

**AICPA Peer Review Board  
November 14, 2014 Conference Call Open Session Meeting Highlights**

**Meeting Participants**

**Board Members**

Anita Ford, Chair  
James Clausell  
Michael A. Fawley  
Lawrence Gray  
Richard W. Hill  
Karen Kerber  
Michael LeBlanc  
Toni Lee-Andrews  
G. Alan Long  
Michael McNichols  
Andrew Pope  
Thad E. Porch  
Robert Rohweder  
Keith Rowden  
Debra Seefeld  
Todd Shapiro  
Tom Whittle III

**AICPA Staff**

Fran McClintock, Staff Liaison  
Jim Brackens  
Melissa Dunn  
Kim Ellis  
Gary Freundlich  
Tim Kindem  
Sue Lieberum  
Carl Mayes  
LaVonne Montague  
Maria Navarro  
Karl Ruben  
Beth Thoresen  
Nicole Welman

**Absent**

Rich Jones

**Guests Participating Via Telephone**

See Exhibit 1

**Purpose of the Meeting**

Scheduled meeting to review and discuss proposed guidance related to the Enhancing Quality initiative and other topics. Ms. Ford called the meeting to order at 1:00pm ET. The meeting was adjourned at 2:55pm ET.

**Discussion Points**

**1.1 Welcome Attendees and Roll Call**

Ms. McClintock conducted the roll call of the board and guests. Ms. Ford called the open session to order and welcomed the existing and new Peer Review Board (PRB) members and all participants. Ms. Ford also reminded participants that the AICPA is seeking candidates to join the PRB in the coming year.

The agenda order was re-arranged to discuss the (agenda item 1.4) Reviewer Performance Exposure Draft prior to all other agenda items. Mr. Brackens provided an overview of the AICPA's Enhancing Audit Quality initiative and the relationship to the performance and consecutive non-passing reports agenda items.

## **1.2 Approve Revisions to Guidance on Consecutive Non-passing Reports**

Mr. Parry presented the proposed revisions to guidance on consecutive non-passing reports. Discussion ensued among the PRB and other participants. The guidance was clarified to indicate the expectation for a peer review committee assessment for presumptive referral of the firm after receiving the second consecutive non-pass report, and a mandatory referral to the board after the third consecutive non-pass report to determine if the firm's enrollment should be terminated. The effective date of the guidance was discussed but remained as proposed to be effective for initial non-pass reports accepted after January 1, 2015. Participating administrators mentioned concerns about the impact on Engagement Reviews and concerns about re-enrollment after the firm is terminated. It was recommended that staff consider additional conforming changes and suggestions to lessen the impact on administrators dealing with impacted firms. Revision was requested to change the RAB Handbook layout to more clearly indicate that the firm will receive a notification about the noncooperation provisions after the first non-pass report.

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

- All materials within the agenda topic (1.2 A-E) were approved with the clerical revisions and the conforming changes discussed.

## **1.3 Approve Exposure Draft on Preparation of F/S Performed under SSARS and the Impact on the Scope of Peer Review**

Mr. Parry presented the proposed the Exposure Draft on Preparation of F/S Performed under SSARS and the Impact on the Scope of Peer Review.

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

- Exposure Draft on Preparation of F/S Performed under SSARS and the Impact on the Scope of Peer Review was approved as presented.

## **1.4 Approve Exposure Draft on Reviewer Performance**

Mr. Parry presented the proposed Exposure Draft on Reviewer Performance. Discussion ensued regarding certain areas for administrative monitoring of the new requirements, communications, PRISM and the effective date of the specialized training requirement.

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

- Exposure Draft on Reviewer Performance and the related Peer Review Alert was approved as presented.

## **1.5 Discuss Updated Statistics on the DOL Project**

Ms. Lieberum provided an update on the DOL project. Firms that were not enrolled or signed a no A&A letter were referred to Ethics. If Ethics concludes that the firm intentionally misrepresented their A&A practice, then the responsible AICPA member will be expelled from the AICPA. If Ethics concludes that the misrepresentation was unintentional then the AICPA member will be suspended for 2 years. In addition to AICPA publication, Sue Coffey will send a letter to the individual's state board of accountancy about the situation.

Replacement reviews are currently being scheduled and performed. Pass reports on replacement reviews are being subjected to AICPA staff oversight. Approximately 250 firms were unable to be identified during the project and letters are being sent to the firm requesting a response within 15 days. If the firm does not respond, the AICPA will send a letter to the appropriate state board of accountancy. Approximately 20 reviewers have been restricted due to their firm omitting ERISAs from its peer review.

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

- None

**1.6 Future Open Session Meetings**

Ms. Thoresen noted the dates of the future open session meetings:

- A. January 27, 2015 Open Session – Puerto Rico
- B. May 5, 2015 Open Session – Durham, NC
- C. August 5, 2015 Open Session – New Orleans, LA
- D. September 22, 2015 Open Session – Conference Call

**Exhibit 1: Peer Review Board Open Session  
AICPA Peer Review Board Meeting**

**Participants for Peer Review Board Open Session  
November 14, 2014**

<b>Name</b>	<b>Organization</b>
1. Cheryl Hartfield	Thomson Reuters
2. Stacey Lockwood	LCPA
3. Judy Chaplin	Iowa Society of CPAs
4. Mary Beth Halpern	MACPA
5. Julie Salvaggio	Kentucky Society of CPAs
6. Wendy Garvin	TN Society of CPAs
7. Patty Hurley	OK Society of CPAs
8. Phyllis Barker	Oregon Society of CPAs
9. Nichole Favors	Indiana CPA Society
10. Paul Pierson	Illinois CPA Society
11. Ellen Adkins	SC Board of Accounting
12. Beth Lyons	Mass. Society of CPAs
13. Gloria Snyder	LCPA
14. Faye Hayhurst	Minnesota Society of CPAs
15. Jeffrey Greene	UHY LLP
16. Gerard Stifter	Minnesota Society of CPAs - Technical Reviewer
17. Daniel Weaver	Texas State Board of Public Accountancy
18. Ryan Murnick	Illinois CPA Society
19. Michael Jack	D Michael Jack CPA
20. Rita Barnard	KSCPA
21. James Rensi	Luderman & Konst, Inc.
22. Bill Bailey	US Dept of Labor
23. W. Barclay Bradshaw	L.P. Martin & Company, P.C.
24. Sharon Romere-Nix	Thomson Reuters
25. Dana Paehlig	State of MI
26. Thomas Kirwin	Sullivan Bille PC
27. Peggy Jury	MICPA
28. Edward Mann	E. L. MANN, PC
29. Erica Forhan	Moss Adams LLP
30. Jerry Cross	TSCPA
31. Linda McCrone	Calif Soc of CPAs
32. Dipesh Patel	TSCPA
33. Alan Grothe	Alan L. Grothe, CPA, LLC
34. Jerry Hill	Texas State Board of Public Accountancy
35. Alex Schillaci	Deloitte & Touche LLP