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AICPA Peer Review Board  
American Institute of Certified Public Accountants  
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Dear Board Members

I am writing to provide my comments on the exposure draft of proposed revisions entitled *Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs*. I am a former member of the CPCAF (formerly SECPS) peer review committee and a long-time practitioner and peer reviewer. I have also been a co-author for Practitioners Publishing Company (PPC) for over 10 years. I am currently retired from public accounting, my CPA license is inactive, and I am ineligible to perform peer reviews, so these revisions have no direct effect on me. However, I wanted to respond as a service to the profession I spent my career in.

I am particularly concerned about the provisions of the proposal that would prevent practitioners from performing peer reviews if they also do any work for providers of QCM that the reviewed firm uses. Had these requirements been in place when I was doing peer reviews, I would have been just about precluded from doing reviews.

In the dozens and dozens of reviews I performed, I don't think I ever performed a review of a firm that did not use PPC practice aids. Further, since I was so familiar with PPC, primarily as a user but also as a co-author, I believe that I was able to do a much better job as a peer reviewer than if I had reviewed a firm that used other QCM. Further, I do not believe that my integrity and objectivity were in anyway compromised by my co-authorship. I do not believe that I was ever more than a de minimus part of any reviewed firm's system of quality control

I believe that the standards should be more flexible and should allow for different situations. As a co-author for PPC, I was one of a large number of people, from different backgrounds, who worked on the manuals. My input was, and continues to be, just one of many sources for the documents. Further, my compensation was clearly immaterial to my overall compensation and was not tied in any way to the revenue derived by PPC from sales of the manuals. Until my retirement at the end of 2007, my major motivations for contributing to the manuals were to have some influence over the QCM that we used in our practice and to improve practice, overall.

I would contrast this with a situation where the QCM are developed by a very small group who are economically dependent on the success or failure of the materials. I believe that the fact patterns between the normal PPC authorship arrangements and this situation are starkly different and the results in terms of effects on the ability to perform a peer review should be different.

I have always believed that my co-authorship combined with my peer review experience offered unique benefits to both PPC and the peer review process. As a peer reviewer, I had an understanding of the PPC documents and how they are designed to improve the efficiency and effectiveness of audits. Thus, I was in a much better position to evaluate the performance of the reviewed firms. Also, I was able to provide PPC with feedback from the field to help design better practice aids that worked more efficiently and effectively in the field for the benefit of the profession.


I am also wondering about what the effects of this standard would have been on other professional contributions that many of us make to the profession through our service on various committees and task forces. I think of just a few from my own background:

- I chaired a task force that rewrote the forms used for peer review. Presumably, I would not be independent for reviews?
- I was on the Auditing Standards Board. SASs are the back bone of a QC system. (Not to mention that the SQCSs are issued by ASB.) Effects on independence for peer review?
- What about those who work on other guidance such as Audit Guides, SOPs, Practice Alerts, etc.?
- What about anyone associated with the AICPA Audit and Accounting Manual?

In other words, wouldn't any service on any group that develops guidance for the profession compromise independence under the tenets of this proposal? If not, how are these services different from providing minimal assistance in designing QCM as I do for PPC? If it's the fact of compensation, then I suggest some application of the concept of materiality for both the payor of the compensation and the recipient.

I respectfully suggest that this part of the ED be taken back to the drawing boards. Using the "safeguards" approach discussed in Question 4 to the Guide for Respondents, I would try to differentiate likely impairment situations from those where the probability of impairment is remote. I think review of the QCM by an independent third party, combined with a focus on the economics of the arrangements and materiality would provide adequate safeguards.

Sincerely



Edward F. Rockman, CPA (Inactive)