



**STATE OF OKLAHOMA
OKLAHOMA ACCOUNTANCY BOARD**

September 3, 2010

Via e-mail to: PR_expdraft@aicpa.org

Ms. LaShaun King, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Exposure Draft dated June 1, 2010 "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs"

AICPA Peer Review Board:

The Peer Review Committee of the Oklahoma Accountancy Board has reviewed the above-referenced draft and appreciates the opportunity to offer comments to the AICPA Peer Review Board (Board). The Committee's primary objective was to assess how it would affect the Oklahoma Accountancy Board's charge to "protect the public".

The Committee believes the changes proposed in this exposure draft related to providers of Quality Control Materials (QCM) will improve independence, both in fact and appearance, over what currently exists in the Peer Review process. Independence is a vital part of our profession. The public must be confident that all Certified Public Accountants involved in the Peer Review process are independent, both in fact and appearance. If this requirement of independence does not exist in the Peer Review process, we believe the process would not be reliable and of the quality necessary for our Board.

Currently, several of our member firms use QCM provided by other firms. These QCM are being used by our member firms as essential practice aids to help maintain the appropriate quality on various attest engagements. In the case of a member firm's Peer Review being performed by individuals representing the firm who developed and provided the QCM, we believe a significant independence issue exists, either in appearance and/or fact. We believe an individual associated with the firm who

developed and provided the QCM to the member firm, and then performing the peer review of said member firm, is reviewing the very system of quality control which they developed, since the QCM usually play a significant role in the quality control in a member firm's practice.

The Committee does not believe an alternative safeguard approach could take the place of the prohibition approach. We agree with the approach proposed by the AICPA Peer Review Board.

We also believe a quality vendor providing QCM to our member firms would welcome the peer review process being performed by independent parties to further provide assurances of the QCM assisting the member firms in meeting the required standards.

While we support the QCM independence proposal, we do have concerns over the proposal to extend those same requirements to CPE programs. We do not agree that a provider or presenter of a CPE program is necessarily an extension of a reviewed firm's system of quality control, unless the CPE program involves the subject matter of a provider's QCM and is presented by the provider. We believe the Peer Review Board should consider the potential negative consequences of extending the QCM independence requirements to providers and presenters of CPE programs without certain qualifications. The CPE program independence proposal could have the unwanted effect of discouraging qualified individuals from providing or participating in CPE programs even when independence impairments are not at risk. We would not want the quality of CPE diminished by prohibiting expert speakers and presenters from performing peer reviews of firms where firm members had attended certain CPE programs in which they participated. We are also concerned as to how this requirement could be reasonably monitored. The Committee encourages the Peer Review Board to reconsider its proposal in the area of CPE program independence.

We have no comments regarding the revisions to procedures for performing a CPE program review for those that elect to undergo a review.

Again we appreciate the opportunity to provide these comments and hope they will assist the Peer Review Board in its work.

Sincerely,



Kim W. Shoemake, CPA, Chairman
Oklahoma Accountancy Board
Peer Review Committee