

**AICPA Peer Review Board
Open Session Highlights
Nashville, TN
August 17, 2017**

PRB Members:

Tom Parry, Chair
Jeannine Birmingham*
Dawn Brenner
Brian Bluhm
Bill Calder
James Clausell
Bert Denny
Liz Gantnier
Jeff Gendreau*
John Guido
Richard Hill
Karen Kerber
Barbara Lewis
Michael Pescatore
Andrew Pope
Marty Shannon
Todd Shapiro
Scott Szabo
Mike Wagner
Karen Welch

*attendance via phone

AICPA Staff:

David Andrews*
Karen Aylor*
Jim Brackens
Brad Coffey
Peter Delvecchia*
Rachelle Drummond
Kim Ellis
Gary Freundlich
Donna Freundlich
Laurel Gron*
Jennifer Gum
Lisa Joseph*
Tim Kindem
Sue Lieberum
Michelle Lewis
Ciara Locklear
Fran McClintock
LaVonne Montague
Lindsay Patterson
Tracy Peterson*
Grace Taylor
Beth Thoresen
Andrew Volz*
Nicole Welman
Jessica Woody

Guest Registrants:

See [Exhibit 1](#)

Agenda Item 1.1: Welcome Attendees and Roll Call of Board - Mr. Kindem/Mr. Parry

Mr. Kindem conducted the roll call of the Peer Review Board (PRB) and guest registrants. Mr. Parry called the open session to order.

**Agenda Item 1.2: Approval of Revisions to the RAB Handbook - EAQ Initiative
Conforming Guidance - Mr. Hill**

Discussion Summary:

Mr. Hill provided an overview of the proposed revisions to the RAB Handbook prompted from the implementation of PRIMA. Additionally, based on feedback from the August Technical Reviewer Advisory Task Force (TRATF) meeting, the following edits to the materials were proposed:

- Revise Question 7 of the Engagement checklist to mirror Question 6 of the System Review checklist;

“Are there discrepancies between the web-based platform and the peer review documentation prepared by the reviewer? For example, is the number of non-conforming engagements noted in the peer review documentation consistent with those listed in the electronic records? If applicable, consult with the administrator to resolve discrepancies.”

- Revise Recommendation question regarding “consent agenda” for clarity, also consider if the consent agenda criteria should be included in the checklist:
“Does the review meet all the criteria to be included on the consent agenda? Yes, No or N/A If the review meets the consent agenda criteria, but you are not recommending the review for the consent agenda describe the reasons. For example, the prior review resulted in a pass with deficiency(ies) or fail rating, firm performs several must-select engagements, reviewer has a pattern of poor performance, etc.”

Resolutions:

1. The proposed guidance changes outlined in Agenda Item 1.2A were approved with the preceding revisions, effective for reviews commencing on or after October 1, 2017; with the exception of the Reviewer Feedback Form, which is contingent on PRIMA functionality.

Open Items:

None

Agenda Item 1.3: Approval of Revisions Related to SSAE No. 18 - Mr. Pope

Discussion Summary:

Mr. Pope discussed the proposed changes to interpretations in response to SSAE No. 18, the ASB’s clarity redraft of the attestation standards. The proposed changes to Interpretation No. 7-2 maintain the current determination of system versus engagement reviews. Additionally, the proposed changes to Interpretation No. 31b-6 clarify the experience requirements by levels of service clarified through SSAE No. 18; Examination, Review and Agreed-Upon Procedure engagements.

Resolutions:

1. The proposed guidance changes outlined in Agenda Item 1.3A were approved, effective upon approval.

Open Items:

None

Agenda Item 1.4: Approval of Rules of Procedures for Nonmembers - Mr. Pope

Discussion Summary:

Mr. Pope discussed enrolling firms in the AICPA Peer Review Program (Program) with no AICPA members requires fair procedures to be extended to these firms. The proposed fair procedures for firms with no AICPA members:

- Allows firms without AICPA members an avenue to appeal, since they would not be eligible to appeal to the AICPA Joint Trial Board
- Allows notification to state boards the drops and terminations of firms without AICPA members in accordance with peer review standards

Clarification was provided regarding the options available to firms with no AICPA members, whereas members can appeal to the AICPA Joint Trial Board, nonmembers would be allowed an appeal to a body of the PRB.

Resolutions:

1. The proposed guidance changes outlined in Agenda Item 1.4A were approved, effective for notices of hearing proceedings communicated on or after January 1, 2018.

Open Items:

None

Agenda Item 1.5: Approval of Revisions Related to the Peer Review Information Form - Mr. Pope

Discussion Summary:

Mr. Pope provided an overview of the changes being proposed to the Interpretations outlined in agenda items 1.5A through 1.5C. In May 2017, the PRB considered requiring firms to submit peer review information annually. The proposed changes allow for a staged approach to the requirement based on a firm's peer review year.

Additionally, the STF is proposing to remove school districts from the list of must-cover engagements, and the removal of the top 3 industries review requirement when no industry exceeds 10% of the total A&A hours.

Resolutions:

1. The proposed guidance changes outlined in Agenda Item 1.5A, 1.5B, and 1.5C were approved as presented, effective May 1, 2018.

Open Items:

None

Agenda Item 1.6: Approval of Limited Restrictions - Mr. Hill

Discussion Summary:

Mr. Hill provided an overview of the proposed revisions to the RAB Handbook as well as the reason for those changes. Discussion ensued to clarify full restrictions versus limited restrictions. Mr. Hill stated that, if approved, the Oversight Task Force (OTF) can allow reviewers with limited restrictions to continue to perform reviews. The Technical Standards (TNS) Subcommittee spends a great deal of time deliberating between full and limited restrictions. Mr. Delvecchia, Associate Director of Professional Ethics, provided support for the proposal. Additionally, Mr. Delvecchia clarified that the proposal originated by the Ethics committee, due to a high-volume reviewer's restrictions which were reconsidered because of the reviewer's value to remain active in the peer review community.

Further consideration was provided for the existence of a limited restriction. Regardless if full or limited restriction by TNS, the restriction will be treated as a full restriction by peer review until the OTF determines if it can be limited.

Edit Agenda Item 1.6A, Chapter 1, II., B. 3. to bifurcate between limited restrictions and full restriction to read more clearly.

Resolutions:

1. The proposed guidance changes outlined in Agenda Item 1.6A, 1.6B, and 1.6C were approved with the preceding clerical edits, effective immediately.

Open Items:

None

Agenda Item 1.7: Task Force Updates

See PRB Open Meeting Agenda Item 1.7 for details of what was covered during this discussion.

- Mr. Pope discussed the STF's establishment of a nonconforming engagement sub-task force with the intention to provide additional guidance in early 2018 to drive consistency in their identification.
- Ms. Kerber extended her thanks and appreciation to staff for the success of the peer review conference.
- Mr. Hill detailed procedures of the Enhanced Oversight as well as RAB observation reports; observed 87 RAB meetings, covering 39 administering entities (AEs), 443 peer reviews covering 425 different reviewers. Of those selected, 42 were delayed or deferred based on observer comments, and 20 feedback forms issued solely based on observer comments. Mr. Hill continued that the goal of Staff to perform 3 RAB observations per AE may not be attained this year, but AE visits are continuing. Finally, Mr. Hill stated that he met with various administrators yesterday to overview minor changes to the administration process due to PRIMA.

Agenda Item 1.8: Completeness Projects Update - Ms. Montague

See PRB Open Meeting Agenda Item 1.8 for details of what was covered during this discussion.

Agenda Item 1.9: Operations Director's Report - Ms. Thoresen

Discussion Summary:

Ms. Thoresen discussed the following:

- The Peer Review Integration Management Application (PRIMA), the system that replaced PRISM for program administration, launched May 1, 2017. Despite engaging hundreds of relevant stakeholders, including peer reviewers, technical reviewers, peer review administrators, enrolled firms, Peer Review Board members and state board of accountancy staff, to gather requirements, design and test each component of the peer review process, the roll-out did not go smoothly. On behalf of the organization, we are truly sorry. Specifically, we would like to acknowledge the following:
 - Due to extremely high call volume, peer review staff were unable to respond in a timely manner.
 - Now staff have returned all voicemail messages and are now responding to all phone calls timely.
 - 75-80% of calls are answered by a peer review staff member
 - voicemail and email messages are returned within one business day
 - Administrators have been encouraged to grant due date extensions to enrolled firms experiencing delays due to challenges utilizing PRIMA
 - To address the root cause of PRIMA support inquiries, the following are three areas of focus for staff;
 - Data Reconciliation and Validation: 70% of support inquiries were related to this during the first two months after go-live. Multiple IT teams within the AICPA have resolved the discrepancies
 - System Enhancements and Fixes: Since the launch, more than 70 enhancements and fixes have been made to the PRIMA user experience based on AE and member feedback, with another batch of enhancements currently in development. The ability to make quick enhancements is an advantage over PRISM. Staff are continuing to identify and develop additional improvements to the user experience based on feedback.

- Change Management: Approximately 90% of PRIMA support inquiries now fall in this area. Since going live on May 1, 2017, an average of 400 users per day are using PRIMA to administer peer reviews, compared with 74 average daily users in PRISM. The Peer Review team is helping members with the changes in PRIMA through several means, such as;
 - Videos that have been added to the Knowledge Base
 - Links to Knowledge Base articles within PRIMA tasks.
 - New Knowledge Base articles that are being continuously added and improved based on feedback.
 - Communications to stakeholders through email and webcast training sessions, which are available for replay through aicpa.org/prima.
- Evolution (evolution of administration of the peer review program) – A revised proposal was published in January and focused on AE performance measurements, feedback was collected through June of this year.
 - We received 55 responses from different entities, including 26 Boards of Accountancy, 28 State Societies, AEs and Peer Review Committees and NASBA
 - Supportive of requirements for AEs to consistently meet measurable performance benchmarks
 - Mixed support of the requirement to employ a CPA on staff to lead the administration of the program
 - Based on the feedback received, staff is finalizing the plan and gathering final input from a selected group of state society leadership and the PRB. A final plan will be shared at the end of this month. Note;
 - Staffing requirements for AEs Entities are not specified in peer review standards, therefore a vote of the PRB is not required
 - Performance benchmarks will be determined by the OTF and the PRB
 - AEs will continue to evaluate the role they wish to play in the Program, we have already seen some movement.
- Annual Peer Review Conference
 - This year's conference attendance was 467 in person and 71 online participants
 - Next year's conference will be held from July 31 - August 1, 2018 at the Minneapolis Marriott City Center. It is a larger venue and will accommodate more attendees.

Agenda Item 1.10: Report from State CPA Society CEOs - Mr. Shapiro

Discussion Summary:

Mr. Shapiro discussed the primary focus of AEs recently

- PRIMA: It has been a challenging time, but wanted to express his appreciation for the AICPA's response to the issues.
- Nonmembers: The impact and timing of discontinuing the state programs. Additionally, Mr. Shapiro raised concern regarding unhappy nonmembers joining the Program.
- Evolution: AEs will continue to evaluate their role in the Program.

Agenda Item 1.11: Update on National Peer Review Committee - Mr. Volz

Discussion Summary:

Mr. Volz discussed the following items which encompassed the last three months of NPRC activity:

- The NPRC has not had any meetings since the last PRB meeting in May
- Future NPRC meetings

- September 6, 2017 – Conference call to discuss a large firm review
- October 26, 2017 – Conference call
- December 7, 2017 – In-person meeting in Washington, D.C.
- RAB Calls/Monitoring
 - Since the last PRB meeting the NPRC has held 5 RAB calls
 - 43 reviews have been presented – 30 Pass, 11, Pass with Deficiencies, 2 Fail

Agenda Item 1.12: Other Business - Mr. Parry

Mr. Parry surveyed the room for topics, but no discussion occurred.

Agenda Item 1.13: For Informational Purposes

- A. Report on Firms Whose Enrollment was Dropped or Terminated*

**See PRB Open Meeting Agenda Item 1.13A for the items noted above, no discussion occurred at the meeting.*

Agenda Item 1.14: Future Open Session Meetings

- A. November 9, 2017 Open session – Conference call

The meeting adjourned at 10:54am CDT.

**Exhibit 1:
AICPA PRB Meeting – Open Session
Guest Registrants**

Name	Organization	Email Address	In Person (Y or N)
1. Thomas Kirwin	Sullivan Bille PC	tkirwin@sullivanbillepc.com	Y
2. Nelson Lau	Hawaii SBOA	nlau@kpmg.com	N
3. Will Geer	Geer & Associates, PC	Will.geer@willgeercpa.com	N
4. Jose Thomas	Thomas & Company CPA PC	josecpa@jtcca.com	N
5. Joseph Beck	Jones, Pounder & Associates, P.C.	jbeck@jonespounder.com	N
6. Sharon Romere-Nix	Thomson Reuters	Sharon.romere@thomsonreuters.com	N
7. Burgman Connolly	JM CPA LLP	bconnolly@jmcpllp.com	N
8. Tiffany Tocco	MOCPA	ttocco@mocpa.org	N
9. Lindsay Patterson	AICPA	Lindsay.patterson@aicpa-cima.com	Y
10. Siek Run	California Board of Accountancy	Siek.run@cba.ca.gov	N
11. Rita Barnard	KSCPA	rita@kscpa.org	N
12. Nichole Favors	Indiana CPA Society	nfavors@incpas.org	Y
13. Allison Henry	PICPA	ahenry@picpa.org	Y
14. Wendy Garvin	Tennessee SBOA	wendy.garvin@tn.gov	N
15. Leona Johnson	NASBA	ljohnson@nasba.org	N
16. Heather Trower	PICPA	htrower@picpa.org	Y
17. Phyllis Barker	Oregon Society of CPAs	pbarker@orcpa.org	N
18. Paul Brown	Florida Institute of CPAs	brownp@ficpa.org	N

19. Julie Phipps	Washington Society of CPAs	jphipps@wscpa.org	N
20. Julie Salvaggio	Kentucky Society of CPAs	jsalvaggio@kycpa.org	N
21. Lori Warden	Rudler PSC	Lwarden@rudler.com	Y
22. Jessica Mytrohovich	Georgia Society of CPAs	Jmytrohovich@gscpa.org	Y
23. Gregg Taketa	Hawaii State Board of Public Accountancy	gregg@tihcpa.com	N
24. Bonnie Stewart	CT Society of CPAs	bonnies@ctcpas.org	N
25. MARY KLINE-CUETER	KLINE GROUP, PC	mkline-cueter@cpa.com	N
26. Alan Long	Baldwin CPAs, PLLC	alan.long@baldwincpas.com	Y
27. Nelson Lau	Hawaii State Board of Accountancy	nlau@kpmg.com	N
28. Dana Holsomback	Georgia Society of CPAs	dholsomback@gscpa.org	Y
29. Ernie Markezin	NYSSCPA	ejmarkezin@nysscpa.org	N
30. Tiffney Duncan	Texas State Board of Public Accountancy	tduncan@tsbpa.texas.gov	N
31. Daniel Weaver	Texas State Board of Public Accountancy	dweaver@tsbpa.texas.gov	N
32. Kary Arnold	NV Society of CPAs	karnold@nevadacpa.org	N
33. Mark Burns	Diversified Financial Solutions PC	mark@dfspc.biz	N
34. Patty Hurley	Oklahoma Society of CPAs	phurley@oscpa.com	N
35. cheryl hartfield	thomson reuters	cheryl.hartfield@thomsonreuters.com	N
36. Dipesh Patel	Texas Society	dpatel@tscpa.net	N
37. Anna Durst	NVCPA	adurst@nevadacpa.org	N

38. Charles Jordan	Alabama Society of CPAs	cjordan@ascpa.org	Y
39. Kent Absec	Idaho State Board of Accountancy	kent.absec@isba.idaho.gov	N
40. Jon Campbell	Michigan Dept. of Licensing and Regulatory Affairs	campbellj23@michigan.gov	N
41. Theresa Campbell	NYSSCPA	tcampbell@nysscpa.org	N
42. Kari Bedell	GWSCPA	kbedell@gwscpa.org	N
43. Stacey Lockwood	LCPA	slockwood@lcpa.org	N
44. Gloria Snyder	LCPA	gsnyder@lcpa.org	N
45. Jerry Cross	TSCPA	jcross@tscpa.net	Y
46. Mark Mersmann	MOCPA	memersmann@kieferbonfanti.com	N
47. Jose Thomas	Thomas & Company CPA PA	info@jtcpa.com	N
48. Jim Coates	James E. Coates, CPA	jimcoatescpa@comcast.net	N
49. Jacki Hancock	AZ State Board of Accountancy	jhancock@azaccountancy.gov	N
50. Glen Tesch	NYS Education Department	glen.tesch@nysed.gov	N
51. Gary Miyashiro	MC Group Hawaii, Inc.	gary@mcghawaii.com	N
52. Art Sparks	ATA	asparks@atacpa.net	Y
53. Vinit Shrawagi	CalCPA	vinit@calcpa.org	Y
54. Katie Cheek	TN Society of CPAs	kcheek@tscpa.com	N
55. Kara Fitzgerald	TN Society of CPAs	kfitzgerald@tscpa.com	N
56. Andi Byrd	Arizona SBOA	abyrd@azaccountancy.gov	N
57. Paul Pierson	Illinois CPA Society	piersonp@icpas.org	N
58. Kevin Harper	Kevin W. Harper CPA	kharper@kevinharpercpa.com	N
59. Mike Colgan	PICPA	mcolgan@picpa.org	Y

60. Ethan Miller	JHM CPAs	ethan@jhmcpa.com	Y
61. Steve Eddy	Button, Eddy, Kolb & Sorrentino, PLLC	steve@cityviewcpa.com	Y
62. Rafael Wiesenbergr	Illinois CPA Society	wiesenbergr@icpas.org	Y
63. Linda McCrone	California Society of CPAs	Linda.mccrone@calcpa.org	Y