
**AICPA Peer Review Board
Open Session Highlights
May 3, 2019
Durham, NC**

PRB Members:

Tom Parry, Chair
Jeannine Birmingham
Brian Bluhm
Dawn Brenner
Mike Colgan
Bert Denny
Liz Gantnier
Jeff Gendreau
John Guido
Karen Kerber
Barbara Lewis
Kristen Mascis*
Ethan Miller
Mike Pescatore
Andrew Pope
Marty Shannon
Mike Wagner
Lori Warden
Karen Welch*

AICPA Staff:

Karen Aylor
Ivory Bare
Jaime Beasley
Jim Brackens
Brad Coffey
Jennifer Dintsch*
Rachelle Drummond
Kim Ellis
Donna Freundlich
Gary Freundlich
Laurel Gron
Gloria Harewood
Tim Kindem
Sue Lieberum
Ciara Locklear
Fran McClintock
LaVonne Montague
Tracy Peterson*
Grace Taylor
Beth Thoresen
Andrew Volz
Nicole Welman

Observers:

See attachment A

1.1 Welcome Attendees and Roll Call of Board - Mr. Kindem/Mr. Parry**

Discussion Summary: Mr. Kindem began by taking roll call. Mr. Parry then welcomed attendees and noted this would be the final meeting for himself, Ms. Birmingham, Mr. Denny, Ms. Kerber, Ms. Lewis and Mr. Shannon.

Mr. Parry then reminded those in attendance that the application window will open soon for Peer Review Board (PRB) positions that would start in May of 2020, most likely in the beginning on June. He encouraged anyone that is interested or knows of someone that would be a good fit for the PRB to please contact AICPA Staff. Staff will also send out more information regarding timelines and the application process as those details are finalized.

1.2 Discussion of Revisions to Chapter 3 of the Oversight Handbook* - Mr. Bluhm

Discussion Summary: Mr. Bluhm provided an overview of the information presented in agenda item 1.2 and its related attachments. Mr. Bluhm clarified that the Oversight Task Force (OTF) was not seeking approval from the PRB, but rather seeking feedback from PRB members and other attendees on the proposed revisions. Points of emphasis included the following:

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- Revisions to Chapter 3 of the Oversight Handbook had been approved recently to provide clearer guidance for administering entities. Subsequent to this approval, the OTF had received feedback from NASBA on an informal basis regarding some potential issues. Since that time the OTF has requested formal feedback from NASBA, state boards of accountancy (SBOAs) and other stakeholders.
 - Common themes in feedback received to date includes:
 - Desire for increased transparency, including potential changes to PRIMA, including in, but not limited to:
 - The timing and status of an extension request
 - Peer review due dates and when a review is scheduled
 - The drop/termination process
 - The concern related to the perceived hindrance the guidance for conflicts of interest could cause with respect to the oversight process utilized by SBOAs.
 - The limited knowledge firms have with respect to the status of their peer reviews.
 - Mr. Bluhm then provided a detailed overview of the proposed changes outlined in Agenda Item 1.2A-2 and opened the floor for any questions or comments. Questions from attendees included:
 - A request for an overview of the discussions related to confidentiality provisions embedded in the AICPA peer review program (program) versus regulatory responsibilities and conflicts of interest in general. In response, Mr. Bluhm stated that:
 - The OTF believes a robust process related to conflicts of interest should be in place such as both parties acknowledging that a conflict exists and both agreeing that information can be shared.
 - Staff are currently looking into potentially providing a confidentiality waiver for firms to sign that would allow the transmission of objective information.
 - A request that membership bylaws, particularly with respect to peer review confidentiality, be revisited given the program was initiated in 1988, and a lot in the profession has changed in the subsequent 30 years.

Resolutions: None

Open Items: None

1.3 Approval of Guidance Changes Related to Hearing Panel Referrals* - Mr. Pope

Discussion Summary: Mr. Pope described the changes outlined in Agenda Item 1.3A and stated the objective of the changes is to make the process for administering entity peer review committees to refer firms for hearing panels more efficient and less cumbersome.

Resolutions: The changes proposed in agenda item 1.3A were accepted as presented with an immediate effective date.

Open Items: None.

1.4 Approval of Guidance Changes Related to Document Retention* - Mr. Pope

Discussion Summary: Mr. Pope described the changes in Agenda Item 1.4A and stated the objective was to help administering entities adhere to the document retention requirements as stated in the Peer Review Program Manual.

Resolutions: The changes outlined in agenda item 1.4A were approved as presented subject to minor editorial changes with an immediate effective date.

Open Items: None.

1.5 Task Force Updates*

Discussion Summary: The chairs of the three standing task forces provided the following updates:

- 1) For the Education and Communication Task Force, Ms. Kerber noted:
 - o For the Peer Review Conference, the task force and Staff have:
 - (1) Discussed and approved the agenda for general session
 - (2) Approved additional case studies
 - (3) Continued to work on developing session content
 - o Related to the peer reviewer pool, the task force and Staff have:
 - (1) Continued monitoring the progress related to various initiatives to improve the peer reviewer pool, based on Staff analyses of peer reviewers by state, including must-select reviewers. This has included enhancing the reviewer search available on the public file.
 - o For peer review related communications, the task force and Staff have:
 - (1) Continued to monitor the peer review website for potential content changes
 - (2) Discussed enhancements to the process to develop and publish reviewer alerts
 - o For peer review training courses, the task force and Staff:
 - (1) Will update certain training courses, including the:
 - (a) Introductory Training Course for New RAB members
 - (b) Introductory Training Course for New Technical Reviewers
 - (c) Technical Reviewer Update Training
 - (2) Will offer or have offered various webcasts including:
 - (a) The Are You Ready webcast on May 3rd
 - (b) Must-Select training for reviewers of broker-dealer engagements on May 15th.
 - (3) Have developed content for various alternative sessions at other AICPA conferences that would meet the ongoing team/review captain requirement or the must-select training requirement for governmental engagements or employee benefit plan audit engagements.
- 2) For the Standards Task Force, Mr. Pope noted:
 - o The task force’s continued effort to clarify standards as described in more detail in agenda item 1.5B. A task force meeting in June or July will be dedicated to continued work on this project,
 - (1) The task force will submit sections of the clarified peer review manual to the PRB for review as they are completed,
 - o Other discussions that have included those related to open session items 1.3 and 1.4 and a discussion on the significance of non-compliance related to the development and documentation of expectations for analytical procedures on a review engagement. The task force plans to create a reviewer alert addressing this situation to be published in the summer.
- 3) For the Oversight Task Force, Mr. Bluhm noted:
 - o The task force continues to review Enhanced Oversight reports for consistency. The task force has noted improved performance with reviewers as they continue to identify more of the non-conforming engagements that exist,
 - o The task force approved final 2019 plan of administration forms submitted by administering entities,
 - o That changes to the reviewer resume verification process were also approved,

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- The task force reviewed the 2nd round of quarterly benchmark reporting submitted by administering entities. Approximately one-third to one-half of administering entities responded as the reporting was optional.

Resolutions: None

Open Items: None

1.6 Brief Update on IAASB Quality Management Exposure Draft - Mr. Freundlich**

Discussion Summary: Mr. Freundlich noted that the purpose of agenda item 1.6 was to raise awareness of the International Auditing and Assurance Standards Board's (IAASB) exposure drafts related to Quality Management. The agenda item provided to PRB members and attendees provides links to webcasts and other materials related to the exposure drafts.

Mr. Freundlich then provided a brief overview of the proposed changes that address a firm's responsibility for quality management, engagement quality reviews and engagement quality for audit engagements. Finally, Mr. Freundlich and others emphasized the importance of providing feedback on the exposure drafts now, as changes will become more difficult once the IAASB has approved its changes and the Auditing Standards Board begins its project related to the Statements on Quality Control Standards.

Resolutions: None

Open Items: None

1.7 Operations Director's Report - Ms. Thoresen**

Discussion Summary: Ms. Thoresen provided the following update:

- 1) Related to PRIMA, Ms. Thoresen noted the following:
 - It has been two years since PRIMA was launched and Staff have implemented several hundred enhancements to PRIMA based on user feedback.
 - Staff remain committed to enhancing the PRIMA user experience moving forward, and this year 71 additional enhancements to PRIMA have been implemented, primarily related to the user experience. An additional 22 enhancements are scheduled to be implemented in June.
 - Some of the enhancements implemented this year have included:
 - (1) Significant enhancements to the reviewer search
 - (2) Updates to reviewer performance feedback, scheduling checks, risk assessment, firm hearings, technical reviewer screens, and letters
 - (3) Review summary smart checks were added as was a new document type for system reviews
 - (4) Other miscellaneous updates including the addition of a feature to allow firms to move to/from the National Peer Review Committee (NPRC)
 - PRIMA is now compliant with current document retention guidelines and will be updated to comply with the change outlined in agenda item 1.4A as noted above.
 - Staff engaged a third-party user interface consulting firm to conduct a usability study among firms and reviewers. This included speaking with experienced PRIMA users and shadowing brand new PRIMA users to monitor their experience. The consulting firm looked at all areas of PRIMA and the user experience and has made recommendations for improvements in several areas including:
 - (1) A basic user interface redesign - most updates will be made by the end of the year. Most screens will be evaluated for basic usability improvements. For

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- example, several changes will be made to the Peer Review Information (PRI) screens to make them more intuitive and to reduce the amount of text.
- (2) Developing on-boarding plan/process - Staff is developing an email that will be sent 2 weeks prior to the firm receiving its first notification to schedule their review to introduce and explain the process. This introductory message will be implemented after it is reviewed by Administrative Advisory Task Force.
 - (3) Potential opportunities to improve the “Help” site.
- 2) Related to transparency, Ms. Thoresen noted:
 - The AICPA will continue to notify SBOAs when an AICPA member has been disciplined for failure to comply with the AICPA’s Code of Professional Conduct or when a firm’s enrollment in the program has been dropped or terminated.
 - That beginning this month, Staff will be sending this communication to state society CEOs to be sure that they have the same public information as the state’s regulator.
 - State board executive directors and state society CEOs will soon receive an email about the addition of the state societies to this distribution, and also that the sending email address will be changing from Sue Coffey to “AICPA Ethics and Peer Review Notifications” at ethics.peerreview@aicpa.org.
 - 3) Related to the Peer Review Conference, Ms. Thoresen noted:
 - Registration invitations along with a draft agenda will be sent out soon for this year’s annual Peer Review Conference to be held August 5-7, 2019 at the Marriott Washington Wardman Park in Washington, DC.
 - Based on feedback from AE CPAs on staff we have revised the format and content for the administrator’s session to make it easier for them to attend more sessions that will focus on their roles.
 - We will offer an in-person training session for administrators in Durham in early 2020.
 - Next year’s conference will be held August 3-5, 2020 at the Hilton St. Louis Ballpark hotel.
 - 4) Finally, we are working on finalizing the schedule for PRB meetings for the coming year through 2020 with tentative dates shown below.

Resolutions: None

Open Items: None

1.8 Report from State CPA Society CEOs - Ms. Birmingham**

Discussion Summary: Mr. Colgan provided the state CPA society CEO’s report on Ms. Birmingham’s behalf. Mr. Colgan noted that the state CPA society CEO group had not met since the last PRB meeting, but anecdotal feedback that has been given included:

- 1) concerns of potential inconsistencies in oversights and how to resolve disputes and
- 2) favorable feedback on the process related to providing feedback regarding the AE benchmarks.

Resolutions: None

Open Items: None

1.9 Update on National Peer Review Committee - Mr. Fawley**

Discussion Summary: Mr. Fawley provided a brief update on NPRC activities since the last PRB meeting. This included:

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- One full NPRC meeting on February 14, 2019. No large firm reviews or Quality Control Material reviews were presented at this meeting.
 - The NPRC's next full committee meeting will occur on May 14, 2019.
 - Since the last PRB meeting, five report acceptance body meetings have been held with 76 peer reviews in total being presented. This included:
 - 67 pass reports
 - 7 pass with deficiencies reports and
 - 2 fail reports

Resolutions: None

Open Items: None

1.10 Other Business - Mr. Parry**

Discussion Summary: Mr. Parry opened the floor for any other matters from PRB members or other attendees. No other matters were brought to the attention of the PRB.

Resolutions: None

Open Items: None

1.11 For Informational Purposes*

Discussion Summary: Mr. Parry informed attendees that the following items were included in the meeting materials for their reference.

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

Attendees should inform Staff of any questions they may have.

Resolutions: None

Open Items: None

1.12 Future Open Session Meetings**

Discussion Summary: Mr. Parry noted the dates and locations of future meetings were being determined by Staff. Subsequent to the meeting, dates for future open sessions were tentatively determined to be as follows:

- A. August 28, 2019 Open session – Teleconference
- B. October 24, 2019 Open session – Teleconference
- C. January 30, 2020 Open session – Teleconference
- D. May 13, 2020 Open session – Durham, NC
- E. August 6, 2020 Open session – St. Louis, MO
- F. November 11, 2020 Open session – Durham, NC

The meeting adjourned at 11:30am.

AICPA Peer Review Board Meeting

Participants for Peer Review Board Open Session

May 3, 2019

	Name	Company	E-Mail Address	In Person (Y or N)
1.	Sharon Romere-Nix	Thomson Reuters	sharon.romere@tr.com	N
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