



EUBANK & BETTS

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August 11, 2010

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

Re: Proposed Revision to the Peer Review Interpretation 21-1
and Paragraph .164

Dear Ms. King:

Thank you for the opportunity to comment on the Exposure Draft (Draft) dated June 1, 2010 by the AICPA Peer Review Committee (NPRC). I have many concerns about this Draft due to the apparent bias against anyone that participated in any guide published by Practitioners Publishing Company (PPC) since the inception of that Company. I believe that the Draft, as written, would not serve the public interest and enhance the significance of the AICPA membership. In fact, I believe that it could potentially produce the unintended consequence of diminishing quality in the profession, as opposed to promoting it, by prohibiting recognized peer review industry experts from performing peer reviews.

Let me attempt to explain some background for you. As a member of the AICPA Auditing Standards Board, I was an original co-author in October, 1982 for the PPC "Guide to Auditor's Reports (Guide)". My entire contribution to the Guide was to obtain copies of over three hundred different audit reports. The text and the drafting of the publication was performed by Dennis Meals, Gary Yarnall and Marilyn (Zulinski) Rutledge. I am not presently involved in the development or maintenance of a providers' QCM or CPE programs and have not made any additional contributions to the Guide since 1982. As you are aware, auditors reports have significantly changed since that original Guide was completed.

The royalty I received for my part in the original Guide was fully paid in 1984. I have not received any royalty payments since that date. I have not and do not intend to

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perform any more services for PPC in the future. PPC left all the original co-authors names on the Guide although several of us no longer perform any services for the Guide. Since the various audit reports have all changed since the original Guide was issued, I do not think I should be considered to be an author for the current text.

The AICPA was not issuing much guidance to local CPA firms' auditors in the 1970's. In 1978 I was in New York City to attend an SEC seminar so I contacted an employee of the AICPA, Jack Shoet, who worked in the technical assistance area. He had assisted our firm for several years on technical matters. We met at the AICPA offices to discuss a recommendation I had regarding an audit and accounting manual to be used by local firm practitioners in their practices. He took me to another gentleman to discuss this matter. The man said he wanted to do something like that for local firms. The encouragement I gave him resulted in the AICPA issuing an audit and accounting guide for local firms to use in their practices that is presently being used by the profession. The following year AICPA President Wally Olson contacted me about serving on an AICPA Committee. I requested the Auditing Standards Board (ASB) and in October, 1979, I was appointed to the Board. In October, 1980 Dennis Meals was also appointed to the ASB. Meals was co-author of "Guide to Compilation and Review" with Dan Guy of the AICPA ASB. It was the first book PPC published after the Accounting and Review Services Committee (SSARS) issued their new guide. In 1981, I told Meals that PPC should issue a "Guide to Auditor's Reports" because it was the flagship of our profession. PPC was reluctant to do this guide and I eventually convinced the owners to go forward with this most important project. My goal in this effort was to assist auditors throughout America with a Guide for the many different type audit reports that CPAs are confronted with in practice. I obtained the many report illustrations from the larger firms in America and the others drafted the text and the organization of the Guide. My goal was to do something for all the CPAs in America who performed audits and I believe that was accomplished. My three year term on the ASB was over in October 1982, the year and month when the Guide was completed by PPC. I continued to serve on an ASB committee for another year. During my term on the ASB we issued SAS No. 27 through No. 47 including the important Going Concern, Sampling and Audit Risk and Materiality.

In 1982, I was appointed to serve three years on another important committee, Technical Issues Committee (TIC) of the Private Companies Practice Section (PCPS). Other committees where I served for the AICPA and PCPS are as follows:

PCPS Executive Committee - 1985 - 1988

National Accounting and Auditing Advanced Technical Symposium- 1987 - 1991

AICPA Management of Accounting Practice - 1991 - 1994

AICPA Tax Committee "Workload Compression Task Force" in 1995

AICPA Ethics Committee's Technical Standards Sub-committee - 1996 - 1999

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As you can see, my firm and I have dedicated many hours working for improvements in our profession. Our firm had its first SECPS Peer Review in 1980. In 1984, I performed an AICPA CART Review in Nashville, Tennessee. My audit partners have also performed many peer reviews for firms with audit and accounting practices. During this period from 1984 to the present, we had oversight of the various types such as the Public Oversight Board, the AICPA Peer Review Committee, and various state peer review committees as well as a recent oversight on a Baton Rouge firm review by you. In all instances of oversight, our firm and its partners have always been complimented for our thorough, objective and impartial peer review procedures and performance. My partner James E. Wood has served on the Mississippi Society of CPAs (MSCPA) Peer Review Committee since its inception and continues to serve on that Committee.

Since 1990, our firm has performed numerous peer reviews for many different CPA firms in America. We have been instrumental in assisting these firms in the development of sound audit and accounting practices as well as assisting firms in maintaining their practices in accordance with the professional standards. I do not understand why the NPRC has determined that an original co-author of one of the most important Guides in our profession and a firm that has devoted so much time and energy to AICPA Committees and to our profession would not be independent on peer reviews of firms that use PPC Guides and checklists. I was certainly qualified to serve on the ASB during the time the Guide was completed and the Guide is used by CPAs throughout America. PPC has performed a magnificent service to our profession for many years to assist firms in being up to date on audit and accounting.

The many firm peer reviews that I have performed as well as the peer reviews performed by my partners has become an important part of our lives and our practice. We enjoy the exchanges that we have with some of the leading firms in America as well as the smallest firms we review each year. Eubank & Betts has been instrumental in making a difference in the AICPA, the MSCPA and for many CPA firms in America. We would never jeopardize our integrity in any peer review by trying to force any firm to use PPC forms and checklists during a peer review. Firms make that decision on their own.

The question of our integrity and independence on peer reviews is a most disturbing matter to us and to the profession. To be placed in a situation, after all these years, whereby neither my firm nor I, are allowed to perform peer reviews because of a Guide from twenty-eight years ago is an untenable position to be placed in by the AICPA that we have served so faithfully for all these years.

I have also learned that some other PPC co-authors who perform peer reviews have also been placed in this position and that concerns me greatly.

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My firm and I have always taken pride in being a member of the AICPA and have supported the Organization over the more than forty years as a member; however, in this matter my firm and I cannot agree with you on terminating our ability to perform peer reviews for the many firms we work with each three years. Each of us that assisted PPC in being a leader for our profession with the many guides and checklists were proud to assist CPAs throughout America in performing services for their clients. It is not fair or equitable to cause this to become a peer review standard because it will harm our profession as well as the firms and individuals that will no longer be able to perform services. One of the most enjoyable parts of our practice is to perform peer reviews, to assist firms in becoming better, and to assist and guide firms in the audit and accounting areas. One of the last paragraphs in our peer review exit conference memorandum is to remind the firm that our first obligation as a peer review team is to the profession and the public. The PPC Guides have been peer reviewed each three year period and it is stated in each guide that a peer review was performed by a reputable firm.

The Guide to Auditor's Reports by PPC in 1982 was based strictly on the standards in effect at that date. Any changes since then have been substantial so my firm and I should not be penalized by this proposed change to the peer review process. I have always been proud that this guide was issued by PPC and my name was listed as an original co-author. If this change is directed at any firm or firm individuals that are not performing peer reviews objectively and in accordance with the standards, then NPRC should directly address those firms or individuals. NPRC should not damage our firm or other individuals who have served our profession so well as an author or peer reviewer.

Recognizing the concerns over public interest in the peer review process that have been expressed in the exposure draft, however, we do request that you consider the aspect of "grandfathering" provisions. We believe that, should the Board and profession decide it appropriate to change the rules concerning firms that author or otherwise participate in the development of QCM or CPE programs, such new provisions should generally be implemented on a prospective basis. For example, firms that utilized QCM materials could not engage a peer reviewer that contributed to the development of the information *during the period of the firm's review*. Individuals that have, sometime in the past but that no longer, so contributed could possibly be required to remove their names from authorship or contributory status with the provider of the QCM materials.

Our current accounting and auditing profession, as a general rule, considers and implements changes to professional requirements effective on a future date. This provides the accountants' and their clients time to consider the new provisions, and implement changes to conform.

By not implementing some form of a grandfathering provision, there is a significant implication that thousands of peer reviews performed since the programs' inceptions have not been performed with due professional care, particularly with regard

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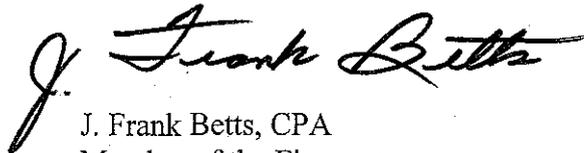
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to objectivity and independence. Further, a number of Committee members (at both the National and State levels) who have served in similar capacities with QCM/CPE organizations, have not been objective, as well, in the context of their review and acceptance of reviews over the years.

I would be happy to appear before the NPRC to discuss this matter at the earliest possible convenience.

Yours very truly,

EUBANK & BETTS, PLLC

A handwritten signature in cursive script that reads "J. Frank Betts". The signature is written in black ink and is positioned above the printed name and title.

J. Frank Betts, CPA
Member of the Firm

JFB/shb