

Membership Requirements for CPA Firms

To be eligible for membership in the Governmental Audit Quality Center, a firm must:

1. Designate an audit partner¹ to have firm-wide responsibility for the quality of the firm's governmental audit practice.² (Effective at admission date.)
2. Have all audit partners of the firm residing in the United States and eligible for AICPA membership must be members of the AICPA.³ (Effective at admission date.)
3. Require the audit partner designated with firm-wide responsibility for the quality of the firm's governmental audit practice (see 1. above) to meet the continuing professional education (CPE) requirements of *Government Auditing Standards*, even if that partner would not otherwise be subject to those CPE requirements. (Effective at admission date.)
4. Require the audit partner designated with firm-wide responsibility for the quality of the firm's governmental audit practice (see 1. above) to participate in an annual center sponsored webcast on recent developments in governmental auditing.⁴ (Effective at admission date.)
5. Establish policies and procedures specific to the firm's governmental audit practice to comply with the applicable professional standards and center-membership requirements. These policies and procedures must be documented and appropriately communicated. (Effective within six months of a firm's admission date.)
6. In addition to meeting the quality control standards requirement for monitoring, establish annual internal inspection procedures that include a review of the firm's governmental audit practice by individuals possessing current experience and knowledge of the accounting and auditing practices specific to governmental audits.⁵ The engagements inspected should be representative of the firm's governmental audit practice considering the number and different types of governmental audits (e.g., audits performed under the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* — (referred to as single audits), program-specific audits as defined under OMB Circular A-133, and other compliance audits and attestation engagements performed under various federal, state, or local agency audit guides) and the various locations at which those audits are performed. The internal inspection results specific to the firm's governmental audit engagements should be made available to the firm's peer reviewer. Further, the firm's monitoring process should include a review of the firm's compliance with the center membership requirements. (A firm must establish annual internal inspection procedures within three months of its admission date.)
7. Make publicly available information about its most recently accepted peer review as determined by the Executive Committee.⁶ (Effective at admission date.)
8. Have its governmental audits selected as part of the firm's peer review performed by a peer review team member who is employed by a center member firm. (Effective for peer reviews commencing on or after Jan. 1, 2006.)
9. Periodically file with the center information about the firm and its governmental audit practice, and agree to make such information available for public inspection, as determined by the Executive Committee.⁷
10. Pay dues as established by the Executive Committee.
11. Comply with additional requirements as may be established by the Executive Committee and approved by the AICPA Board of Directors.

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References

- ¹ An audit partner refers to an individual who legally is a partner, owner or shareholder in a CPA firm or sole practitioner and who performs audit services, concurring reviews (if applicable), or consultations on technical or industry-specific issues with respect to audit clients of the firm. Such individual should be party to any partnership, ownership or shareholder agreement of a CPA firm.
- ² A firm's governmental audit practice includes all audits and attestation engagements performed under *Government Auditing Standards* of federal, state, or local governments; not-for-profit organizations; and certain for-profit organizations (e.g., audits performed under the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations (referred to as single audits) program specific audits as defined under OMB Circular A-133, and other compliance audits and attestation engagements performed under various federal, state, or local agency audit guides.)
- ³ Member firms must use best efforts to ensure compliance with this membership requirement. Best efforts include: (a) annually advising each audit partner that AICPA membership is mandatory; and (b) taking appropriate corrective action in the event the firm detects non-compliance. In addition, while only audit partners residing in the United States and eligible for AICPA membership must be members of the AICPA, member firms must encourage all other firm professionals who are eligible for membership in the AICPA to enroll as individual members.
- ⁴ The partner may either participate in the live webcast or an archived version that will be available via the center website.
- ⁵ A peer review does not substitute for monitoring procedures. However, since the objective of a peer review is similar to that of inspection procedures, a firm's quality control policies may provide that a peer review conducted under standards established by the AICPA may substitute for some or all of its inspection procedures for the period covered by the peer review.
- ⁶ The Executive Committee has determined that center member firms are required to make publicly available the following information, if applicable, relative to the firm's peer review:
- Peer-review report;
 - Letter signed by the reviewed firm indicating that the peer review documents have been accepted with the understanding that the firm agrees to take certain actions, if applicable;
 - Letter notifying the firm that certain required actions have been completed, if applicable; and
 - Letter notifying the firm that the peer review has been accepted.
- ⁷ The Executive Committee has determined that center member firms are required to file with the center the following information:
- Firm name and address;
 - Indicate whether the firm is a member of the Employee Benefit Audit Quality Center and/or PCPS;
 - Name and contact information of the designated audit partner with firm-wide responsibility for the quality of the firm's governmental audit practice;
 - Name and contact information of the firm's designated center contact administrator (if different from designated partner above);
 - Total number of CPAs in owner's group, CPAs in firm, professional staff and firm personnel;
 - Approximate number of single audits (for example, 1-10, 11-25, 26-50, 51-100, 101-500, over 500); and
 - Approximate number of governmental audits, inclusive of single audits (for example, 1-10, 11-25, 26-50, 51-100, 101-500, 501-1,000, over 1,000).