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United States Government Accountability Office  
Washington, DC 20548

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Subject: Exposure Draft of Proposed Revisions to the *Standards for Performing and Reporting on Peer Reviews*

This letter provides the U.S. Government Accountability Office's (GAO) comments on the American Institute of Certified Public Accountants (AICPA) Exposure Draft of 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*. We appreciate the opportunity to comment on this proposal. Our responses to the questions included in the Guide for Respondents section of the exposure draft are included below.

Questions 1 and 2: Do you believe that the peer review relationship currently permitted by paragraph 159 is appropriate? Are there any independence concerns that arise as a result of the peer review relationship currently permitted by paragraph 159?

When a user firm obtains QCM or CPE programs from a provider, a relationship is established between the user firm and the provider, which would create an independence impairment if members of the provider were to serve as members of the peer review team for the user firm. In this situation, the provider would in effect be responsible for evaluating the adequacy of the QCM or CPE programs, which the provider designed and provided to the reviewed entity. This results in the provider reviewing their own work.

Question 3: Do you believe that the proposed revisions are necessary to serve the main goal of the AICPA Peer Review Program?

The proposed revisions will improve the standards by enhancing the independence of peer reviewers.

Question 4: Is it more appropriate to have safeguards instead of prohibition?

Whether a safeguard or a prohibition is more appropriate in a given situation depends on the significance of the threat to independence. If the threat is so significant that safeguards would not be able to mitigate the threat to independence, then the standard should include a prohibition. In this situation, it would be difficult to employ safeguards which would adequately mitigate the threat to independence of the provider, since the provider would in effect be evaluating their own work if they were to serve as members of the peer review team for the user firm. If there are safeguards which would adequately mitigate the threat, examples of these safeguards should be included in the standard.

We thank you for considering our comments on these important issues.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Dalkin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James R. Dalkin  
Director  
Financial Management and Assurance