Exhibit B: Comments on Cost-Benefit and Lack of Scalability

Number	Coded Text
013	Intended or not, the current format will likely result in a large number of firms losing a substantial base of their work, thereby affecting the clients they serve and the community at large. A path forward was in process for a greater focus on small, woman owned, minority owned businesses and this plan as written will literally pull the rug out from under a great number of firms in this category. PLEASE DO NOT BE THE REASON THIS HAPPENS!
024	have never commented on any standard change, but this proposed change has the potential to significantly hinder our ability to serve our clients in an effective and cost-efficient manner.
027	This will likely further weed out the smaller firms, which certainly serve a need in our nation.
028	It is frustrating that the AICPA has not regards for the impact there regulations will have on small firms.
029	Making the changes as stated in the ED would dramatically impact smaller firms and may push many to retire early or cut back on services, which would only impact the shortage of qualified CPAs to perform the needed audits of various industries. Many CPAs that were once considering purchasing a sole practice or small firm may also pass on the opportunity if the changes in the ED are passed. CPAs are usually very conservative and not the most risk taking individuals, so adding additional monetary and regulatory pressures on them may constrain the dream of having one's own practice.
030	This is absolutely ridiculous. You are already overburdening small firms with your standards and costs. We already have CPE requirements, Peer Review, and Standards in place to ensure we are in compliance. Now you just want to DESTROY SMALL FIRMS! Because that is all this will do. It will improve nothing.
031	I'm glad I retired. Horrible for small firms doing non-public audits. And to top it off the big firms still screw up.
032	While self-inspection has never made any sense to me, the prospect of tripling the quality control costs for small firms (essentially requiring a peer review every year, instead of every third year) would be a significant economic cost to those small firms and would likely result in some small firms either discontinuing audit, review and compilation services, or finding it necessary to merger with a larger firm. Neither of those results would be in the best interest of the profession as a whole.
033	Adding these new rules will only add cost to already low margin engagements and will result in lost revenue to smaller firms who will now need to engage others to do the inspection of the engagements and will need to turn away existing clients due to new proposed cooling-off period.
034	These additional regulations may be warranted in Audit and review engagements, but for compilations, they are simply an additional major burden to single owner CPA firms.
036	We are a three-CPA firm doing eight audits, this will be the death knoll to our audit practice and maybe that is the intent. Do you have any suggestions as to how we can replace the audit revenue?
037	Is the intent to get rid of small firms? Do they realize that especially in downstate Illinois many entities can not afford the larger firms and come to small firms as we relate more to them being small govts and their budgetary concerns. Will this really do any good? We struggle to find qualified peer reviewers for what our practice has – ours is from Iowa now. Young people already don't want to enter this profession. Having been a CPA for over 30 years I really don't feel we need more regulations – all the standards now really aren't for the small business/govt but these are the backbones of society. It sounds like we don't trust our own peers to do what is right. You may force many small quality firms out of business – is that your intent – what are you saying to young CPA's who maybe dream of owning their own firm in a small town.
038	am a sole practitioner CPA. I only do compilation reports. I preform NO review or audit engagements. From my understanding from the peer review update email is that the proposed

	changes would require myself to hire an outside CPA every year to check over my compilation reports even though I have a peer review done every three years. If I am correct in reading the email, this will be huge financial burden on my single CPA firm which may require me to change the services my firm offers to clients.
041	1) The cost of this outside annual inspection will be time by me for the process and fees due to the outside reviewer. I know that if I add such cost to some audits those clients will cease having services or go to a lower service. I do not think this will serve them or the public. If I do not add the cost to the fee then I am working for free and having a smaller take home pay to my family.
043	I feel like they are trying to force the small CPA firms to close. If I am forced to hire another firm to do my self monitoring I most likely would close my business. It
048	I have never responded to these exposure drafts. I had to because I am so frustrated with the entire process. The small practitioner tries to comply with your dictates, but you are never satisfied or reasonable. I am anti-union, but I would consider unionization because you do not support me. Why not just be honest and dictate the firm's size that you want to anoint to do the engagements (audits, compilations, etc.).
052	I understand the push by the PCAOB to merge with international standards. Is it necessary to implement all of this for smaller firms that do not audit publicly held or international clients? The proposal will create a requirement to develop a new QM document that will be time consuming and costly and then realistically will never be looked at after it is created. I am just being realistic.
060	The three proposed standards in the Exposure Draft were prepared by the AICPA Auditing Standards Board (ASB). Two of the proposed standards (SQMS No. 1 -A Firm's System of Quality Management and SQMS No. 2 - Engagement Quality Reviews) are relevant to compilations, reviews, audits, and other attest services. The third proposed standard {QM SAS - Statement on Auditing Standards Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards) only applies to audits. There appears to be an auditing bias inherent in the first two standards as they apply to compilations, reviews, and other attest services thus making them more burdensome (time and cost) for small and medium firms, especially firms that consist of one or two professionals that compile or review financial statements and do not perform audits. Furthermore, the ASB strategy to converge its standards with those of the International Auditing and Assurance Standards Board (IAASB) potentially creates additional burdens for small to medium firms that do not perform engagements in accordance with international standards. An example of this audit bias is in the last paragraph on page 28 {emphasis is commenter's): Other than the peer review process, the ASB was unable to identify anything unique in the United States with regard to self-inspection, nor did the ASB believe that safeguards exist that could lower the self-review threat to an acceptable level. The ASB recognizes that the extant standard permits those involved in the engagement to inspect their own work, and some practitionersmay be capable of doing so effectively. However, while concerned about the impact on smaller firms, the ASB believes that this requirement is necessary to enhance audit quality. Accordingly, proposed SQMS No. 1 convergences [sic] with the IAASB standards with respect to self inspection.
064	Our firm wishes you would reconsider the suggested draft and propose a standard that would benefit all firms and clients while not providing a death sentence for smaller firms who rely on auditing billings to meet overhead and keep CPAs and staff employed.
069	Overall, the proposed standard is not scalable. The requirements of the standard for cooling off periods, and independence as it relates to internal inspections are not achievable in small firm practice settings. If the standard were to be equal in the efforts required to meet expectations, then small firms and large firms alike would be required to seek outside sources to meet the objectives of the standard. As currently stated, larger firms with more robust infrastructure would be able to meet the objectives of the proposed standard with little or no

	effect on its operating environment. Because the proposed standard is more comprehensive than previous guidance, we feel it would be beneficial to be provided parameters for the different size firms as well as a definition of “smaller firms.” Clarity on defining “smaller firms” as 1-5 partners, 1 CPA or a different definition would be necessary. If possible, clear parameters, specific guides, practice aids considering the needs of smaller firms would be beneficial. Smaller firms could have difficulty in implementing the new requirements specifically in risk management. This may be a case where merging with international standards may not be achievable. Anecdotally, the limited occasions our members have been contacted to perform engagements in accordance with international standards, the contact has been made by international accounting firms. There has been no case where a local firm in another country has contacted our members to perform services under international standards. This begs the question, do small firms in other countries perform audits to the extent local firms do in the United States. This would lead to the conclusion that international markets differ widely from the business environment in the United States.
070	When you are dealing with smaller firms, scalability becomes an issue. Adding additional staff or subcontracting out to comply with the proposed review/monitoring process has a cost that often cannot be afforded by a smaller firm and the clients it serves. The proposed standard will cause the timeline for each audit to stretch out. It will use more not fewer resources with little impact on quality improvement. The existing Peer Review process is more than adequate in fulfilling the third-party oversight roll.
071	audit quality that is critical to the reputation of the profession. In general, the Group is concerned with the challenges small firms and sole practitioners (SFSPs) will face meeting the objectives of the Proposed Standard. The Group appreciates the ASB’s effort to improve audit quality by revising and updating the Quality Management Standards.
075	high level of quality should be expected of all practitioners,regardless of size, however it is critical to understand that smaller practitioners have very limited resources. Therefore, processes or procedures should only be required if they add to and are necessary for the quality of the practice and engagements. The proposed SQMS 1 and 2 add many requirements, however we do not believe that all of them equally impact quality. Our specific comments that follow address the general cost of implementation of the new standards, and several areas where we believe the cost, which can be significant to smaller practitioners, exceeds any incremental benefit to quality. There is a very real risk that the new QM standards (alone or in combination with other new standards) will cause some smaller practitioners to discontinue their audit and attest practices. We believe that many of these practitioners play an important role in the attest market and that the public interest would not be served by their departure.
076	This proposed guidance seems to be "anti small firm" based. Again, do not see any need for revised QC guidance.
078	will assist firms in adapting to new trends resulting from the ever-evolving environments in which they do business. We agree that it is important to converge the ASB’s standards with the quality management standards of the International Auditing and Assurance Standards Board (IAASB). It would be impractical to expect firms to comply with fundamentally different quality management standards if the standards of the ASB were not converged with those of the IAASB, especially since the Public Company Accounting Oversight Board’s (PCAOB) initial concept release on enhancements to its existing quality control standards indicated the consideration of using the IAASB framework as a potential base for future PCAOB standard setting. In this letter, we offer comments on matters related to the proposed QM standards that we believe should be addressed, including those for which feedback was specifically requested by the ASB. Our extensive review of the proposed QM standards included intentional outreach to seek input on the standards from RSM US Alliance member firms and AdvanceCPA firms. This

	letter includes the views of our firm, and, for certain matters, as described within, includes the views of smaller firms that were expressed during our outreach with the RSM US Alliance member firms and AdvanceCPA firms
079	I believe this proposal is being driven to align with international standards when that is unnecessary. The AICPA is not representing the majority of its member firms who do not have international attest practices, and are being unnecessarily burdened by an increase in practice management standards that are not responsive to their CPA practices. Larger firms that may be need of adoption of interna
082	"There's no room for small firms in the 21st century" – I wonder how many of the folks on the panel that devised the proposed standard have had the experience of launching a small practice. I can appreciate the concerns about sole practitioners performing attest work without any oversight. One of the things I miss most about working at a large firm IS the oversight. On the other hand, it seems that the odds are stacked against those would-be "innovators" trying to offer CPA services in a more flexible environment. And when I say flexible, I mean it in a good way with respect to audit quality. Many costs are not very scalable (I would include an outside inspection in this category), and the competition for staff is punishing, at best. I was a partner in a large firm prior to managing my own practice – with certainty, the hours and responsibilities of managing a small practice are far greater. Though I wholeheartedly support audit quality, I often feel that small firms are doomed to fail under the oppressive challenges of today. Everything from IT to new accounting/audit standards to staffing/health insurance to QM. Specifically with respect to the proposed QM standard, I would ask that, rather than the prohibition of self-inspection, that EQCR adherence be thoroughly reviewed during peer review, and that peer review include an inspection of the EQCR activities of the three years since the last peer review. I sincerely think that this type of review/enforcement of an existing expectation under the standards would be far more effective. Theoretically, if sole practitioners are getting EQCR when they should, it would not impose additional hours on CPAs when there is such a shortage. Similarly, during peer review, a review of the skills of the reviewed firm's EQ reviewers should be performed. A requirement that firms document the appropriate skills of their EQ reviewers is a something that will help with audit quality and should not be an onerous task.
084	4. The timing of these proposed changes could hardly be at a worse time for most small firms. We have lost clients who closed because of Covid restrictions or who lost enough business that they could not afford their monthly accounting. CPA's are still dealing with the tax and payroll tax changes related to Covid. Some of us also have less staff now and are working very long hours at home and at the office. To learn all new standards and figure out how to pay for more peer review costs in the next two years is almost unthinkable. I do not have very much hope that those of us who are older and sole practitioners will have a voice in whether these proposed standards are implemented. I do want to express my dismay and concern for the future of our profession after reading through the proposed changes. I perform reviews and compilations, but have ceased my audit practice because of the numerous administrative costs and time costs that do not seem to benefit the client, the end users, or the practitioner. I have seen standards change over the years, and in the last ten years they seem to be less grounded in practicality, reality, and clarity than ever before.

086	Given the pervasiveness of the proposed changes, the committees recommend that the Auditing Standards Board perform a cost-benefit analysis to determine whether the effort required to properly implement these proposed changes will result in sufficient tangible improvements to practice quality to justify the implementation costs. If fees cannot be increased due to market constraints, additional time that practitioners spend on this new approach will decrease the time spent on performing the engagement. These cost-constraints are real; especially for smaller entities (e.g., not-for-profit organizations) that are required to have an audit due to state regulations but don't have funds to pay for increased audit fees. Here is an example: many local fire departments hold fund-raising events to meet their budgetary constraints. In Pennsylvania, these departments are required to be audited, and due to the high costs of these audits they are lobbying for legislation that would encourage practitioners to perform these audits for free (offering them 40 hours of CPE in exchange). We believe that there would be legislative push back on increased fees. Further, it is hard to justify increased costs to end users who will not see an immediate benefit from the increased fees. Given the enormity of the challenges of these proposed standards, the committees suggest considering practical expedients for small to midsize firms.
087	There is a wide perception among small firms that the AICPA is trying to drive us out of the A&A business altogether. My anecdotal observations in the field, as a peer reviewer and in interaction with colleagues, are that firms are increasingly stepping down a level in the services they offer, or getting out of A&A altogether, because of onerous requirements. AICPA officials swear on a stack of Bibles that this is not their intent. Frankly, we don't care what they intend. We just see and feel the effects. It's like Brown v. Board of Education, that landmark Supreme Court decision on school desegregation. The school district disingenuously argued to the effect that, "Oh, no no no. These are just geographically contiguous school district boundaries. In no way do we intend to exclude those lovely children from our schools." The Supreme Court said, in effect, "We don't care what you intended. The effect of those boundaries is that you have achieved school segregation. Stop it." This is exactly what the AICPA is doing to its small-firm members. If you don't believe me, go back and read the chat feed from the on-line peer review conference this year. And listen to the input from the QM Roundtable on-line discussion meetings. One of the speakers at this year's peer review conference used a beautiful phrase, in discussing the shortage of firms willing to take on the coming wave of Single Audits. The phrase was "the art of the doable." This was offered in the context of the profession trying to explain to the regulatory community the troubles that are coming, in terms of the profession's being able to find qualified firms and staff to meet this demand. Consider, please, that driving firms out of the audit business is not moving "doable" any closer to "done." There are many other things I could say about the EDs, many are good, some are bad. But they all pale in comparison to these self-inspection issues.My 40+ years of membership in the AICPA attests to my loyalty to the organization. But I warn you strongly that you are becoming irrelevant to a large segment of your membership, and alienating those many other CPAs out there who should be members but are not. Listen to us. Listen.

088	It appears that these proposed changes in the ED will once again cause undue burden and expense for smaller CPA firms. Making changes to a small firm's quality management standards is a burden that will not add any value to our audit practice and will not change the detail audit work for the audits performed. These are purely additional administrative procedures in the ED. We are very aware of the risk that clients may provide to our practice and our reputation. We don't need the current system of practice monitoring to be changed to enhance our risk assessment of our practice. The ED continues to add many policies and procedures that in smaller firms are communicated day to day. The profession has already enhanced peer reviews and those performing peer reviews in the past few years, including our area of expertise in employee benefit auditing. This has resulted in our peer review fee tripling. If a firm can continue to pass its peer review, then that firm must be able to navigate the risks of the attest services they provide. The risk is understanding how to audit, not the process of added documentation over the firm's quality standards and oversight. We recommend that the ED be amended to address the concerns of so many small (one audit partner) firms that continue to perform quality work as evidenced by its peer review results. Remediation to firms
091	I started my public accounting career nearly 20 years ago in a small firm and have owned my own sole practitioner practice for 15 years. When I first began, many of my peers performed audits of local governments and nonprofit organizations. Many of those peers did quality work. Today I am one of the only remaining CPAs in the area who perform any of this type of work. Since I have started, I (like my peers) have basically been forced out of doing single audits, and most recently, audits in accordance with government auditing standards. If you have ever worked as a sole practitioner, it is obvious that you can not meet the peer review requirements or the standards without hiring another firm to perform pre-issuance services. Have you ever tried hiring someone to do pre-issuance services on a domestic violence shelter that is required to undergo an audit in accordance with government auditing standards by the state it operates in? Like finding a peer reviewer, it is nearly impossible. Most of the organizations I audit have extremely small budgets. These bureaucracies that have been created by standard setting bodies are narrowing the profession to a degree where these small organizations are finding it impossible to find an auditor. The equation is simple, there are not enough CPAs to do the assurance work that is out there, so the standard setters decide to broaden the scope of the work. I simply find this ideology completely out of touch with reality. Additionally, I would be interested to know how many sole practitioners were authors of the proposed standards?

093	Another possible impact would be more small firms leaving the auditing profession creating less competitive options for the general public when hiring an auditor creating more expense for an audit. Increased fees because of this requirement and possible reduction in available auditors could discourage clients, including smaller nonprofits, from having an audit performed. This would not serve the public interest. Overall, the proposed standard is not scalable. The requirements of the standard for cooling off periods, and independence as it relates to internal inspections are not achievable in small firm practice settings. If the standard were to be equal in the efforts required to meet expectations, then small firms and large firms alike would be required to seek outside sources to meet the objectives of the standard. As currently stated, larger firms with more robust infrastructure would be able to meet the objectives of the proposed standard with little or no effect on its operating environment. Because the proposed standard is more comprehensive than previous guidance, we feel it would be beneficial to be provided parameters for the different size firms as well as a definition of "smaller firms." Clarity on defining "smaller firms" as 1-5 partners, 1 CPA or a different definition would be necessary. If possible, clear parameters, specific guides, practice aids considering the needs of smaller firms would be beneficial. Smaller firms could have difficulty in implementing the new requirements specifically in risk management. This may be a case where merging with international standards may not be achievable. Our firm size and practice area does not include international work and we are not an international firm. This begs the question, do small firms in other countries perform audits to the extent local firms do in the United States. This would lead to the conclusion that international markets differ widely from the business environment in the United States.
094	If the proposed standards were to be adopted, it seems probable that many of our small firm and sole practitioners members would no longer be able to provide much needeed accounting and attest services. This cannot be overstated. Furhter, these proposed standards would negatively affect small businesses and local community organizations, as they will struggle with the associated additional costs and find fewer firms able to perform much needed services.
097	The cost of implementation and annual compliance would be higher than the cost dealt with now. This is another example of post-Enron knee jerk reaction from the ASB and the AICPA. Chuck Landes' on-going speeches of "the same blocking and tackling" were garbage in that the massiveness of the suite of audit standards that came out in reaction to Enron and Congress' establishment of PCAOB created a cost burden of time to the firms and higher billings to the clients. Clients that are mom and pop type of companies that can't afford increases in fees because of accounting standards changes. This is no different than the costs issue to be dealt with as ASU 842 comes into practice next year and we will have to charge clients for the implementation and on-going application of the new standard. These companies don't have accounting departments to do the computations.
098	Another possible impact would be more small firms leaving the auditing profession creating less competitive options for the general public when hiring an auditor creating more expense for an audit. This could have the unintended effect in discouraging client entities, including smaller nonprofits, from having an audit performed. This would not serve the public interest.
099	I do not believe the proposed standards will improve the quality of small firm audits and will do nothing to improve large firms evidenced by the constant reports of large firm audit deficiencies. The proposal seems to discriminate against small firms,
100 TIC	TIC does not believe that the quality management approach in SQMS No. 1 is fully scalable.As the collective voice of small and medium sized firms, TIC believes that the SQMS presents significant scalability concerns to many firms of this size. TIC acknowledges the difficulty in the standard setting process that the Board faces in serving firms that include tens of thousands of employees to sole practitioners. TIC appreciates the opportunity to identify areas of greatest concern related to scalability and provide suggestions that potentially would mitigate those concerns. Our thoughts in this area related to the content of the standard, as well as the

	breadth of guidance included, are outlined below. Lack of Available Personnel with Sufficient SKE An example of TIC's concern with the scalability of the proposed SQMS can be illustrated by the possibility of self-review at a small firm which operates with only one tax and one assurance partner. To comply with the proposed SQMS in this situation, the tax partner would need to perform the internal inspection or engagement quality review since the assurance partner would not be eligible to do so. The tax partner may not have suitable expertise to serve in that role which likely would not result in an improvement in quality. In this case, TIC believes that the assurance partner self-inspecting their work would be more likely to achieve the goal of evaluating whether a quality engagement was performed. In situations like the above example, TIC notes that the firm could engage an external party to perform an inspection which would address self-review concerns; however, doing so results in the firm incurring additional costs. TIC is concerned that, as a result of the additional costs incurred to engage an external party, some practitioners facing this decision may choose to no longer provide those services. See 'Suggestions to Alleviate Self-Inspection Risk' below for TIC's commentary on potential ideas to address the self-inspection risk. Hinderance of Ability of Firms to Specialize Many firms achieve success through carving niches for themselves in their local market in specific industries. In many cases, this specialization is the result of having one partner who has deep knowledge of a particular industry, which may have unique accounting and/or auditing considerations, such as employee benefit plans, not-for-profits, single audits, healthcare, and many others. In situations where a firm has a single partner with deep knowledge of an industry, requiring that a review of the engagement be performed by a different partner only to comply with proposed guidance prohibiting self-inspection may not result in the desired enhancement of quality. When considering specialized industries, even having another partner who performs similar engagements in other industries perform the review may not identify concerns with quality due to the specialized nature of the engagement. For example, a partner who serves mainly retail clients and restaurants may not have the expertise required to perform a meaningful inspection on the audit of an employee benefit plan. The inclusion of this requirement could be detrimental to these sorts of niche practices, as firms potentially would incur significant additional costs to locate someone with sufficient industry expertise to perform the reviews. Further, external resources, if available, may not possess the same level of specialized knowledge as the firm performing the engagement which would not result in an enhancement to quality.
102	Qualified No
103	If smaller firms decide to leave the attest space, larger firms will fill the vacuum, likely resulting in an overall increase in audit fees. This scenario could cause significant problems for small not-for-profit organizations that rely on small one- person firms with low operating costs to perform their audit work. It could also result in difficulties finding new auditors if the smaller firms withdraw and the larger firms choose not to accept the new clients due to economics or risk profiles. Smaller public companies encountered this problem when Sarbanes-Oxley was passed, and smaller audit firms decided to drop their public clients.
105	We are a small firm and there is no way we would be able to comply with the proposed changes. We would be out of business. We look over each other's engagements but one person is in charge to make sure the firm is in compliance. And for that person's engagement, we have someone else at least look to make sure it looks like we haven't missed anything. But we are too small to have just one person dedicated to do that and nothing else. Please

	reconsider this or small firms will not be able to be in business and more small businesses will go out of business because they won't be able to get funding from banks since they won't have the proper financials needed. Thank you.
107	The Proposed Quality Management Standards would cause great hardship on the small audit firms. The small audit firms take great care to provide a quality produce and to follow all auditing standards. We as auditor take seriously our comment to complete quality control review of our product. I can understand that the Auditing Standards Board would want to ensure that all auditors are completing an audit according to the Standards however the auditor are completing the quality control review and having a peer review completed. Most small firms are already having another CPA review their work therefore this new standard would be over regulation. My firm completes audit within United States only. I do not think that auditors as myself should have to conform to the International Standards! Please consider my strong disagreement in your proposed quality management standard This proposed quality management standards would cause a hardship on the small audit firms in financial cost which could put some of the small firms out of business. This would be especial true in these times we are living through. Audit firms continue to try keep our audit fee competitive. These new standards would completely drive the cost of auditing up on the auditee which struggle to afford the cost of audit now. Just when more auditing work needs to be completed due to the federal and state governments giving more grants. You are trying to put more restrictive standards in place that would slow down the amount of audit work completed due to cost.
108	Approval of the exposure draft in its' present form will result in the further decline of the number of firms participating in the AICPA Peer Review Program, and the continued attrition and reduction in the number of CPAs who will want to participate as peer reviewers or RAB members. The AICPA is a member-supported organization. It is not in the interest of the AICPA membership for the Peer Review Board to continue its present practice of developing standards that result in fewer of it s' members engaging in attest work, nor is it in the public interest. I have read the exposure draft. Since the emergence of the PCAOB, following the Enron debacle, the AICPA has dramatically increased the complexity of auditing standards, and peer review standards, specifically in the area of audit documentation and audit risk assessment. This has resulted in an increase i Many smaller CPA firms have found that it is no longer profitable to perform attest services, due to the increased time required to complete additional forms and checklists, resulting in a steady decrease in the number of firms who participate in our state's peer review program. In recent years there has been a corresponding decrease in the number of CPAs who are interested in to serving as peer reviewers, and it has become increasingly difficult for our state society to find CPAs who are willing to serve on the RAB.
113	But we have concerns about the impact on sole proprietors and small firms, especially ones that have done and continue to do quality work. If a firm is demonstrating that they are achieving high quality under the current quality standards, it is not in the best interests of CPAs, their clients (many of whom have resource constraints in purchasing professional services), or the profession as a whole to add costly administrative burdens that do not significantly enhance quality.
115	This, coupled with the already increasing cost of peer reviews due to the AICPA's additional requirements every three years, will cause many small accounting firms to go cease providing audits and reviews, as they simply will not be able to afford these inspections and reviews while also maintaining their client base.

	Once all of the small firms have ceased providing audits, only large firms would be left to do audits. This would then cause an enormous influx of clients forced to have their audits done by large firms, which would lead to these audits taking even longer than they already had. This would cause nothing but contempt and frustration among clients and will only have a detrimental effect on the reputation of CPAs. I am proud to be a CPA, and, as you know, the CPA is the only one who can perform an audit. However, these proposed implementations almost seem as if the AICPA doesn't want small, local firms around anymore! Perhaps this letter has helped enlighten you on why we may still be needed, after all.
118	Firms that perform audits are already required to undergo a peer review which provides sufficient oversight of audit quality. The peer review process is a thorough review of the firms audits and audit procedures and provides significant safeguard over the audit process. These proposed standards will not increase audit quality but will be an unfair hardship for small firms and will push them out of the audit industry. The proposed standards will have a profound and negative impact on small accounting firms.
119	Given the pervasiveness of the proposed changes, we recommend that the Auditing Standards Board perform a cost-benefit analysis to determine whether the effort required to properly implement these proposed changes will result in sufficient tangible improvements to practice quality to justify the implementation costs. If fees cannot be increased due to market constraints, additional time that practitioners spend on this new approach will decrease the time spent on performing the engagement. These cost constraints are real; especially for smaller entities (e.g., not-for-profit organizations) that are required to have an audit due to state regulations but don't have funds to pay for increased audit fees. Here is an example: many local fire departments hold fund-raising events to meet their budgetary constraints. In some states, these departments are required to be audited, and due to the high costs of these audits they are lobbying for legislation that would encourage practitioners to perform these audits for free (offering them 40 hours of CPE in exchange). We believe that there would be legislative push back on increased fees. Further, it is hard to justify increased costs to end users who will not see an immediate benefit from the increased fees. Given the enormity of the challenges of these proposed standards, we suggest considering practical expedients for small to midsize firms. However, we are not convinced that the proposed changes will result in the improvement of engagement performance. Instead, we are concerned that the significant implementation costs will adversely impact small and regional firms. We believe greater enhancements in audit quality could be achieved by investing in resources that help firms to apply emerging technologies (e.g., data analytics, artificial intelligence, etc.) in the audit process.
124	Roughly 50% of Kansas firms performing audit and attest engagements are small, with only one or two CPAs on staff. The additional attempt to protect the public comes at an added cost to firms that will be passed onto the audit client. Many of these clients are smaller entities whose boards or, in some cases financing demand audit financial statements. In some cases, these added costs may create an added burden that these entities may find difficult to bear or an added cost to CPA firms, which may make these engagements not meet required profit margins restricting public access to audit services. The added costs could be an issue to rural Kansans. Thus, we are concerned that the significant implementation costs will be burdensome and adversely impact our smaller firms.
125	We refer back to our first paragraph in this response – "what's broken with what we already have." Our final remark/question is, has anyone performed a cost-benefit analysis in relation to the adoption of these standards.
127	We believe that the proposed changes as communicated in the exposure draft entitled, " Proposed Quality Management Standards" will create a significant cost burden on smaller firms. U.S Firms are subject to an external peer review every 3 years and international firms might not be subject to a similar requirement. It would appear those Firms that are larger and perform audits under the internal auditing and assurance standards would benefit more than smaller firms who audit within the U.S. Larger firms have a competitive advantage with more resources.

	The "Proposed Quality Management Standards" would place a cost burden on smaller firms and be equitably unfair to smaller firms. The Firm believes that the Proposed Quality Management Standards should not be implemented and required for smaller firms.
131	I am writing this email to provide my comments on the proposed quality management standards from the ASB ED (proposed SQMS 1 and proposed SQMS 2). I am a sole proprietor with two employees, one of which is another CPA and one is a staff accountant pursuing her EA/CPA designation. My office prepares and compiles financial statements on a tax basis for small, privately owned business entities for tax planning and tax preparation purposes. We participate in the AICPA peer review program. Due to the cost, time, and complexity involved with implementing new requirements, I am not in favor of adopting these standards. I believe the proposed standards are an onerous requirement for a small firm such as mine. At a time when we are struggling to keep up with tax changes and the change in work environment due to the pandemic, adding a requirement to comply with additional peer review burdens is untenable. We currently have an internal process to ensure quality in our engagements that involves two CPA's internally, so I believe this is a requirement that isn't really beneficial to our clients compared to the cost involved. Having an internal process is part of being a professional and shouldn't be something that even needs to be mandated by an outside agency. Either we are professionals trusted to understand and perform the work we do, or we are not. Mandating an annual review requirement in addition to a every 3 year requirement is not going to make someone who does not behave in a professional manner suddenly change their approach. The peer review process is already a costly, time intensive process that has the same quality goals as the proposed standards. Most of our small business clients have very little margin and I've had to provide discounted services over the past two years to accommodate changes in income flow due to the pandemic. Adding an annual engagement review process will unnecessarily increase the cost to the client and overburden staff that are already stretched thin. I do not believe the issue with quality standards is due to lack of oversight from regulatory bodies, but rather a lack of clarity as to what the expectations are in the first place. Clearer communication that is available to members freely would assist me more in my efforts to be compliant. I find it odd that I am expected to pay a third party software company to gain access to the information I need to prepare or compile a financial statement and believe that the time and effort of regulatory bodies would be better spent in educating the professionals rather than mandating compliance. If these quality standards go into effect, I envision the change to my firm to be the reduction in the provision of service to small business clients as the margin on accounting services is slim to begin with. At a time when the profession is struggling to meet the demand for professionals, it seems counter-intuitive to burden professionals more with additional requirements that provide limited benefit to stakeholders. Put simply, I am personally overwhelmed and I am not making enough money to make this endeavor worth it. I spend more time reading new requirements and learning about tax changes than I do providing service to clients at this point. The amount I am able to charge clients does not equate to a livable salary for myself and my staff and adding more requirements that do not benefit my clients is not feasible. I believe implementation of this standard will reduce professional services available to small businesses due to the increased cost with minimal benefit. I also believe it will reduce the number of small firms such as my own that provide services to clients that bigger firms do not even want to take on.
133	As this proposal does not go into effect until periods beginning on or after 12/15/23, and I will be age 62 by the year end of the engagements I perform, it may not effect me, However, I am concerned about younger CPA's in smaller firms who will have to either pass the additional cost on to their small clients or give up these engagements. The law of supply and

	demand are the same in the accounting industry as in all others, and the smaller private, governmental, and nonprofit organizations will bear the brunt of the additional fees they will have to pay if this proposal is implemented.
136	One of the focus points that I have and is a critical issue that the IAASB has identified on page 7 of the document as "Challenges experienced by smaller firms in applying standards". While all agree that achieving and maintaining quality is to always be accomplished, we do need to be aware of some items in the QM document that may affect smaller firms in a more impactful manner than larger firms.
139	While we support improving quality of all engagements, we do not believe the cost of some of these changes outweighs the benefits received by the public. The OSCPA as an administering entity of the AICPA Peer Review Program is responsible for administering the reviews of firms in Oklahoma, Kansas, and South Dakota. Many of the peer review firms being administered by the OSCPA would be adversely affected by SQMS No. 1, SQMS No. 2 and QM SAS. The added cost of implementing some of the requirements in the proposed standards would not necessarily improve quality of engagements. The added cost of complying with the proposed standards of quality management would need to be passed on to the entities for whom these standards were designed to benefit.
140	I have been inundated with responses from members who are up in arms about what they see as a continued assault on small practices. I would like to share some of those responses with you: We must take a stand against the ridiculous burden placed on members by the A/CPA as they continue to cater to Big 4 CPA firms. The peer review process has already gotten so out of control and caused review fees to triple. This exposure draft is just another way that theA/CPA is destroying its members from within. This is absolutely unbelievable!! The A/CPA wants the smaller firms out of auditing. There are so many smaller companies that are required to have audits or reviews in small towns. Our firm has had audits come to usfrom larger firms because of issues related to customer service. If we have to have almost a peer review every year, we cannot afford it. Our peer review costs were $8,000, then $12,000 and are now $18,000. What are the smaller firms to do?!! We are responsible CPAs. As I understand it, the A/CPA is essentially pushing many of us who practice in small environments to abandon ourfinancial statement engagements. If implemented, these proposed standards will be totally burdensome and frankly, much like peer review has evolved, will accomplish very little. They are killing us with rules. I am voicing my concerns with the exposure draft as its passing will likely force me to discontinue performing assurance work. I would proudly put my work up against many larger firms whodo poor work in spite of their large environments. As a sole practitioner , I fill avery special need when larger firms price their services so high that it is the client that suffers (especially nonprof its). I am sure this will weed out some of the smaller bad auditors, but please know that you are also weeding out some truly great ones. We small practitioners are very vital to the success of this profession. I stopped compiling and reviewing financial statements years ago because of the mandated regulations and costs associated with being a CPA. As a sole practitioner, I became buried under the costs of providing financial statements to my clients. Unfortunately, I am almost reduced to being a very educated and skilled bookkeeper because of this . As a CPA of 30 years, this saddens me. I work hard to uphold the quality and professionalism of the CPA industry, but my own industry is beating me down with regulations and costs. As I attend CPE over the years, I've noticed an aging CPA workforce. This tells me that our industry is not attracting the youth. The added burdens our industry is putting on us I'm sure will make public practice that much more less attractive.

	The A/CPA just needs to come out and say they do NOT want smallfirms preparing financial statements. For review engagements, I see a lot of small businesses that will not be able to affordfinancial statements in the comingf ut ure. And many large firms will not take on these small business clients. Then where are we? The majority of CPAs are responsible individuals who take pride in and want to perform quality workfor their clients and do so. The A/CPA has already changed the peer review procedures in the name of quality which have placed significant financial restraints on its members. Why do they continue to add more regulations? Sadly, the A/CPA no longer represents its members and has no respect for CPAs who do not fit their mold or best interests. I agree that some responses are harsh, but as a small and mostly rural state, these concerns must be heard and acted upon accordingly . The future of our members, their clients, the Society, and the profession is at stake.
145	we are of the opinion the proposed changes would not be scalable for our membership, and the added cost and burden of implementation and maintenance would place our firms at a competitive disadvantage.
146	As indicated in 1b. above, this requirement alone will cause many smaller firms to cease providing audit services especially to those clients that are in less populated towns and rural communities, miles from major cities. The COCPA has many small accounting firms throughout the state that serve nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans, and governmental organizations. Many of these clients are in less populated towns or rural communities that most large firms cannot effectively service. In general, we feel the burden of implementing the quality standards can be easily accomplished by larger, more well-established audit firms. However, we believe the burden of implementing these standards will be significant to smaller audit firms. This change in approach may result in smaller practice units deciding to exit the audit business. We also believe that in some cases implementing these standards could cause certain smaller clients (i.e., small government entities) to be unable to find an auditor or, as a last resort, escalating costs from a larger firm not even located in their area. No. It is scalable to a certain extent, but for smaller firms and sole proprietors it will be expensive. Many of the smaller firms that we work with may have two or three partners, but only one of them has the qualified A&A credentials. The others may have done some compilations but have not performed an audit in several years. Aside from the high costs of implementation as the standards are currently written, the new standards would require these firms to hire an engagement quality reviewer and/or quality reviewer. This requirement creates an economic burden for smaller firms where these firms will need to merge or outsource some of the review and monitoring roles to an individual with suitable skills, availability, and abilities to fulfill these roles. Where are these firms going to find appropriate individuals to review and monitor them? We already have problems just finding peer reviewers with certain industry expertise.
149	I feel that the proposed standards will add significant costs to sole practitioners through the prohibition of the self inspection element. This cost will simply be passed along to the client which it seems is a common result of the both AICPA and GASB standards which don't seem to take into any consideration the truly smallest auditing professionals and auditing clients. I feel as though sole practitioners are a valuable element of the profession as they relate to smaller clients being able to afford a high quality audit from a firm that doesn't have to saddle the audit costs with the recovery of exorbitant overhead costs. I believe these standards are moving towards pushing the sole practitioner out of the profession which I think is a bad direction for the profession.
150	The quality control system needs to be flexible between firms as the nature of the engagements from a national firm to a local firm are totally different. Therefore, their systems of quality control will be different. Firms should have the ability and flexibility to have a system of

	quality control that fits their needs and allows them to perform attest services without being forced out of the market due to the complexity of implementing the standards of quality control. There is a real need for attest services in smaller entities, however, the cost of providing attest services is continually increasing. The implementation of the standards for a local firm providing much needed attestation services cannot be a barrier to performing those services. The necessity to rewrite or update a firms quality control system in a small firm is extremely difficult and costly to do, especially when it really doesn't change the nature of the engagements. The same risk's must be addressed whether you have a documented system of quality control, or you don't. Managing risks and only taking engagements you have the expertise and resources to perform is an ongoing decision for the management of the firm. We are against any proposals that increase our costs and are essentially a barrier to entry for smaller firms.
151	Additionally, we are of the opinion the proposed changes would not be scalable for our firm and due to the added cost burden of implementation and maintenance would result in placing our firm at a competitive disadvantage.
152	Secondly I do not see any data supporting these proposals. At the bottom of page six it says "The development of the proposed standards has been influenced by concerns about audit quality as indicated by the results of peer reviews and studies by other regulators" Where is the data supporting these "beliefs" and "decisions"(see page 28 and 32) made by the ASB? Have there been any cost benefit analysis performed, has diminishing returns been considered? While it says on page 28 cost was a consideration, I see no attempt to quantify the cost.
154	The exposure draft released was 193 pages. Safe yourself some time, and just issue a one page declaration: Attention small and medium size CPA firms….close up, get out, we don't want you. Here's some advice…. Take up golf, go fishing, shopping, vacation, just anywhere that will keep you busy and stop screwing up the rest of us who are still trying to work.
157	These proposals are extremely damaging to small firms, in fact so much so that you may be on the threshold of restraint of trade with respect to a certain portion of your membership. Resources are mentioned in your draft they are not unlimited to small firms as they are extremely expensive, just ask me I know.
158	There appears to be limited scalability, whereas a small firm may need to add additional resources outside the firm, or reduce the billable time for existing partners to help meet the additional requirements that will reduce the overall profitability of small firms or reduce client service capabilities or capacity (that is, there may be insufficient time or resources for smaller firms to comply with the proposed SQMS No. 1 and run their business).
163	Overall, the proposed standard is not scalable as written. The requirements for independence as it relates to internal inspections are not achievable in small firm practice settings as previously stated, including ours. The standard is not equal in efforts required to meet expectations. As currently stated, larger firms with more robust infrastructure would be able to meet the objectives of the proposed standard with little or no effect on their operating environments. As noted above, the burden is unevenly placed on small firms and will have long-term consequences to the small business community. One size fits all does not work and that is what this ends up being with the long list of requirements. The proposed standard is far more comprehensive than previous requirements and it would be beneficial to be given parameters for the different size firms along with a definition of "smaller firms." "Smaller firms" must be defined and the definition must be not be too limiting/ to too small. The clarity of number of ATTEST partners vs administrative and tax partners would need to be considered. We may have 5-10 partners, but only 2-3 qualified for ATTEST partners, thus making the rules for "small" most fitting. Caution should be taken with putting small/medium

	firms in too large a bucket that could cause great burdens. Why is merging with international standards a priority for firms not subject to work in this area? Suggestion: It should be a voluntary system update for those involved with this type of work that don't want to follow two sets of standards; those larger firms can converge. Just like FASB and PCC we recognize as a profession that large firms and smaller firms operate in different marketplaces. As previously mentioned, in our 70+ years, there has been no case where a local firm in another country has contacted us to perform services under international standards. We have done work under FASB/ASB for our Nexia partners from international firms. Accordingly, as others have pointed out, one has to ask, do small firms in other countries perform audits to the extent local firms do in the United States? This would lead to the conclusion that international markets differ widely from the business and not-for-profit environment in the United States. As previously stated, in the General Commentary above, our client base is in the US marketplace, some with international activity, but all financial statement work is for private entities performed pursuant to US GAAP and SSARS and Auditing Standards.
165	If self-inspection is prohibited and the cooling off period is implemented, will compliance be monitored through the peer review program? If so, AICPA should consider that firms not required to have a system review, who only have an engagement review, do not undergo a review of their system of quality control. A review of the entire system of quality control is not within the scope of an engagement review. A firm with one audit will be monitored, but a firm with hundreds of compilation and review engagements will not be. This creates a significant variation in how this standard will be implemented and monitored. Some firms will fail to implement the outside party performing their inspection (either purposefully or by not fully understanding the requirements) while others struggle to implement it. And often those two firms will compete in the marketplace, but now on unequal terms. There is a perception among many small firms that the AICPA and other standard setters are trying to decrease or eliminate the number of small firms performing audit engagements. We know this is not true, but the proposed standards may result in unintended consequences beyond addressing audit quality.
167	We do not agree with the assertion that this standard is scalable. We believe this standard would be burdensome to small firms, which have a limited pool of EQ reviewers. Further, it could have a negative impact on audit quality. While familiarity can pose a threat, it can also be an asset if used appropriately. EQ reviewers that are familiar with the client and technical issues are more likely to detect issues than an EQ reviewer who does not have previous experience with the client. Also, most smaller firms are already stretched thin from a capacity standpoint and these changes just add to the administrative burden and further reduce production capacity. There should be a small firm exemption (for example, 50 partners or less) from this requirement.
168	The Committee raised issues about several topics. In general, we feel the burden of implementing the quality management standards can be readily accomplished by larger, well established audit firms. However, the burden of implementing these standards will be significant for smaller audit firms. This change in approach may result in smaller practice units deciding to get out of the audit business.
Roundtable 8-19-2021	Scalability o Does not seem scalable o Should be a bare minimum standard instead and allow firms to add if they choose o Details will open up more room for litigation
96	See entire letter from Howard Levy