
**AICPA Peer Review Board
Open Session Agenda
Wednesday, May 20, 2020
Teleconference**

Peer Review Board (PRB) Members:

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

Absent:

Joe Beck

AICPA Staff:

Karen Aylor
Ivory Bare
Jim Brackens
Brad Coffey
Jennifer Dintsch
Rachelle Drummond
Donna Freundlich
Gary Freundlich
Laurel Gron
Jennifer Gum
Lisa Joseph
Fran McClintock
LaVonne Montague
Daphne Owings
Susan Rowley
Beth Thoresen
Andrew Volz

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 and hoped everyone was safe and healthy during these uncertain times. Mr. Pope noted this meeting will be the last Peer Review Board meeting for Dawn Brenner, Jeff Gendreau, and John Guido. Mr. Pope expressed his appreciation for the contributions these individuals have made to the Peer Review Board during their tenure. After this meeting, Clynt Hart, Art Sparks, and Dan Wernke will be joining the Peer Review Board.

1.2 Update on COVID-19 Related Matters – Mr. Brackens

Discussion Summary:

Mr. Brackens echoed Mr. Pope's appreciation to Dawn Brenner, Jeff Gendreau, and John Guido for their service as Peer Review Board members.

Mr. Brackens encouraged all meeting participants to review the AICPA's COVID-19 website for current general information, guidance, tools, and resources related to the pandemic. From a peer review perspective, emails are currently being sent to reviewed firms impacted by the Peer Review Board's decision on automatic extensions. These communications ask firms to reach out to their peer reviewer to begin scheduling their current peer review, as well as to consider their State Board implications of a delayed peer review due date.

Additionally, in the near future, the PR Prompts newsletter will be disseminated that includes this information. A follow up article in the Journal of Accountancy is also planned.

Resolutions:

None.

Open Items:

None.

1.3 Approval of Exposure Draft Related to Offsite System Review Guidance – Ms. Gantnier

Discussion Summary:

The Standards Task Force asked for the Peer Review Board's consideration on an exposure draft that would allow reviewers to take a risk-based approach to allow more flexibility in determining where System Review procedures may be performed, and if all engagement selections should be provided to the reviewed firm before the commencement of the peer review. This consideration is separate from the COVID-19 related accommodation for offsite system reviews.

Specifically, the proposed changes would:

- Allow a reviewer to determine the location of procedures to be performed for a system review based on the conclusions reached from the reviewer's peer review risk assessment.
- Not require a reviewer to obtain advanced approval from an administering entity if the reviewer elects to perform the majority of procedures at a location other than the reviewed firm's offices.
- Allow a reviewer to determine if a surprise engagement should be selected based on the conclusions reached from the reviewer's peer review risk assessment.
- Provide guidance to assist the reviewer in determining if procedures should be performed at the reviewed firm's office or remotely.
- Provide guidance to assist the reviewer with recommended procedures and considerations when procedures are performed remotely.

The exposure draft comment period would end July 15, 2020. If approved, the proposed guidance would take effect for peer reviews commencing on or after October 1, 2020.

Significant discussion ensued regarding the following:

- Column headers of the "Risk Factors" table in Agenda Item 1.3A.
- The wording of Question 8; there should not be an underlying "all or nothing" perception.
- The wording of Interpretation 8-1, specifically the use of the term "decision matrix" and the idea that the risk factor considerations need to be documented even if the review is ultimately performed onsite.

The current exposure draft will go back to the Standards Task Force for reconsideration; there may be an ad hoc meeting of the Peer Review Board to discuss the revised exposure draft.

Resolutions:

None.

Open Items:

As noted above, the current exposure draft will go back to the Standards Task Force for reconsideration; there may be an ad hoc meeting of the Peer Review Board to discuss the revised exposure draft.

1.4 Task Force Updates

Discussion Summary:

Mr. Bluhm referred meeting participants to Agenda Item 1.4 for an update related to the Oversight Task Force. Additionally, Mr. Bluhm discussed Oversight Task Force considerations on how the current COVID-19 environment will impact 2020 oversight activities:

- Administering entities' benchmark reporting: There is an expectation that there will be noncompliance with some benchmarks due to COVID-19; the Oversight Task Force does not intend to begin fair procedures in these circumstances. Administering entities are encouraged to add explanations in their benchmark monitoring reports when noncompliance is due to COVID-19. Additionally, the due dates for the next two benchmark summaries will be extended by 15 days; reporting for the time period of January 1 to April 30, 2020 will be due June 30, 2020 and reporting for the time period May 1 to August 31, 2020 will be due October 31, 2020.
- Oversight requirement for administering entities: Given the temporary offsite guidance extended by the Peer Review Board, the expectation is that a significant amount of peer reviews will be performed remotely. Therefore, administering entities are not required to perform two onsite oversights during 2020. There were no changes to the oversight requirement of 2% of all peer reviews (with at least 2 system reviews and 2 engagement reviews).
- Technical Reviewer participation requirements: Technical Reviewers are still expected to participate in one peer review during 2020. In accordance with the RAB Handbook, this requirement can be satisfied by oversight and may be done offsite.
- Resume verification requirements: Resume verification requirements for 2020 will be deferred (with no catch up required; 2021 will still require only 33% verification). Administering entities are encouraged to perform resume verifications, when necessary, if concerns arise regarding reviewer performance or qualifications.
- Administering entity oversight visits: For 2020, these will be performed remotely. Onsite visits will resume in 2021.
- Enhanced Oversight: The AICPA Peer Review Enhanced Oversight Program is currently on hold for 2020 and OTF continues to evaluate when this Program may be resumed.
- Other items: Mr. Bluhm also encouraged participants to review Agenda Items 1.7A – Annual Report on Oversight and 1.7D – Revised Technical Reviewer Evaluation Form.

Mr. Gendreau also referred meeting participants to Agenda Item 1.4 for an update related to the Education & Communication Task Force, highlighting the following items:

- Conference: The ECTF has been heavily focused on planning the 2020 Peer Review Conference, scheduled for August 3-5. The Conference will be held virtually this year, span for three days, with four hours of CPE offered each day.
- PR Prompts: The second publication of the PR Prompts newsletter will be distributed at the end of May.

Ms. Gantnier referred meeting participants to Agenda Item 1.4 for an update related to the Standards Task Force.

1.5 Other Reports

Discussion Summary:

Participants were referred to Agenda Item 1.5 for other reports.

- Operations Director Report: As shared earlier, Ms. Thoresen indicated review extension communications will be distributed this week.
- Report from State CPA Societies: Mr. Colgan noted the State Societies are currently relying heavily on the communication plans of the AICPA Peer Review Team related to COVID-19 extensions.
- Report from the National Peer Review Committee (NPRC): Mr. Fawley indicated there had been two NPRC meetings since his last report to the Peer Review Board. At these meetings, three large firm reviews have been accepted. Additionally, eight RAB meetings have been held that processed 116 peer reviews. The next scheduled NPRC meeting is in October 2020.
- Quality Control Materials (QCM) Task Force: Ms. Schweigel stated the QCM Task Force has been making progress transitioning QCM Reviews performed under the Peer Review standards to a QCM Examination performed under the attestation standards. The objective of the engagement will continue to be to evaluate whether the QCM assists user firms in complying with the professional standards that the QCM purports to encompass. However, the "technology" of a QCM would not be in scope; it could be addressed as an add-on engagement using, for example, Trust Service Criteria. The Task Force expects to have an exposure draft of the QCM criteria for the QCM examination ready sometime Summer 2020, with final criteria and an accompanying A&A guide issued by the end of 2020.

1.6 Other Business

Discussion Summary:

Mr. Pope noted no other business had been brought to the attention of the Peer Review Board.

Mr. Pope indicated an ad-hoc Peer Review Board meeting may be required in order to discuss the revised exposure draft from Agenda Item 1.3.

1.7 For Informational Purposes

Discussion Summary:

Mr. Kindem reported the AICPA's webcast "Peer Review Update: Performing System Reviews in a COVID-19 World", which was initially held on May 6, 2020 and has since been rebroadcasted once, has had a cumulative number of attendees nearing 1,000. The webcast will be rebroadcasted again on June 1, 2020 from 1:00-3:00pm; interested parties may sign up via the Peer Review website.

1.8 Future Open Session Meetings

Discussion Summary:

Mr. Pope noted the dates for future open session are as follows:

- September 2, 2020 – Teleconference
- November 11, 2020 – Teleconference

The meeting was adjourned at approximately 12:34pm.

PRB Observers

Dan Weaver	Mittie Benham	John Skukalek	Craig Myers
Paul Pierson	Rafael Wiesenberg	Frank Sanchez-	Gerard Demetrius
Susanna Sharpe	William Bailey	Ruiz	Ellen Adkins
Stephen Langowski	Kevin Humphries	Tobbie Wells	Andrew Merryman
Wade Jewell	Marybeth Halpern	Richard Carter	John Oeltjen
Vinit Shrawagi	Jennifer Winters	Lonnie Heim	Thomas Cordell
Richard Hill	Viki Windfeldt	Jessica	Yanick Michel
Dipesh Patel	Rita Barnard	Mytrohovich	Jay Tolson
Kary Arnold	Michelle Thompson	Iryna Corporation	Mike Gladney
Thomas Kirwin	Faye Hayhurst	Michael	Jeff Sabetta
Sharon Romere-Nix	William J Black, Jr	Fredrickson	Mark Wille
Chuck Jordan	Phyllis Barker	Reza Mahbod	Dustin Verity
Heather Trower	Patty Hurley	Kris Samiley	Rodney Harano
Richard Daisley	Jerry Cross	Samuel Johnson	Debra Seefeld
Stephen Hicks	Kent Absec	Scott Clelland	John Flatowicz
Heather Lindquist	Heather Myers	Nancy Bechanan	Larry Dodson
Daniel Wamhoff	Dan Sweetwood	Stella Marie	Cora Edwards
Lisa Brown	Darlene Zibart	Santos	Karen Welch
Anna Durst	Adelina Burke	Nancy Jones	Laura Minnick
Chris Rouse	Tara Loghing	Brian Skluzacek	Victoria Mwangi
Bimpe McMillon	John Roller	Robert Vachon	Mark Malachin
Gloria Roberts	Bob Brooks	Shelby Goldgrab	Cheryl Hartfield
Maria Laboy	Ashley Sellers	Wendy Andong	Art Sparks
Mary Kline-Cueter	David Nance	Kelli Bernstein	Dawn Carlson
David Holland	Rebecca Tres	Ben Lozano	Colleen Conrad
Wende Wadsworth	Abby Dawson	Brittney Williams	Boyd Busby
Katie Cheek	Melinda Hart	Charles Gregg	Wendy Garvin
Glenn Roe	Pamela Lemire	Darla Saux	Monday Rufus
Marc Feinstein	Nancy Glynn	Gregory Caudill	Mary Mackrell
Julie Phipps	Patty Faenger	Joelle Pulver	Steven Kessler
Todd Shapiro	Stacey Lockwood	Richard Cristini	Silvia Yehezkel
Deidre Budahl	John Baumer	Steve Grohne	William Oyster
Julie Salvaggio	Phil Windschitl	John Uberti	Tracey Etchberger
C. Jack Emmons	Mary Kelly	Fausto Hinojosa	Edward Rose
Monica Farrell	Gloria Snyder	Janice Gray	Nina Sorelle
Allison Henry	Colin Autin	Kevin Howell	Keith Thompson
Laura Harrison	Mark Mersmann	Diane Smith	Sue Thompson
Gregg Taketa	Santiago Sabocor	Shawn Emerson	
Beth Lyons	Dan Hevia	Paul Goetz	
Andrea Byrd	Diana Mccalpin	Levonina Reese	
Alma Velez	David Hicks	John Saracena	