MFC Project Update

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Rachelle Drummond, CPA

Rachelle Drummond is a Technical Manager of the AICPA Peer Review Program. She performs technical reviews and oversights for peer reviews that are administered by the National Peer Review Committee. She assists representatives from enrolled firms in addressing their peer review related questions. She also actively assists in developing, maintaining and updating other technical and administrative guidance for the AICPA Peer Review Program.

Rachelle has been with the AICPA for two years. Prior to joining the AICPA, she was an audit manager with PricewaterhouseCoopers in Greensboro, NC. Rachelle holds both a Bachelor of Business Administration and a Master of Business Administration with a concentration in accounting and finance from St. Bonaventure University. She is currently licensed as a CPA in the state of North Carolina.
Donna M. Roethel

Donna Roethel is Senior Manager – Peer Review Technology Initiatives on the Peer Review team at the American Institute of Certified Public Accountants (AICPA) in Durham, North Carolina. Donna is staff liaison to the PRISM AE User Group that provides guidance and input into PRISM - the computer system utilized by Administering Entities to schedule and monitor peer reviews. Her responsibilities include the role of business owner for PRISM and she works closely with AICPA IT and independent consultants in managing peer review’s web-based projects including PRISM and Facilitated State Board Access (FSBA.)

She has been involved with peer review since 1979, initially in the Division for CPA Firms and later on the Peer Review team. She has previously been a speaker at the AICPA Peer Review Conference.

Donna holds a Bachelor of Science degree in management and communications from Adelphi University in Garden City, New York.

MFC Project Q&A
What is the MFC Project?

- **Peer Review Board Strategic Plan**
  - Determine actions PRP can take to aid reviewers in improving the accounting and auditing quality of reviewed firms
  - Provide meaningful information to other AICPA teams for the development of timely tools and education for member firms
- **Electronic MFC form allows for easier aggregation of matters identified**
- **Electronic MFC and DMFC forms are the first step in making entire peer review process electronic**

Why should Peer Review be electronic?

- **Feedback on how to improve Peer Review was obtained from various groups**
  - Surveys were sent to thousands of stakeholders: peer reviewers, technical reviewers, administrators, state society CEOs, committee chairs, and enrolled firms
- **Overwhelming need to improve administrative process related to peer review**
- **Many improvement initiatives are already underway**
- **Next significant technological step is electronic MFC and DMFC**
How will AEs be affected by the new process?

- Technical Reviewers will review the MFC/DMFC forms in PRISM
- Simplified workflow – easy form to request changes to MFCs or additional MFCs
- Automatic emails for each step in the process
- Easy request for overdue electronic MFCs
- AEs will have the ability to automatically assign a default technical reviewer to reviews

How will electronic forms be accessed?

- Peer Review Information System Manager (PRISM)
- Accessed from any computer with an internet connection via aicpa.org
- Other functionality available in PRISM
  - All documents and communications related to peer review
  - Reviewers – status of your reviews, submit/update your resume, view scheduling forms sent to you from firms looking for a peer reviewer
- Future PRISM functionality
  - Firms – submit scheduling form, request due date or year end extensions, enroll in peer review, view status of current review
- Dashboard – tailor to your liking
When will electronic forms be required?

- The electronic MFC and DMFC forms will be required for peer reviews commencing on or after May 1, 2013
- MFC Pilot
  - Reviews of AICPA firms during October – December 2012
  - Approximately 20 reviewers participating
  - Will involve a number of reviewed firms
  - Will involve at least a quarter of the AEs or more who will start using this process for pilot reviews

Will electronic entry require extra time?

- No extra time
- Reviewer – eases preparation
  - Prepopulated information from PRISM
  - Drop down lists: professional standards references, industries, level of service
  - Direct workflow between reviewer, reviewed firm and AE
What information will be captured and maintained by PRISM?

- **Reviewer/Firm**
  - Identifying information purged after 120 days

- **General Data**
  - Information obtained from PRISM – reviewer entry not required

- **Reviewer's description and additional comments**
  - and the firm’s response will also be kept

**Review Data**

- Program Questionnaire or Engagement Questionnaire Details
  - QC checklist information
  - Engagement checklist information
  - Professional Standards References

What will the information maintained in PRISM be used for?

- Improve the audit quality of reviewed firms and provide meaningful information to other AICPA teams for the development of timely tools and education for member firms
  - Example – focused CPE in area where we identify a significant number of matters

- **Long Term Goal**
  - All stakeholders will have access to data
**What safeguards ensure integrity of data?**

- **Unauthorized access**
  - Reviewers – access to reviews they’re approved as a team member or team review captain
  - Firms – access to their reviews
  - Technical reviewers and AEs – access to all reviews they administer

- **Ability to edit information already approved**
  - Reviewer cannot edit information entered by firm
  - Firm cannot edit information entered by reviewer

- **Submission of incomplete MFC to AE**
  - MFC status will be visible to reviewers, firms and AE
  - System prevents moving to next status until requirements of previous status are completed

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**Is the use of electronic MFC and DMFC forms required?**

- **Yes, the use of electronic forms is required for both firms and reviewers**
  - Firms – offline alternative available for a processing fee
  - Reviewers – Interpretation 24-1 requires reviewers to use materials and checklists developed by the Board
  - Firms should provide reviewers with access to the internet. Reviewers should verify this during planning
What changes were made to the form to allow for easier electronic entry and approval?

- System and Engagement Reviews – reviewed firm representative will complete and sign MFC
- Engagement Reviews – firm’s signature will be required
- DMFC – explanation for no FFC/report

How should I prepare myself and my peer review clients for the use of electronic forms?

- Use the PDF version of the MFC form
- Complete MFCs prior to the exit conference
- Use professional standards references provided
- Don’t use client/firm names
- Firms should not provide attachments
- System Reviews – include systemic cause
- Engagement Reviews – firm should sign the MFCs
- Confirm that the firm reps have registered at aicpa.org to enable access to electronic MFC forms