

We need your input!

Please take a few moments while you're here in San Antonio to respond to the following questions in regard to the QCM/CPE exposure draft issued on June 1, 2010 by the AICPA Peer Review Board. The draft was included on the conference materials webpage and may also be printed directly from the print station next to the registration desk.

As you may know, the proposed revisions focus on three main areas:

1. Addressing independence and objectivity concerns by revising and clarifying the guidance for those involved in the development and maintenance of QCM or CPE programs.
2. Removing the provision requiring providers to undergo a triennial peer review of the system to develop and maintain QCM or CPE programs, and the resultant materials.
3. Creating a more effective and efficient process for performing CPE program peer reviews.

The Board asks for responses to these questions:

1. Do you believe that the peer review relationship currently permitted by paragraph 159 is appropriate (e.g. if Firm A develops and markets QCM or CPE programs that has been independently peer reviewed and Firm B uses those materials or programs, is it appropriate for Firm A to perform the peer review of Firm B)?

I BELIEVE I WOULD TEND TO THINK THAT IF IT'S AN INTEGRAL PART OF FIRM B'S SYSTEM, THAT IT MAY AFFECT THEIR (FIRM A) OBJECTIVITY IN THE PEER REVIEW - I THINK I WOULD AGREE THAT SOME FURTHER GUIDANCE WOULD BE HELPFUL (SO, I'M NOT CONVINCED).

2. Are there any independence concerns that arise as a result of the peer review relationship currently permitted by paragraph 159? Circle: Yes No

a) If no, please explain why you do not have any independence concerns.

b) If yes, please list your concerns and discuss whether you believe they represent an impairment of independence in fact, appearance, or both.

IF ALL OR A MAJORITY OF WHAT IS BEING EVALUATED BY FIRM A IS FIRM A'S MATERIALS, IT MAY CREATE A SITUATION WHERE CERTAIN RISKS OR CONCERNS IMPACTING THE PEER REVIEW MAY BE OVERLOOKED (I.E., "THEY USED OUR STUFF RIGHT, SO THINGS MUST BE IN ORDER").

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c) If yes, do the proposed revisions appropriately address your independence concerns?

I THINK IT'S GOOD, BUT THERE MAY NEED TO BE A CLARIFICATION ON HOW THE MAGNITUDE OF THE RELATIONSHIP WOULD IMPACT THE "PROHIBITION" - BOTH IN HOW MUCH THE MATERIALS ARE USED AND HOW FAR REACHING THE ASSOCIATION "UMBRELLA" WOULD REACH.

3. Do you believe that the proposed revisions are necessary to serve the main goal of the AICPA Peer Review Program (promoting quality in the accounting and auditing services provided by AICPA members and their CPA firms in order to serve the public interest and enhance the significance of AICPA membership)?

I BELIEVE THEY ARE A GOOD COMPONENT OF ACHIEVING THAT GOAL - FOR A PEER REVIEW TO BE WORTH ANYTHING, ANY POSSIBLE SITUATION WHERE ITS WORTH IS DIMINISHED OR ELIMINATED SHOULD BE APPROPRIATELY DEALT WITH.

4. Is it more appropriate to have safeguards instead of prohibition? For example, using the scenario in question #1 between Firms A and B, would independence concerns be mitigated if the peer reviewers from Firm A were not involved in any way in the development or maintenance of the QCM or CPE programs? Or if there were periodic oversight of reviews performed by Firm A when the reviewed firm uses Firm A's materials or programs? Please provide your suggestions as to any appropriate safeguards you believe mitigate independence concerns.

I BELIEVE SAFEGUARDS WOULD ALSO WORK - WHICH WOULD INVOLVE CLEARLY DEFINING THOSE RELATIONSHIPS THAT ARE OKAY. IT WOULD BE GOOD TO AVOID "GUILTY BY ASSOCIATION" SITUATIONS (PEER REVIEWER IN AN ASSOCIATION, BUT NOT INVOLVED, WOULD BE "DISQUALIFIED"). OVERSIGHTS WOULD WORK TOO.

5. If the proposed revisions are implemented, do you believe there will be a negative impact on your firm's ability to obtain QCM or CPE programs and/or ability to find qualified peer reviewers?

I BELIEVE IT COULD HAVE MOST OF AN IMPACT ON ASSOCIATION FIRMS, PARTICULARLY LARGER ONES. MANY OF THOSE FIRMS, I IMAGINE, ARE USING THE ASSOCIATION AS A RESOURCE, BUT MAY NOT BE INTENTIONALLY INVOLVED OR POSSIBLY EVEN USE (JUST A THOUGHT) ALL OF THE RESOURCES PROVIDED BY THAT ASSOCIATION. IT WOULD ALSO LIKELY INCREASE THE OVERSIGHT NEEDED TO ENSURE ANY POSSIBLE RELATIONSHIPS AREN'T MISSED. YET, IN SOME CASES IT MAY NOT IMPACT AT ALL, SO IT WOULD BE SOMETHING THAT COULD BE FIGURED OUT AND APPROPRIATELY IMPLEMENTED.

If you have any questions, please ask an AICPA staff member or an AICPA Peer Review Board member.