

August 27, 2010

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"

Dear AICPA Peer Review Board Members:

The WSCPA Peer Review Executive Committee appreciates the opportunity to provide comments on this proposed standard. The Committee administers the AICPA Peer Review Program for Washington State. There are six committee members and three technical reviewers currently serving on this committee, one of whom has served on the AICPA Peer Review Board. Each year the committee is responsible for the acceptance of approximately 180-200 reviews.

Question 21-1

We agree that peer review should not be used to cure an independence impairment. We also agree with the paragraph at the end of this question because it expands the notion that independence may be impaired on a firm on firm basis if the reviewed firm uses quality control materials (QCM) or continuing professional education (CPE) programs developed or maintained by the reviewer firm. However, we believe that clarification is needed regarding how much of the QCM must be involved for independence to be impaired.

Another problem is the issue of practice aids that enhance audit programs. If the AICPA Peer Review Board believes that there is a threshold where practice aids would impair independence, how would it be determined that the threshold had been reached?

We believe it would be clearer if the reference to CPE programs was removed in the final paragraph to Questions 21-1. Instead the focus would be on QCM. Determining a threshold for CPE programs is more difficult and the guidance unclear.

Question 21-7

Some of our best instructors are also peer reviewers. Because we offer a variety of courses and instructors, we believe this independence issue would not apply. The phrase "CPA firm, association, or any other type of entity," however, makes this unclear. We firmly believe that peer reviewers who also teach courses through a state society should not be subject to this CPE interpretation.

Again, thank you for allowing us the opportunity to comment.

Sincerely,



Ray Holmdahl, CPA
Chair, Peer Review Executive Committee