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**AICPA Peer Review Board  
Open Session Agenda  
Thursday, January 30, 2020  
Teleconference**

**Peer Review Board (PRB) Members:**

Andrew Pope, Chair  
Joe Beck  
Brian Bluhm  
Dawn Brenner  
Mike Colgan  
Mike DeFalco  
Liz Gantnier  
Jeff Gendreau  
John Guido  
Barbara Lewis  
Kristen Mascis  
Ethan Miller  
Mike Pescatore  
Cathy Schweigel  
Bonnie Stewart  
Mike Wagner

**Absent:**

Steve Fetterman  
Jeff Graham  
Richard Wortmann

**AICPA Staff:**

Karen Aylor  
Ivory Bare  
Jaime Beasley  
Jim Brackens  
Brad Coffey  
Jennifer Dintsch  
Rachelle Drummond  
Toya Ebron  
Kim Ellis  
Gary Freundlich  
Gloria Harewood  
Sue Lieberum  
Fran McClintock  
LaVonne Montague  
Carl Peterson  
Tracy Peterson  
Susan Rowley  
Beth Thoresen  
Andrew Volz  
Lori Warden

**Observers:**

See attachment A

**1.1 Welcome Attendees and Roll Call of Board – Mr. Kindem/Mr. Pope**

*Discussion Summary:* Mr. Kindem began the meeting by taking roll and Mr. Pope thanked everyone for attending.

**1.2 Approval of Proposed Additional Implementation Plans for Non-Compliance with the Risk Assessment Standards – Ms. Gantnier**

*Discussion Summary:* Ms. Gantnier described the proposed guidance change as outlined in agenda item 1.2A. This change would provide report acceptance bodies (RABs) another option when assigning a firm an implementation plan related to non-compliance with the risk assessment standards. Specifically, RABs would be able to require a firm to hire an outside party, acceptable to the RAB, to review the firm's remediation of an engagement not performed or reported on in conformity with the professional standards in all material respects.

Additionally, Ms. Gantnier outlined additional proposed changes, not included in agenda item 1.2A, designed to make it clear that pre- and post-issuance reviews assigned in this situation (when a firm has non-conforming engagements related to non-compliance with the risk assessment standards) would also need to be performed by an outside party acceptable to the RAB.

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Questions were raised regarding whether the revised guidance should say “acceptable to the RAB” or “acceptable to the Committee” or “acceptable to the Committee Chair”. Ultimately, it was determined that the proposal should remain “acceptable to the RAB” in order to be consistent with what is included in Exhibit 4-2 (“Suggested Actions and Allowable Plans”) of the RAB Handbook (Peer Review Program Manual Section 3300).

*Resolutions:* The proposed guidance changes were approved unanimously with immediate effect. Specifically, Supplemental Guidance will read:

“Currently, the standards do not require an implementation plan for an FFC with a nonconforming engagement. When an FFC is required for non-compliance with the risk assessment standards, on reviews commencing October 1, 2018, through September 30, 2021, the RAB should issue the firm an implementation plan that requires one or more of the following:

- CPE (webcast, other)
- Hire an outside party acceptable to the RAB to:
  - Review the firm’s remediation of an engagement not performed or reported on in conformity with the professional standards in all material respects
  - Perform a pre-issuance review(s)
  - Perform a post-issuance review(s)”

*Open Items:* Staff will review the language used in the letter template to notify firms of assigned implementation plans to see if “acceptable to the RAB” is used as opposed to “acceptable to the Committee” or some other alternative. Staff will assess if any changes to the letter template are necessary.

### **1.3 Update on Quality Control Material (QCM) Project – Ms. Schweigel**

*Discussion Summary:* Ms. Schweigel provided an update on the project to update guidance related to the review of quality control materials used by accounting and auditing firms.

The QCM task force was working on transitioning QCM reviews (performed under peer review standards) to QCM examinations (performed in accordance with the SSAEs). Steps in this transition included:

- Enhancing peer review interpretations to contemplate possibility of a QCM examination
- Developing criteria which require review and exposure by ASEC
- Developing a guide to be issued by the A&A team on how to perform a QCM examination under the SSAEs
- Developing a peer review exposure draft to eliminate QCM reviews over a transition period
- Enhancing peer review interpretations further to address when there is no QCM review/examination

While there was some consideration to leveraging the already available Trust Service Criteria (TSC) and already existing guidance for system and organization controls (SOC) engagements, the task force is moving forward and are very close to having a proposed QCM Examination report and assertion that we will share soon with interested parties including the QCM providers.

The task force is planning to have draft criteria and a draft guide to the Assurance Services Executive Committee (ASEC) and the Audit Issues Task Force (AITF) by mid-year for their review and procedures with the “final” criteria and guide to be available by late 2020.

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*Resolutions:* None

*Open Items:* None

## **1.4 Task Force Updates**

*Discussion Summary:* Mr. Pope asked if any of the three task force chairs had anything to add to what was included in agenda items, 1.4, 1.4A and 1.4B.

Ms. Gantnier thanked all of the individuals who have volunteered and participated so far in the Board's project to clarify peer review program guidance.

Mr. Bluhm noted that the administering entity (AE) oversight schedule had been approved by the Oversight Task Force and that AEs would be notified of those dates and other logistical information in early February.

Mr. Gendreau reminded those interested in attending this year's Peer Review Conference in St. Louis to block off August 3<sup>rd</sup> through August 5<sup>th</sup> on their calendars. He also encouraged peer reviewers and other applicable stakeholders to check out (and provide feedback on if necessary) the inaugural edition of PR Prompts, the peer review newsletter that reviewers can provide to their peer review clients.

## **1.5 Other Reports**

*Discussion Summary:* Mr. Pope asked if Ms. Thoresen, Mr. Colgan or Mr. Fawley had anything to add to what was included in Agenda Item 1.5.

To add on to the Operations Director's Report, Mr. Brackens first discussed a new peer review initiative, "We are one." This initiative is designed to address the "us versus them" perception that appears to exist in the peer review community today. Specifically, peer review staff have heard feedback that peer reviewers and other stakeholders believe the program has become more regulatory in nature, particularly since the launch of the enhancing audit quality initiative, and less educational and remedial, which is the program's intent. Additionally, there are problems recruiting new peer reviewers and administering entity committee members.

To that end, Staff have begun to gather data and engage with the Peer Review Board to better understand the underlying issues and how to address them.

Ms. Thoresen then alerted attendees that the plan to have firms complete a Peer Review Information form annually has been delayed. Peer review staff want to perform more due diligence to see if the benefit firms would receive in completing this form annually outweighs any potential costs (such as additional firm dissatisfaction with the program). Steps that staff are currently contemplating to assess the potential benefit include, but are not limited to:

- Creating quizzes that would lead users to AICPA resources and seeing how often those resources are accessed.
- Sending emails or other communications to firms outlining available AICPA resources and seeing how often those resources are accessed.
- Surveying firms that are having a second review conducted through PRIMA to see if their experiences with PRIMA have improved

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Additionally, Ms. Thoresen noted:

- The 2020 Peer Review Conference will not have a separate session for administrators. An administering entity's CPA on Staff will be able to attend the entirety of general session. Administrators will have a separate conference to be held in Durham in March and will be notified when registration is available.
- Staff are currently working on resources for State Boards of Accountancy to assist them with accessing and using the additional information that will soon be made available to them through PRIMA and FSBA, as first discussed during the November 2019 PRB meeting. Staff will make the necessary communications when these resources become available.

Mr. Colgan did not have anything to add to his State CPA Society CEO's report.

Staff notified attendees that if they had any questions related to the National Peer Review Committee update, please let them know.

### **1.6 Other Business**

*Discussion Summary:* Mr. Pope noted that no other business had been brought to the attention of the PRB.

### **1.7 For Informational Purposes**

*Discussion Summary:* Mr. Pope 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
- B. Compliance Update - Firm Noncooperation
- C. Approved 2020 Association Information Forms for Associations of CPA Firms
- D. Updates to the AICPA Peer Review Program Question & Answers

Attendees should inform Staff of any questions they may have.

### **1.8 Future Open Session Meetings**

*Discussion Summary:* Mr. Pope noted the dates for future open sessions are as follows:

- A. May 13, 2020 – Durham, NC
- B. August, 2020 – Teleconference
- C. November 11, 2020 – Durham, NC

The date for the rescheduled August meeting will be decided soon and stakeholders will be alerted to the revised date.

The meeting was adjourned at approximately 1:40pm ET.

## AICPA Peer Review Board Meeting

### Participants for Peer Review Board Open Session

January 30, 2020

	Name	Company	E-Mail Address
1.	Wendy Reedy	Clayton & McKerverey, P.C.	wreedy@claytonmckerverey.com
2.	Brenda Santoro	D'Arcangelo & Co.,	bsantoro@darcangelo.com
3.	Dan Weaver	Texas State Board of Public	dweaver@tsbpa.texas.gov
4.	Robyn Barkdull	State of Utah	rbarkdull@utah.gov
5.	Paul Pierson	Illinois CPA Society	piersonp@icpas.org
6.	Susanna Sharpe	SC Board of Accountancy	susanna.sharpe@llr.sc.gov
7.	Heather Trower	PICPA	htrower@picpa.org
8.	Stephen Langowski	NASBA CAC	stephenlangowski@hotmail.com
9.	Clynt Hart	Warren Averett, LLC	clynt.hart@warrenaverett.com
10.	Wade Jewell	NASBA	wjewell@nasba.org
11.	Vinit Shrawagi	California Society of CPAs	vinit@calcpa.org
12.	Richard Daisley	Surgent CPE	daisleyr@surgent.com
13.	Richard Hill	Mitchell Emert & Hill	richardhill@mehcpa.com
14.	Chuck Jordan	Alabama Society of CPAs	cjordan@ascpa.org
15.	Jennifer Winters	NYS Education Department	jennifer.winters@nysed.gov
16.	Rafael Wiesenbergr	ICPAS	wiesenbergr@icpas.org
17.	Dipesh Patel	TSCPA	dpatel@tscpa.net
18.	Glenn Roe	New Jersey Society of CPAs	groe@njcpa.org
19.	Heather Lindquist	Illinois CPA Society	lindquisth@icpas.org
20.	Laura Harrison	GSCPA	lharrison@gscpa.org
21.	Gregg Taketa	Hawaii Board of Public Accountancy	gregg@tihcpa.com
22.	Michele Courtney	Peer Review Alliance	courtneym@icpas.org
23.	Faye Hayhurst	Minnesota Society of CPAs	fhayhurst@mncpa.org
24.	Bob Brooks	NC State Board of CPA Examiners	rbooks@nccpaboard.gov
25.	Albert Denny	Regier Carr & Monroe, LLP	bert.denny@rcmcpa.com
26.	Boyd Busby	Alabama Board of Public Accountancy	boyd.busby@asbpa.alabama.gov

	Name	Company	E-Mail Address
27.	Melinda Hart	Illinois CPA Society	hartm@icpas.org
28.	David Nance	NC State Board of CPA Examiners	dnance@nccpaboard.gov
29.	Stephen Young	ICPAS	youngs@icpas.org
30.	MB Halpern	MACPA	marybeth@macpa.org
31.	Bimpe McMillon	Texas Society of CPAs	bmcmillon@tscpa.net
32.	Deidre Budahl	South Dakota Board of Accountancy	deidreb2@caseypeterson.com
33.	Kent Absec	Idaho Board of Accountancy	kent.absec@isba.idaho.gov
34.	Maria Laboy	Puerto Rico Society of CPAs	mlaboy@colegiocpa.com
35.	Allison Henry	PICPA	ahenry@picpa.org
36.	Mary Kline-Cueter	Kline Group PC	Moline-cueter@cpa.com
37.	Warren Morrison	MPK Group, PC.	warren@mpkgrouppc.com
38.	Teresa Taylor	Alabama State Board of Public	teresa.taylor@asbpa.alabama.gov
39.	Patty Hurley	Oklahoma Society of CPAs	phurley@oscpa.com
40.	Phil Windschitl	VSCPA	pwindschitl@vscca.com
41.	Jerry Cross	Texas Society of CPAs	jcross@tscpa.net
42.	Cheryl Hartfield	Thomson Reuters	cheryl.hartfield@tr.com
43.	Rita Barnard	KSCPA	rita@kscca.org
44.	Viki Windfeldt	Nevada State Board of Accountancy	viki@nvaccountancy.com
45.	Wendy Garvin	Tennessee State Board of	wendy.garvin@tn.gov
46.	Anna Durst	NV Society of CPAs	adurst@nevadacpa.org
47.	Kary Arnold	NV Society of CPAs	karnold@nevadacpa.org
48.	Colleen Clark	NASBA	cconrad@nasba.org
49.	Alma Velez	PR State CPA Society	jenissevelez@gmail.com
50.	Art Sparks	ATA	asparks@atacpa.net
51.	Phyllis Barker	Oregon Society of CPAs	pbarker@orcpa.org
52.	Marsha Moffitt	Arkansas Society of CPAs	mmoffitt@arcpa.org
53.	Connie Harris	Alabama State Board of Public	sheppardharris@aol.com
54.	Kathy Creel	Florida Institute of CPAs	kathy@ficpa.org

	Name	Company	E-Mail Address
55.	Jill Turner	COCPA	jturner@cocpa.org
56.	William Bailey	U.S. Dept of Labor	Bailey.William@dol.gov
57.	Paul Brown	Florida Institute of CPAs	paul@ficpa.org
58.	William Black	Batchelor, Tillery & Roberts, LLP	jblack@btrcpa.com
59.	Pamela Lemire	New England Peer Review	pamela@nepr.org
60.	Ben Pena	Texas State Board of Public Accountancy	ben.pena@bmctexas.com
61.	Andrea Byrd	Arizona Board of Accountancy	Abyrd@azaccountancy.gov
62.	Laura Minnick	Arizona State Board of Accountancy	lminnick@azaccountancy.gov
63.	Mark Mersmann	MO/GA/AL	mersmannqci@gmail.com
64.	Gloria Snyder	LCPA	gsnyder@lcpa.org
65.	Sammy Williams	L. Samuel Williams Jr CPA	sammy@lswilliamsjr CPA.com
66.	Julie Phipps	Washington Society of CPAs	jphipps@wscpa.org
67.	Jack Dailey	NJ State Board of Accountancy	jdaileyjr2@comcast.net
68.	Adelina Burke	PICPA	aburke@picpa.org
69.	Joan Paciga	NJ Board of Accountancy	joanpaciga@kpmg.com
70.	Abby Dawson	F.G. Briggs Jr. CPA Professional	abby@fgbriggsjr CPA.com
71.	Manuel Cavazos	TSBPA	mcavazos4r@gmail.com
72.	Kevin Harper	California PROC	kharper@kevinharper CPA.com
73.	Crista Burson	Alaska Society of CPAs	akcpa@ak.net
74.	Rebecca Tres	WellsColeman	rtres@wellscoleman.com
75.	Katie Cheek	Tennessee Society of CPAs	kcheek@tscpa.com
76.	Nadia Rogers	VBOA	narogers@vt.edu
77.	Reza Mahbod	RMA Associates	r.mahbod@rmafed.com
78.	Stacey Lockwood	Society of Louisiana CPAs	slockwood@lcpa.org
79.	Peggy Jury	MICPA	Pjury@micpa.org
80.	Thomas Kirwin	Sullivan Bille PC	tkirwin@sullivanbillepc.com
81.	Leslie Schmitz	Leslie J Schmitz CPA	leslie@ljscpa.com
82.	Ashley Sellers	Alabama Society of CPAs	asellers@ascpa.org
83.	Karen Welch	Walsh & Company, PC	klwcpa@walshandcompany.com
84.	Stephen Hicks	KPMG LLP	stephenhicks@kpmg.com
85.	Gary Miiyashiro	Hawaii State Board of Accountancy	gary@mcghawaii.com
86.	April Boudreaux	Smith Dukes & Buckalew LLP	april@smithdukes.com
87.	Karen Wagner	GranthamPoole PLLC	kwagner@granthampoole.com

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	Name	Company	E-Mail Address
88.	Dan Wernke	Clark, Schaefer Hackett CPAs & Advisors	dewernke@cshco.com
88.	Kara Fitzgerald	TSCPA	kfitzgerald@tscpa.com
89.	Jimmy Wood	Haddox Reid Eubank Betts PLLC	jameswood@haddoxreid.com
90.	Anna Baker	Alabama State Board of Public Accountancy	Anna.Baker@asbpa.alabama.gov
91.	Sharon Romere-Nix	Thomson Reuters	sharon.romere@tr.com