

**AICPA Peer Review Board  
August 6, 2014 Open Session Meeting Highlights**

**Meeting Participants**

**Board Members**

Richard W. Reeder, Chair  
James T. Ahler  
Michael A. Fawley\*  
Anita Ford  
Scott Frew  
Lawrence Gray  
Richard W. Hill  
Richard Jones\*  
Michael LeBlanc  
Toni Lee-Andrews  
G. Alan Long  
Michael McNichols  
Randy L. Milligan  
Thomas J. Parry  
Thad E. Porch  
Jodi L. Rinne  
Robert Rohweder  
Keith Rowden  
Steven K. Stucky

**AICPA Staff**

Fran McClintock, Staff Liaison  
Jim Brackens  
Sue Coffey  
Melissa Dunn  
Kim Ellis  
Gary Freundlich  
Laurel Gron\*  
Tim Kindem\*  
Sue Lieberum  
Carl Mayes  
LaVonne Montague\*  
Donna Roethel  
Susan Rowley\*  
Karl Ruben  
Beth Thoresen

**Guests Participating In Person and Via Telephone**

See Exhibit 1

\*via telephone

**Purpose of the Meeting**

Regularly scheduled meeting to review and discuss proposed guidance and other topics. Mr. Reeder called the meeting to order at 10:00am MST. The meeting was adjourned at 11:42 MST.

**Discussion Points**

**1.1 Welcome Attendees**

Mr. Reeder called the open session to order and welcomed the Peer Review Board (PRB) members and all participants.

**1.2 Approval of Engagement Review Reports: Pass with Deficiency vs. Fail**

Ms. Ford presented the results of the exposure draft and the final standards changes. The revisions to the standards will have an effective date for peer reviews with report dates on or after January 1, 2015.

**Decisions, Next Steps and Action Items:**

- Standards revisions and peer review alert were approved.

### **1.3 Approval Exposure Draft Related to Preparation Services**

Ms. Ford discussed the purpose of the exposure draft. The comment period ends on October 31, 2014. The STF will consider comments received at its November meeting and, if appropriate, will propose guidance at the January PRB open session. The proposed changes, if approved, will be effective upon approval.

#### **Decisions, Next Steps and Action Items:**

- Exposure Draft and related Peer Review Alert were approved.

### **1.4 Approval of Revised Materials Related to Ensuring Population Completeness**

Mr. Reeder presented changes to the peer review materials related to ensuring population completeness.

#### **Decisions, Next Steps and Action Items:**

- Revisions to materials approved.

### **1.5 Discussion Paper Regarding Enhancing Audit Quality**

Mr. Reeder presented the release of the discussion paper regarding enhancing audit quality. The paper will be released on August 7, 2014. The AICPA is seeking input on its perspectives and thinking and encourages stakeholders in the financial statement audits of private entities to engage in a productive dialogue. The peer review board will be working on enhancing audit quality in two phases. Phase 1 involves planned and proposed efforts that will immediately begin to improve quality. Phase 2 centers around the transformation of the current peer review program into a practice monitoring process that marries technology with human oversight.

#### **Decisions, Next Steps and Action Items:**

- None

### **1.6 Update on the DOL Research Project**

Ms. Lieberum presented updated statistics on the DOL Research Project. Ms. Lieberum also indicated that all replacement reviews that receive a pass rating will be selected for desk oversight by the AICPA.

Mr. Reeder indicated that a reviewer focus will be issued on the treatment of FFC's and deficiencies in recalled peer reviews. The peer reviewers and peer review committees will need to take in to account the FFC's and deficiencies from the recalled review during their evaluation of the replacement review's results. The FFC's and deficiencies from the recalled review will not be considered repeats. Also, administering entities may provide the FFC's and report from the recalled review to the team captain of the replacement review. Finally, if the firm has an open corrective action from their recalled review, the corrective action does not need to be completed. The corrective action must be voided in order to schedule the replacement review, but, the report acceptance body should take the corrective action in to account when considering the replacement review. Also, when a firm has consecutive pass with deficiency or fail reports, if the repeat letter was sent out on the review that is being recalled, the letter will still stand. If the replacement review is a pass with deficiency or fail report, then the firm could be referred to the Board for non-cooperation.

#### **Decisions, Next Steps and Action Items:**

- A reviewer focus will be issued on the treatment of FFC's and deficiencies in the recalled peer reviews.

### **1.9 Update on Electronic Peer Review Program Manual**

Ms. Lieberum indicated that the peer review program manual will no longer be available in a paper format. Loose-leaf subscriptions will be discontinued no later than July 2015. Ms. Lieberum detailed the improvements that will be made to the new online manual, including, improved search capabilities and better mobile capabilities. The Peer Review Board will be determining which sections will be offered to the general public and which will not.

#### **Decisions, Next Steps and Action Items:**

- None

### **1.10 Standards Task Force Future Agenda Items**

Ms. Ford noted that the Standards Task Force will be discussing further clarification of the recall guidance. The task force will also be discussing must cover and must select industries and will be considering realignment of those areas. Finally, the task force will be addressing consecutive pass with deficiencies or fail reviews and tone at the top issues.

#### **Decisions, Next Steps and Action Items:**

- None

### **Operations Director's Update**

Ms. Thoresen noted the amount of time PRISM allows before it timeouts will be changed later this month. The PRISM system will automatically logout individuals after 20 minutes of inactivity. PRISM will warn the user that they are about to be logged out. Also, there is a customer satisfaction survey that is available and users can still respond.

#### **Decisions, Next Steps and Action Items:**

- None

### **1.11 Future Open Session Meetings**

Ms. McClintock noted that the November open session meeting will be November 14, 2014 and that the time has not been determined. Also, the May meeting will be in Durham, NC.

**Exhibit 1: Peer Review Board Open Session  
Guests Participating In Person and Via Telephone  
August 6, 2014**

Name	Organization
1. Mike Auerbach	Department of Labor
2. Janice Gray	NASBA
3. Debra Seefeld	Seefeld Lawson Moeller LLP
4. James Clausell	Clausell & Associates, CPAs, P.C.
5. Robert Brooks	NC State Board of CPA Examiners
6. Jennifer Poff	The Georgia Society of CPAs
7. Ryan Murnick	Illinois CPA Society
8. Kent Absec	Idaho State Board of Accountancy
9. Wendy Garvin	Tennessee Society of CPAs
10. Patty Hurley	OK Society of CPAs
11. Cheryl Hartfield	Thomson Reuters
12. Mark Mersmann	MSCPA
13. Paul Pierson	Illinois CPA Society
14. Stacey Lockwood	Society of Louisiana CPAs
15. Phyllis Barker	Oregon Society of CPAs
16. Karen Condon	Tennessee State Board of Accountancy
17. Elizabeth Gantnier	Stegman & Company
18. Marsha Moffitt	AR Society of CPAs
19. Nichole Favors	Indiana CPA Society
20. Faye Hayhurst	Minnesota Society of CPAs
21. Michael Auerbach	U.S. Department of Labor
22. Dan Dustin	NASBA
23. Thomas Kirwin	Sullivan Bille PC
24. Richard Gesseck	Cohn Reznick
25. Julie Salvaggio	Kentucky Society of CPAs
26. Doris Cubitt	SC Board of Accountancy
27. Julie Phipps	Washington Society of CPAs
28. Gloria Snyder	LCPA
29. Ellen Adkins	SC Board of Accountancy
30. Janice Gray	Gray, Blodgett & Company, PLLC
31. Mark Hobbs	The Hobbs Group, PA
32. Henry Krostich	NASBA CAC
33. Leona Johnson	NASBA CAC
34. Gerard Stifter	Gerard E Stifter LLC
35. Jerry Cross	TSCPA
36. Mike McClure	BMG CPAs
37. Carolee Lindsey	Cummings Keegan & Co
38. Kevin Collins	CO State Board of Accountancy
39. Mary Beth Halpern	MD Association of CPAs
40. Rebecca Gebhardt	NASBA CAC
41. Jim Gero	Hobe & Lucas CPAs, Inc.
42. Rebecca Gebhart	NASBA
43. Fred Briggs	NASBA
44. Karen Kerber	KerberRose, SC