year.

We therefore suggest that the Board consider revising paragraphs .20 and .A23 to clarify that an enrolled firm may not resign from the AICPA Peer Review Program if the firm has performed engagements during its normal peer review year.

PR-C Section 420, Corrective Actions and Implementation Plans

We agree with the proposed revision in the table for Exhibit C for the allowable implementation plans for repeat findings without nonconforming engagements (paragraph .A16).

We also agree in theory with the proposed revision in paragraph .06 in Appendix A – Guidance for Outside Parties Engaged to Assist Firms in Completing Corrective Actions and Implementation Plans. However, we are concerned that this may lead to unnecessary delays in acceptance of corrective action or implementation plans if outside party reports are returned to the firm or reviewer if such information is initially or inadvertently omitted.

Proposed Effective Date

We agree with the proposed effective date of May 31, 2023 to coincide with the May Peer Review Program Manual (PRPM) update.

The Committee appreciates the opportunity to express its opinion on these matters and would be pleased to discuss our comments in greater detail if requested.

Randall L. Miller, CPA

Chair, Peer Review Alliance Report Acceptance Committee

Kim Meyer, CPA

Vice Chair, Peer Review Alliance Report Acceptance Committee

APPENDIX A

PEER REVIEW ALLIANCE REPORT ACCEPTANCE COMMITTEE ORGANIZATION AND OPERATING PROCEDURES

2022 – 2023

The Peer Review Alliance Report Acceptance Committee (“Committee”) is composed of the following technically qualified, experienced members. These members have peer review experience and Committee service ranging from newly appointed to over 25 years. The Committee is an appointed senior technical committee of the Illinois CPA Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of peer review and quality control standards. The Committee’s comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of peer review or quality control standards. The Subcommittee develops a proposed response that is considered, discussed, and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

National:

| | |
|------------------------|---------------------------|
| Sarah Beckman, CPA | UHY LLP |
| Cary Drazner, CPA | Marcum LLP |
| Jennifer Goettler, CPA | Sikich LLP |
| John Guido, CPA | Baker Tilly US, LLP |
| James Javorcic, CPA | Mayer Hoffman McCann P.C. |
| Steven Kessler, CPA | Wipfli LLP |

Local:

| | |
|------------------------|------------------------------------|
| Richard Atterbury, CPA | Martens and Company, CPA, LLP |
| Joseph Beck, CPA | Jones, Pounder & Associates, P.C. |
| Matthew Brown, CPA | Brown CPA LLC |
| Lori Dearfield, CPA | Kelley Galloway Smith Goolsby, PSC |
| Steven Dearien, CPA | Dearien & Company AC |
| Jonathon Eade, CPA | Jones, Nale & Mattingly, PLC |
| Hugh Elliott, CPA | Dugan & Lopatka CPAs, P.C. |
| Myron Fisher, CPA | Baldwin CPAs, PLLC |
| Mary Fleece, CPA | Tetrick & Bartlett, PLLC |
| Janice Forgue, CPA | ECS Financial Services, Inc. |
| Joseph Galarowicz, CPA | KerberRose S.C. |
| Robert Giblichman, CPA | Warady & Davis LLP |
| Steven Grohne, CPA | MCK CPAs & Advisors |
| Arthur Gunn, CPA | Arthur S. Gunn, Ltd. |
| David Hicks, CPA | Hicks & Associates CPAs, PLLC |
| Paul Inerra, CPA | ATA Group, LLP |
| Rob Jordan, CPA | Hill & Jordan CPA’s, LLC |
| Christina Kelly, CPA | The Hobbs Group |
| Karen Kerber, CPA | KerberRose SC |
| Mark Klesman, CPA | Klesman & Company, P.C. |
| Rebecca Lee, CPA | McCreless & Associates, P.C. |
| Jerome McDade, CPA | Briscoe, Burke & Grigsby LLP |

Kim Meyer, CPA
Randall Miller, CPA
Kevin Modrich, CPA
Liza Newbanks, CPA
Brian Powers, CPA
Amie Pranaitis, CPA
Gilda Priebe, CPA
Stella Santos, CPA
Terrence Schmoyer, CPA
Neil Schraeder, CPA
William Sherry, CPA
Gregory Wasiak, CPA
Russell Wilson, CPA
Tobey Wilson, CPA
Anthony Workman, CPA

Staff Liaison:

Paul Pierson, CPA

Meyer & Associates CPA, LLC
Hawkins Ash CPAs, LLP
DeMarco Sciacotta Wilkens & Dunleavy LLP
Deming, Malone, Livesay & Ostroff, P.S.C.
Honkamp Krueger & Co., P.C.
Hughes, Cameron & Company, LLC
Adelfia LLC
Adelfia LLC
Schmoyer and Company, LLC
Hacker, Nelson & Co., P.C.
Engelson & Associates, Ltd.
Dauby O'Connor & Zaleski, LLC
Porte Brown LLC
ECS Financial Services, Inc.
Kelley Galloway Smith Goolsby, PSC

Illinois CPA Society

January 30, 2023

Brad Coffey, CPA
Technical Manager-Peer Review
AICPA Peer Review Program
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220 Leigh Farm Road
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PR_expdraft@aicpa.org

Re: Exposure Draft

Dear Mr. Coffey,

The views expressed herein are written on behalf of the Peer Review Committee (PRC) of the Texas Society of Certified Public Accountants (TXCPA). The PRC has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below to the above-referenced exposure draft.

Overall, the PRC is supportive of the Board's proposal to update existing Statements on Standards for Performing and Reporting on Peer Reviews.

We appreciate the opportunity to provide feedback into the standards-setting process.

Sincerely,



Timothy S. Pike, CPA
Chair, Peer Review Committee
Texas Society of Certified Public Accountants

Brad Coffey

From: Paul Pierson <PiersonP@icpas.org>
Sent: Wednesday, February 1, 2023 5:30 PM
To: PR_expdraft
Subject: Proposed Peer Review Standards Update No. 1, Omnibus Enhancements and Technical Corrections

Brad,

I understand that the Clarity project was a significant undertaking and one in which the AICPA Peer Review Board and Standards Task Force did not wish to introduce new standards; but simply make the existing standards, interpretations and guidance easier to use and understand.

To that end, I believe that certain guidance from the superseded Report Acceptance Body Handbook (PRP Sec. 3300, Chapter 2, Section II) (reproduced below) was helpful to users in better understanding the roles and responsibilities of the Technical Reviewer and suggest that it be added to the Application and Other Materials section of PR-C Section 400 as a reference from paragraph .47.

- A. The role of the technical reviewer is to assist the RAB in its report acceptance functions by performing the following functions (not all inclusive):
- Anticipating the committee's or RAB's questions
 - Providing the possible answers to these questions or related recommendations along with all pertinent review documents
 - Advising the committee or RAB of significant matters that may not be apparent from the review documents
 - Dealing with evident problems before the review is sent to the committee or a RAB
 - Recommending corrective actions related to a deficiency or deficiencies in the peer review report or implementation plans related to findings on FFC forms, where appropriate
 - Consulting with administering entity staff, peer reviewers, and reviewed firms on matters relative to the review or its results
 - Providing reviewer performance feedback recommendations to the committee or RAB on reviewer performance issues
 - Performance of oversights when requested by the committee or RAB
- B. N/A – *The essence of this paragraph is included in the clarified Standards at PR-C Sec. 400.54.*
- C. The technical reviewer looks at the materials in more depth than the RAB. However, the technical reviewer is not performing the type of review that would be performed by an audit partner or a pre-issuance reviewer.

Please let me know if you or any of the Board or Task Force members wish to discuss this matter further.

Best regards,

Paul Pierson, CPA

Senior Director, Peer Review & Professional Standards

Peer Review Alliance | Illinois CPA Society

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