

Peer Review Program

American Institute of Certified Public Accountants

Administered by the

Arkansas Society of CPAs*Marsha Moffitt**Peer Review Manager*

July 27, 2012

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Dear Ms. Drummond:

On behalf of the Peer Review Committee of the Arkansas Society of Certified Public Accountants, I would like to express our Committee's approval and support of your recent Exposure Draft. Our consensus opinion is that the ***Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews – Scope of System Review and Must Select Engagements*** is an important step in insuring the quality and integrity of our peer review system. We thank you for your efforts in this matter.

Sincerely,



Ronald E. Meyers, Chairman
ASCPA Peer Review Committee

August 11, 2012

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: The Peer Review Board's Exposure Draft "Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews – *Scope of System Review and Must Select Engagements*"

This response to the referenced exposure draft (ED) is the response of the undersigned parties: the Chair, the Vice Chair, and the Technical Reviewers for the Oregon Society of CPAs (OSCPA), which administers the AICPA Peer Review Program in Oregon and Guam. It is not intended to represent the view of the OSCPAs peer review committee or any of the other members of the committee.

Our response to the ED is in two parts, the first part outlining our concerns and areas of disagreement, and the second part proposing an alternative approach that may achieve the goals contemplated by the ED without the potential for disruptive effects that may result if the changes to the Standards proposed by the ED are implemented.

PART 1:

Although we agree with the Board's conclusion that firms performing examinations under the Statements on Standards for Attestation Engagements (SSAE) should be subject to a system peer review, we disagree with the Board's decision to make SOC 1 and 2 "must select" engagements.

The 2009 revision to the *AICPA Standards for Performing and Reporting on Peer Review (Standards)* made *Standards* principles based rather than rules based. The concept of "must select" is a rules based idea and although we agree with the current categories of "must select" we do not believe the public interest with respect to SOC 1 and 2 engagements rises to a level sufficiently high to warrant their classification as "must select."

Also, we believe that bringing SOC 1 and 2 engagements into the "must select" category, and the other changes outlined in the ED, will have an unfortunate and disproportionate impact on other areas of peer review. We would like to emphasize two areas in particular, as follow:

- The requirement to include individuals with service organization experience on a Report Acceptance Body (RAB) considering the system review of a firm with SOC 1 or 2 engagements will be a challenge for smaller states. At present there is only one peer reviewer with SOC1 on his resume in the entire Northwest region (Oregon, Washington, Idaho). Note that there will be many more firms performing SOC engagements than perform large banking or carrying broker dealer engagements, making it difficult for smaller administering entities to form a RAB that is qualified to consider a peer review that includes SOC1 or 2 engagements.
- With the addition of another "must select" to the existing four there will be less and less emphasis by team captains on the remainder of the firm's practice, with fewer and fewer engagements selected from the main part of a firm's practice, which we believe is contrary to the public interest.

PART 2:

When approving a peer review team to conduct a system peer review, the Administering Entity (AE) takes under consideration the team members' resumes, which disclose the industries and levels of service in which the team members have current or recent experience.

According to Interpretation 31d-1, the AE has the authority to determine whether a review team's experience is sufficient to perform a particular peer review. When a firm under review has "must select" engagements, or when a firm has "must cover" industries exceeding 10 percent of its practice, an AE approves a review team only when the relevant industry or service codes appear on the team member resumes.

However, once the team is approved, the team captain has a great deal of discretion in deciding which engagements to include in the sample and in allocating engagement review responsibilities among the team members.

Although "must select" engagements have to be included in the peer review, a "must cover" engagement need not be selected, even when a "must cover" industry code represents more than 10 percent of the firm's audit practice.

The team captain may or may not assign the team member with relevant industry experience to the "must select" or "must cover" engagement. In our opinion, *Standards*

should require the involvement of a team member with relevant industry experience on the "must selects" but *Standards* are silent on this.

According to Interpretation 59-1, the RAB has ultimate authority in evaluating the adequacy of the engagement selection and coverage, but the RAB does not approve the engagement selection in advance of the peer review, so that the team captain's professional judgment generally controls.

What is extraordinary about this ED may be not so much that it creates another "must select" category but rather that it introduces a requirement that the team member reviewing the SOC engagement have current or recent experience. More specifically, the team member reviewing SOC 1 engagements needs to have SOC 1 experience, while the team member reviewing SOC 2 engagements needs to have SOC 2 experience. Also allowed, particularly on SOC 2 engagements, will be a team captain working in conjunction with an IT specialist. Because these are often IT driven engagements, team captains may use a specialist to help them with the review of these engagements instead of a regular team member. A team captain could be responsible for reviewing the assurance portions of the SOC engagement while a non-CPA IT specialist that meets specific criteria would review the remainder of the engagement. These required qualifications for the team members put SOC 1 and 2 engagements in a special category, higher in the hierarchy than the other four "must selects," suggesting the public interest is greater for these engagements than for any other type of engagement, greater than for ERISA engagements, greater than for A-133 Single Audits.

We do not believe the public interest is higher for SOC engagements than for any other type of engagement.

We recommend that rather than making SOC 1 and 2 engagements "must select" they be assigned to the "must cover" category, under the following conditions:

- When SOC 1 and 2 engagements exceed 10 percent of the firm's practice, the team captain will be required to ask the AE for permission to exclude SOC from the engagement selection. This request, much like the request to perform an off-site system review, will be submitted before the peer review commences. When SOC engagements are less than 10 percent of the practice, the selection of a SOC engagement will be based on the team captain's risk assessment.
- If a SOC 1 or 2 is included in the engagement selection, the team member reviewing that engagement will be required to have current or recent experience in SOC 1 or 2.
- With the above two changes, we believe that there would be adequate safeguards in place for SOC engagements, and recommend the requirement for the RAB to include a member with service organization experience be removed.

In summary, we recommend making SOC 1 and 2 a special type of "must cover" instead of a special kind of "must select."

Thank you for considering my comments on this important issue.

Sincerely yours,

Harry Bose, CPA, Oregon Technical Reviewer

Rob Wall, CPA, Oregon Technical Reviewer

Rick Dillard, CPA, Oregon Peer Review Committee Chair

Rick Proulx, CPA, Oregon Peer Review Committee Vice Chair

Drummond, Rachelle

From: Larry Bowman <cpabandb@yahoo.com>
Sent: Thursday, June 21, 2012 3:11 PM
To: PR_expdraft
Subject: Peer review draft

This is totally not needed. You are going to make everything a system review which will put all small firms out of business!

Larry Bowman

Drummond, Rachelle

From: George <george@ghcourson.com>
Sent: Wednesday, June 13, 2012 2:44 PM
To: PR_expdraft
Subject: Peer Review Alert 12-02

COMMENTS REGARDING: PROPOSED CHANGES TO THE AICPA STANDARDS FOR PERFORMING AND REPORTING ON PEER REVIEWS

Identifying which Statements on Standards for Attestation Engagements (SSAEs) cause a System Review or an Engagement Review in the exposure draft is confusing. Please consider changing the reference in paragraph .07 (overview) to more clearly reflect the reference to the interpretations such as assigning an appendix reference to the chart, or simply add by name the SSAEs that will now cause a System Review to paragraph 07.

The email I received that included Peer Review Alert 12-02 stated “**Add all** examinations performed under Statements on Standards for Attestation Engagements (SSAEs)...” which made me to believe that all SSAEs were to be included. So I decided to examine the exposure draft to see if this was true. Exposure draft paragraph 07 doesn’t use the word “all” but could lead the reader to believe it included all engagements under SSAEs. It isn’t until you go to the section “(see interpretation)” that this is not the case. However, the issue is further confused in the exposure draft under Scope of System Review, second paragraph (page 4) “The Board is proposing to revise the scope of System Reviews to include **all** examinations performed under SSAEs.” and “Accordingly, **all** examinations under SSAEs should be included in the scope of a System Review.”, but then goes on to say “Although the SSAEs provide for review, agreed-upon procedures, and compilation engagements, the Board **does not believe that performing these engagements should require a firm to have a System Review** because in these engagements, the practitioner provides either limited assurance (reviews) or no assurance (agreed-upon procedures and compilations).”

In conclusion, I would prefer that the specific SSAEs that would cause a System Review be added by name to paragraph 07 (overview), or at least a specific reference to the chart of engagements with a name or number assigned to the chart.

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**United States Government Accountability Office
Washington, DC 20548**

July 16, 2012

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Subject: The Peer Review Board's Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews - *Scope of System Review and Must Select Engagements*

This letter provides the U.S. Government Accountability Office's (GAO) comments on the AICPA Peer Review Board's (PRB) proposed changes to the standards that would add all examinations performed under the Statements on Standards for Attestation Engagements (SSAE) to the scope of a System Review, and add Service Organization Control (SOC) 1 and 2 engagements to the types of engagements that must be selected in a System Review.

GAO's view

GAO supports the PRB's proposed changes to the standards. We agree with the PRB that the risk of noncompliance by practitioners is the same for examinations performed under the SSAEs and audits performed under the Statements on Auditing Standards (SASs). Specifically, as noted by the PRB, consistent with audits, all examinations under the SSAEs require the practitioner to perform procedures to reduce attestation risk to a level that is appropriately low for a high level of assurance. Therefore, including these engagements into the scope of engagements that can be selected for a Systems Review will help promote quality in the accounting and auditing services that are provided by firms and individuals.

Similarly, we support the proposed change to include SOC 1 and SOC 2 engagements into the list of "must select" engagements. Auditors of entities that

use service organizations depend upon the service auditors' reports resulting from SOC 1 engagements, which assist them in determining the nature, timing, and extent of their planned audit procedures. SOC 2 reports are intended to meet the needs of a broad range of users, including management of the user entities, to make operational decisions. Accordingly, we agree with the PRB that it is important to promote and ensure the integrity of services related to SOC reporting to assist auditors of entities that use service organizations, in addition to other stakeholders who depend upon this information for decision making.

We thank you for considering our comments on this important issue. We believe your approach will enhance the quality of accounting and auditing services and ensure the integrity of audit services related to SOC reporting.

Sincerely yours,



James R. Dalkin
Director
Financial Management and Assurance



August 20, 2012

Ms. Rachelle Drummond
Technical Manager, AICPA Peer Review Program
AICPA
220 Leigh Farm Road
Durham, NC 277707-8110

Subject: Exposure Draft – Proposed changes to the AICPA standards for performing and reporting on peer reviews, scope of system review and must select engagements

Dear Ms. Drummond:

These comments are submitted on behalf of the Peer Review Committee of the Indiana CPA Society (the Committee). These comments have no official status and do not represent the approval or disapproval of the exposure draft by the Indiana CPA Society or its Board of Directors.

The Committee agrees with the AICPA Peer Review Board's (Board's) proposal to revise the scope of System Reviews to include all examinations performed under SSAEs. The Committee further agrees that the review, agreed-upon procedures and compilation engagements performed under the SSAEs should not alone require a firm to have a System Review.

However, the Committee does not agree with the Board's proposal to add SOC 1 and SOC 2 engagements to the list of must select engagements. Rather, the Committee recommends that SOC 1 and SOC 2 engagements be included in the list of must cover engagements. The rationale for this recommendation is as follows:

- Increasing the scope of must selects to include SOC 1 and SOC 2 engagements will likely add cost to the reviewed firm with minimal benefit compared to the must cover approach.
- Protecting the general public interest is also considered by the must cover approach.
- Unlike the exposure to the public interest from governmental, employee benefit plan, depository institutions and carrying broker-dealer audits, organizations who obtain services from businesses covered by SOC 1 and SOC 2 examinations often have mitigating controls in place within their own operations. Hence, the exposure would appear to be less.
- From a practical viewpoint, making SOC 1 and SOC 2 engagements must selects may extend scope to an insignificant part of a firm's practice or may cause the reviewer to pick those engagements when another selection may have been more relevant to evaluate the firm's practice.
- The must cover approach combined with a risk assessment of examinations performed under SSAEs will enable the reviewer to select the most appropriate engagements to assess the firm's capabilities.
- While a must cover may require a team captain or team member to have relevant, recent experience to participate in the risk assessment, the alternative of making a SOC 1 or SOC 2 engagement a must select will require the addition of specialized resources to support the peer review process and may have the consequence of reducing the number of peer reviewers available to do reviews of firms with SSAE examinations. It would also have implications for the Peer Review Committees of each of the administering entities.

Incorporating SOC 1 and SOC 2 examinations in the must cover category would require revisions to Peer Review Standards Interpretations (PRM 2000) 59-1 and 59-2.

In summary, the Committee thinks the must cover approach for SOC 1 and SOC 2 examinations achieves substantially the same desired end objective in a more pragmatic, effective manner than would a must select approach. Again, as noted above the Committee supports the expansion of the System Review scope to include examinations under SSAEs.

If you have questions or need further clarifications of our comments, please contact Nichole Favors, Peer Review Manager for the Indiana CPA Society Administering Entity.

Respectively submitted,



Charles J. Christner, CPA
Chair, Peer Review Committee
Indiana CPA Society

Drummond, Rachelle

From: Roger Johnson <rdjcpa@insightbb.com>
Sent: Thursday, August 09, 2012 5:06 PM
To: Drummond, Rachelle
Cc: PR_expdraft
Subject: response to June 2, 23012 Exposure Draft

Re: Response to Exposure Draft "Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews; Scope of System Review and Must Select Engagements"

To the Members, AICPA Peer Review Board:

This response to the referenced exposure draft (ED) is the personal response of the undersigned, a technical reviewer for the professional associations administering the AICPA Peer Review Program in Kentucky, Tennessee and West Virginia. It is not intended to represent the view of the peer review committees of these administering entities or any of their members.

I agree with the conclusion stated on page 36 of the ED: "The Board believes that addressing SOC 3 engagements in the peer reviewer's risk assessment is adequate." I disagree with the conclusion stated in the previous sentence: "The Board . . . has determined that having both SOC 1 and SOC 2 engagements as must selects will assist the Board to accomplish its goal of improving the quality of services provided by AICPA members and protect the interests of the general public." That is, I believe addressing all SOC engagements in the peer reviewer's risk assessment is adequate. I understand the aforementioned goal very well and have demonstrated my support for its achievement; and I assure you I have repeated this to scores of practitioners over the years.

I concur with the Board's conclusion that examinations performed under the *Statements on Standards for Attestation Engagements* (SSAE) should require firms to have a system peer review. With a passion that cannot be expressed in writing, I do not believe, however, that SOC engagements should be "must select" engagements. I respect the views of the Information Technology Executive Committee (ITEC) Service Organization Control Reporting Task Force (page 5 of the "Explanatory Memorandum"); and it's always important for the Board to consider information provided by others with insight into the program or a vested interest in its purpose. Nonetheless, the Board cannot be expected to revise standards based on recommendations or expectations from any and all sources. While it's true that SOC reports affect many user entities, the same is true for auditors' and accountants' reports on financial statements of many types of industries or entities not currently captured in the "must select" requirements. *Standards* already include must select requirements for four types of engagements. One or more of all but the most recently added type (audits of carrying broker-dealers) are applicable to many system peer reviews. SOC engagements, like audits of carrying broker-dealers, are performed by a small number of firms, most of which have a substantial accounting and auditing practice as defined by *Standards*. Ordinarily, if not in every instance, the performance of a system review of these firms would necessarily include a robust risk assessment and thorough documentation of all relevant facts in the assessment of inherent risk. A properly formulated and suitably documented risk assessment that does not address SOC engagements (for firms performing such) is already unacceptable (Interpretation 52-1 and other guidance), whether the firm undergoing a system review performs one, a few or many SOC engagements. Additionally, a properly formulated risk assessment might legitimately result in the conclusion control risk factors sufficiently respond to inherent risks associated with a particular firm's SOC engagements.

Based on the points outlined above, I object to the inclusion of paragraph "e." to *Standards* Interpretation 63-1. This paragraph brings SOC 1 and SOC 2 engagements into the "must select" arena. Several other ED

paragraphs are affected by this foundational change proposed in the ED, including the proposed revision to *Standards* paragraph 209 (Appendix C) and the other system review report examples included in the Appendices to the *Standards*, as applicable, and Interpretation 132-1, with its proposed changes to require individuals with "service organization experience" within a report acceptance body considering the system review of a firm with SOC 1 or SOC 2 engagements (further explained in "Exhibit A," page 35 of the ED). A key basis for my objection originates from the Board's own directives so clearly communicated and universally embraced by all parties involved in the peer review process. The 2009 *Standards* were dramatically revised, an exercise with which I wholeheartedly agreed. The foremost 2009 change made *Standards* principles based rather than rules based. This ED and the recent changes involving carrying broker-dealers (to which I regrettably objected much too softly) can be viewed only as the imposition of new rules to apply *Standards* that are not rules based. Or are they to become rules based again? Have we abandoned this philosophy so quickly? If we have, let's discard the *Standards* altogether, including the risk assessment concept, and start anew with rules based system reviews. If adopted as issued, the ED is a step in this direction; and the Board must accommodate any and all parties' wishes for "their" engagements to be must selects.

In summary, inclusion of SOC engagements as "must select" is a reactive ("occurring as a result of stress or emotional upset;" Merriam-Webster) revision rather than a proactive ("acting in anticipation of future problems, needs, or changes;" Merriam-Webster) revision that will have no impact on the quality of performance and reporting on these engagements.

I also object to the proposed revisions to *Standards* paragraphs .58, .104 and .208 (Appendix B). These changes would bring all attestation engagements except for financial forecasts or projections ("projects" on page 6 of the ED) onto a firm's list of engagements based on their period end, rather than the report date. In my experience as a technical reviewer, the most commonly performed SSAE engagements are those involving agreed-upon procedures (AUPs). As you know, AUPs typically involve specific procedures performed on or otherwise involving a subject matter. That subject matter often does not involve a period end or, just as frequently, the period end that does exist falls outside the firm's peer review period. For example, a firm might report the results of an AUP engagement during 2012 (period covered in the firm's 2013 peer review) that either (1) does not involve a period end, or (2) involves a period end date before January 1, 2012. The revision as proposed would legitimately allow a firm to exclude the AUP from its list of engagements covered in a peer review for the year ending December 31, 2012. A firm that only infrequently performs an AUP engagement could more easily time its performance such that the engagement is not covered in the scope of its subsequent peer review, or this could develop without the firm making a conscious decision. The exception for forecasts and projections should, therefore, also extend to AUPs. This might also apply to other SSAE engagements with which I am less familiar, such as a compliance attestation engagement (AT 601).

Related to this, I strenuously object to the phrase "the size of the audit firm," within the newly proposed paragraph "e." to Interpretation 59-1 "Office and Engagement Selection in System Reviews" (page 27 of the ED). This proposed revision outlines considerations of the number of SOC engagements that must be included in a selection. Embedding a reference to the firm's size within *Standards* and the interpretations implies a lower control risk can be assigned to firms of substantial size with respect to their SOC engagements. I believe it's unnecessary for this respondent to advise the Board that firms of substantial size are not immune from systemic weaknesses, triggered in part by high control risk factors. This objection, of course, is moot if SOC engagements as a must select is not approved.

Unrelated to these points, I question the manner of eliminating the paragraph within Interpretation 63-1 that begins "For benefit plans under ERISA, the peer reviewer should . . ." (page 29 of the ED). This paragraph has apparently been replaced with "Refer to Interpretation 59-1." as a concluding sentence of the previous paragraph. The newly referenced interpretation explains the "must select" criteria as it now is. As an alternate, I suggest

"Refer to Interpretation 59-1." should be added as a closing sentence to 63-1 b., the paragraph that discusses inclusion of employee benefit plan audits as required ("must select") in a system review.

Thank you for considering this response.

Respectively submitted,

Roger

Roger D. Johnson CPA

 (HO) 270.796.2004 /  (Cell) 270.796.0464

 rdjcpa@insightbb.com

June 25, 2012

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
220 Leigh Farm Road
Durham, NC 27707-8110

I have reviewed Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews, *Scope of System Review and Must Select Engagements* and I agree with the proposed changes.

Respectfully,



Laura Lindal, CPA

Drummond, Rachelle

From: davitali@aol.com
Sent: Monday, June 04, 2012 5:08 PM
To: PR_expdraft
Subject: exposure draft

Gentelmen:

Instead of trying to burden Cpa's with more and more supervision/regulations, you should be trying to protect us from bookkeeping services who issue a similar compilation report and answer to no one.

The smal practitioner continues to be the subject of attacks by the organizations that are supposed to protect us.
Sincerely,

Sal Manzur CPA
909 626 8520

Drummond, Rachelle

From: TRAVIS MATTHEWS <tlmcpapa@bellsouth.net>
Sent: Tuesday, June 26, 2012 5:04 PM
To: PR_expdraft
Subject: Peer Review Draft Response

I oppose any further extension of coverage in the peer review requirements.

There is more than enough regulations issued and more than enough intrusion into the operation of the "independent CPA" practice.

The AICPA is operating more and more like the Federal government in its insatiable appetite for regulation and control. CPAs are the ones taking the risks of business not the AICPA; therefore, they should be the only ones to determine the practices and controls necessary to provide the services.

Additionally, in this economy, additional costs should not be imposed by regulations that are not necessary.

Travis L. Matthews

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Drummond, Rachelle

From: William P. McGuire <wm McGuire@hmcpas.com>
Sent: Tuesday, June 05, 2012 11:02 AM
To: PR_expdraft
Subject: Peer Review Alert 12-02

Dear AICPA Peer Review Board Members:

I would like to take this opportunity to express my concerns regarding the proposed changes to the AICPA *Standards for Performing and Reporting on Peer Reviews*. Currently my firm is eligible to have an Engagement Review. However each year, we perform Enterprise Zone attestation engagements that are subject to the Statements on Standards for Attestation Engagements (SSAEs). As the rules currently stand, those engagements do not necessitate that we have a System Review. However, under the proposed changes, if my firm continues to perform Enterprise Zone attestation engagements, then we will have to have a System Review.

If these proposed changes are approved, rather than have to bear the significant additional cost and impact of a System Review, my firm will likely stop performing Enterprise Zone attestation engagements. That would be unfortunate for my community and service area, since very few firms provide this service because they lack the expertise and experience with the Enterprise Zone program. Without the CPA attestation report, many investors in economically distressed areas such as mine, will be unable to apply for the economic assistance provided through the Enterprise Zone program.

When making your decision on this matter, I urge you to consider the potential economic impact of the proposed changes on economically distressed areas. I also ask that you keep in mind the impact these proposed changes will have on small firms such as mine.

Thank you for your thoughtful consideration.

Sincerely,

William P. McGuire
Honeycutt & McGuire CPAs
408 East Third Street, PO Box G
Farmville, VA 23901
434.392.3159 Phone 434.392.1784 Fax

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August 28, 2012

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Exposure Draft Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: Scope of System Review and Must Select Engagements

Dear Technical Manager, Board Members and Staff:

The Peer Review Committee of The Ohio Society of Certified Public Accountants is pleased to respond to the invitation to comment on the exposure draft proposed changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Scope of System Review and Must Select Engagements*.

The committee is in support of the proposed changes and has no comments. We appreciate the opportunity to provide feedback to the proposed changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Scope of System Review and Must Select Engagements* and welcome any additional opportunities to further discuss or otherwise support the efforts of the AICPA Peer Review Program and the AICPA Peer Review Board.

Best Regards,

A handwritten signature in black ink that reads "John M Keller, CPA".

John M. Keller, CPA
Peer Review Committee, Chair
The Ohio Society of CPAs
Email: jkeller@manningcpallc.com

Drummond, Rachelle

From: Jody Swanson <Jody.Swanson@SwansonHinsch.com>
Sent: Monday, June 04, 2012 5:18 PM
To: PR_expdraft
Subject: Opposed to eliminating engagement reviews

Dear Ms. Drummond,

If firms like mine, are forced to undergo the extra cost of system reviews instead of the current engagement review, I would expect more CPA firms to eliminate all financial statement preparations from their service offerings. This would be a disservice to the our privately held small business clients who need their CPA's financial expertise to understand the business finances, including staying profitable. Plus, it will push more business clients to often less qualified non-CPA bookkeepers who will issue financial statements without standards. It goes without saying that the AICPA members, like my firm, will be hurt financially from these changes.

I implore the AICPA Peer Review Board to table this issue, if not permanently, at least please wait for the new Private Company Council to be formed. That new council should have input on this issue, plus the AICPA is expecting an upcoming "other comprehensive basis of accounting" for private held closely held businesses which was described in the 5/23/2012 AICPA News Update, Volume 15 No. 21. The peer review process should not be in front of this needed small business movement.

Please do not make it harder for CPA's to serve small family owned businesses. Please do not eliminate engagement peer reviews.

Thank you,

Jody Swanson

Jody L. Swanson, CPA

Shareholder jody.swanson@swansonhinsch.com



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Drummond, Rachelle

From: CLWILL31@aol.com
Sent: Monday, June 04, 2012 5:47 PM
To: PR_expdraft
Subject: Exposure Draft Reply

My suggestion is to leave the peer review alone. It is hard enough for smaller firms already. That is not a good reason in and of itself but I think Peer Review is getting to the point that you will drive small firms regardless of ability out of all but the compilation and/or management report areas. It seems like you keep adding more and more paperwork for less and less value versus what you had in the past with less paperwork. Enough already!

Carolyn L. Williams