



Peer Review  
Program

# Peer Review Board Open Session Materials

**May 7, 2020**

Conference Call

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**AICPA Peer Review Board  
Open Session Agenda  
Thursday, May 7, 2020  
Teleconference**

**Date:** Thursday, May 7, 2020

**Time:** 1:00PM – 3:00PM Eastern Time

- 1.1 Welcome Attendees and Roll Call of Board\*\* - Mr. Kindem/Mr. Pope
- 1.2 Expansion of Temporary Offsite Review Guidance Changes\* - Mr. Brackens
- 1.3 Approval of Proposal to Extend Due Dates\* - Mr. Brackens
- 1.4 Open session registered observers\*

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\* Included on SharePoint

\*\* Verbal Discussion

**Expansion of Temporary Remote System Review Guidance Changes**

**Why is this on the Agenda?**

In the [March 2020 Reviewer Alert](#) and during the April 2, 2020 open session of the Peer Review Board (PRB), staff communicated that remote system reviews would be allowed without administering entity prior approval for reviews commencing prior to July 1, 2020. As the effects of COVID appear to last beyond July 1, 2020, staff recommends this temporary change should be expanded to reviews commencing before October 1, 2020. Additionally, on May 20, 2020 the PRB will consider an exposure draft that would change the guidance related to offsite system reviews permanently.

**Board Consideration**

The PRB should approve expanding the remote system review guidance to reviews that commence before October 1, 2020.

## COVID-19 Automatic Due Date Extension Proposed Plan

### Why is this included?

Many firms across the country are currently struggling due to the impact of COVID-19 on their clients and their daily operations. In March, the Peer Review Board (PRB) suggested that the AICPA Peer Review Program (Program) find a way to alleviate some of that stress for firms that are undergoing their reviews this year. Staff considered several options and determined that implementing automatic extensions would accomplish this, while limiting the complexities with firm licensing and other regulatory requirements.

### Proposed plan

Six-month extensions will be granted automatically in PRIMA to firms with reviews, corrective actions or implementation plans with original due dates falling between January 1 and September 30, 2020. The PRB and Program staff will continue to monitor the impacts of COVID-19 through the summer months and will evaluate whether automatic extensions would be appropriate for firms with due dates after September 30, 2020.

### Examples:

*Example 1: Firm undergoing peer review:*

Original due date: March 31, 2020

Extended due date: May 31, 2020

New due date: September 30, 2020 (six months from original due date)

*Example 2: Firm undergoing peer review:*

Original due date: November 30, 2019

Extended due date: February 29, 2020

New due date: February 29, 2020 (no change as firm's original due date was in 2019)

*Example 3: Firm required to complete a corrective action plan:*

Original due date: February 29, 2020

Extended due date: April 30, 2020

New due date: August 31, 2020 (six months from original due date)

*Example 4: Firm required to complete a corrective action plan:*

Original due date: September 30, 2020 (established by RAB at June 1, 2020 meeting).

Extended due date: N/A (the RAB established the due date after the PRB approved automatic extensions. At each meeting after PRB approval for the duration of the pandemic, RABs should consider whether an additional extension is warranted and grant it at that time).

An early draft of this proposal was shared with the National Association of State Boards of Accountancy (NASBA), State Society CEOs and Peer Review Administrators for their feedback which has been considered in this proposed plan.

### PRIMA Impact

A PRIMA enhancement will be developed that will allow staff to process automatic extensions for firms meeting certain parameters, such as imminent state licensure renewals or peer review

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due dates. Letters will be generated to inform firms of the extensions. The letters will remind firms they need to be familiar with the regulations and requirements of their state board of accountancy (SBOA), including the need to inform their SBOA of extensions and to obtain the SBOA's concurrence. Peer review due date and corrective action due date extension letters will be uploaded in Facilitated State Board Access (FSBA) if the firm granted permission during scheduling (or subsequently).

### **AE Impact**

AEs will see a significant increase in peer reviews taking place in late 2020 and early 2021. Program staff understands that extending reviews may cause a backlog for AEs, making it difficult to comply with benchmarks. Staff will focus on communication efforts to help all stakeholders understand the issue. Consideration of the backlog will be built into the plan developed by the PRB and Oversight Task Force (OTF). The OTF will determine the best approach to ensure flexibility regarding AEs and benchmarks missed due to the impacts of COVID-19.

### **Additional Considerations**

- An increase in the number of reviews taking place in late 2020 and early 2021 may make it hard for a firm to find a peer reviewer. Communications will be developed to encourage firms and reviewers to schedule reviews concurrently with added COVID-19 client demands, rather than deferring scheduling until close to the expiration of the firms' extensions. Firms will also be reminded they may have their reviews performed by the original due dates and will be encouraged to do so if they are able.
- This plan may result in delayed follow-up actions for firms with non-passing prior reports, which may delay quality improvement. While this is correct, Program staff expect firms will be delayed in completing engagements with their A&A clients and would, in any event, likely need additional time to perform engagements to demonstrate remediation.
- Firms with non-passing reports on the 2020/2021 peer review will have less time to remediate issues before their subsequent review, increasing the likelihood of being terminated. Peer review committees (PRCs) and hearing panels will be instructed to take this into consideration. If a firm can demonstrate it is genuinely working to improve, the hearing panel or PRC should be less inclined to refer a firm for non-cooperation and potential enrollment termination.
- Firms may request a change in their peer review year end. Ordinarily, an extension is not a justification to change a firm's year end. Communications will indicate granting an automatic six-month extension does not change this presumption.

### **Communications Plan**

If this plan is approved, extensive communications will include a press release announcement and targeted communications to all stakeholders including reviewers, firms, SBOAs, AEs and State Societies.

### **Effective Date**

Communications would be generated as soon as possible following plan approval by the PRB. Automated extensions are proposed to be implemented in PRIMA as soon as the new functionality is available; which is estimated for May 20, 2020.

### **Board Consideration**

The PRB is asked to approve the proposed plan.

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## PRB Observers

Bimpe McMillon	Kent Absec
Anna Durst	Mary Kelly
Laura Harrison	Wendy Garvin
Dipesh Patel	Robyn Barkdull
Gregg Taketa	Melinda Hart
Patty Hurley	Julie Salvaggio
Maria Laboy	Sabine Anderson
Kary Arnold	Chris Rouse
Faye Hayhurst	Dan Weaver
Jennifer Gorman	Pamela Lemire
Boyd Busby	Cora Edwards
Tony Vanorny	Phil Windschitl
Julie Phipps	Mary Beth Halpern
Jeanette Contreras	Karen Guerra
Deidre Budahl	Rafael Wiesenber
Mary Kline-Cueter	Nicole Kasin
Marilee P. Lau	Jerry Cross
J. Charles Parker	Edward Mann
Rodney Harano	Teresa R. Taylor
Phyllis Barker	Gloria Snyder
Jeannine Birmingham	Grace Berger
Chuck Jordan	Dan Dustin
Vinit Shrawagi	Katie Cheek
Stacey Lockwood	Tara Loghing
J. Anthony Sessoms	Bonnie Schmidt
Ying Sa	Mark P Harris
Viki Windfeldt	Marc Feinstein
Wade Jewell	Ashley Sellers
Jim Bayson	Robert N. Brooks
G. Warren Morrison	Heather Lindquist
Richard Hill	Mark Hobbs
Bruce A. Kingshill	Gloria Roberts
Andrea Byrd	Paul Pierson
Dawn Carlson	Bert Denny
James Hardenberg	Jean Rudolph
Sharon Romere-Nix	Stephen Langowski
Darla Saux	John Schuyler
Jennifer Winters	Gerald Denor
Glenn Roe	
Raegen Nuffer	
Paul Ziga	
Kathleen Meyer	
Monica Farrell	
Sara Fox	
Michael E. Auerbach	
Tom Bowns	
Rita Barnard	
Heather Trower	



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