



September 9, 2010

Peer Review Board
American Institute of Certified Public Accountants
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Dear Board Members:

We appreciate the opportunity to comment on the proposed revisions to the Standards for Performing and Reporting on Peer Reviews, *Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs*, approved for exposure by the Peer Review Board of the American Institute of Certified Public Accountants (AICPA). Overall, we support the issuance of the proposed revisions, and we respectfully submit our responses to the Board's specific questions.

1. Do you believe that the peer review relationship currently permitted by paragraph 159 is appropriate (e.g. if Firm A develops and markets QCM or CPE programs that has been independently peer reviewed and Firm B uses those materials or programs, is it appropriate for Firm A to perform the peer review of Firm B)?

No, we do not believe that it would be appropriate for Firm A to perform Firm B's peer review. In consideration of the Conceptual Framework for AICPA Independence Standards, we believe that no safeguards can eliminate or reduce the self-interest, self-review, and familiarity threats to an acceptable level. We believe that these threats would impair Firm A's objectivity and independence.

2. Are there any independence concerns that arise as a result of the peer review relationship currently permitted by paragraph 159?

- a) If no, please explain why you do not have any independence concerns.
- b) If yes, please list your concerns and discuss whether you believe they represent an impairment of independence in fact, appearance, or both.
- c) If yes, do the proposed revisions appropriately address your independence concerns?

As expressed in our response to question 1, we believe Firm A's independence of Firm B is impaired in appearance because of the significance of the self-interest, familiarity, and self-review threats. In our view, the proposed revisions eliminate the appearance of an independence impairment as a result of the peer review relationship currently permitted by paragraph 159. We do not believe that, in most circumstances, any safeguards could reduce these threats to an acceptable level.

3. Do you believe that the proposed revisions are necessary to serve the main goal of the AICPA Peer Review Program (promoting quality in the accounting and auditing services provided by AICPA members and their CPA firms in order to serve the public interest and enhance the significance of AICPA membership)?

Yes. In our view, the proposed revisions better serve the public interest because they appropriately require a peer review by a reviewer who is independent both in fact and in appearance.

4. Is it more appropriate to have safeguards instead of prohibition? For example, using the scenario in question #1 between Firms A and B, would independence concerns be mitigated if the peer reviewers from Firm A were not involved in any way in the development or maintenance of the QCM or CPE programs? Or if there were periodic oversight of reviews performed by Firm A when the reviewed firm uses Firm A's materials or programs? Please provide your suggestions as to any appropriate safeguards you believe mitigate independence concerns.

Although safeguards may mitigate the self-review threat to independence, we believe that such safeguards would not eliminate the self-interest or familiarity threats or reduce them to an acceptable level. The fact remains that the QCM and CPE programs are developed by Firm A and sold to Firm B (self-interest). In addition, the QCM and CPE programs are most likely also used by Firm A (familiarity).

5. If the proposed revisions are implemented, do you believe there will be a negative impact on your firm's ability to obtain QCM or CPE programs and/or ability to find qualified peer reviewers?

The proposed revisions do not affect our firm's quality control materials or CPE programs or our firm's peer review.

We would be pleased to discuss our letter with you. If you have any questions, please contact Jeff Hughes, National Managing Partner Audit Risk Management, at (404) 475-0130.

Sincerely,

