Peer Review Board
Open Session Materials

November 6, 2020
Virtual Meeting
AICPA Peer Review Board
Open Session Agenda
Friday, November 6, 2020
Virtual Meeting

Date: Friday, November 6, 2020
Time: 1:00PM – 3:00PM Eastern Time

1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Mr. Pope
1.2 Discussion of ASC 606 Implementation Issues Reviewer Alert* - Ms. Beasley
1.3 Task Force Updates*
   • Standards Task Force Report – Ms. Lewis
     o A – Update on Clarified Peer Review Standards*
   • Oversight Task Force Report – Mr. Bluhm
   • Education and Communication Task Force Report – Mr. Beck
1.4 Other Reports*
   • Operations Director’s Report** – Ms. Thoresen
   • Report from State CPA Society CEOs** – Mr. Colgan
   • Update on National Peer Review Committee – Mr. Fawley
1.5 Other Business** – Mr. Pope
1.6 For Informational Purposes*:
   A. Report on Firms Whose Enrollment was Dropped or Terminated*
   B. Compliance Update - Firm Noncooperation*
   C. Approved 2021 Association Information Forms for Associations of CPA Firms*
1.7 Future Open Session Meetings**
   A. February 11, 2021 – Teleconference
   B. May 19, 2021 – Teleconference
   C. September 2, 2021 – Teleconference
   D. October 6, 2021 – Durham, NC

* Included on SharePoint
** Verbal Discussion
*** To Be Provided at a Later Date
Agenda Item 1.2

Discussion of ASC 606 Implementation Issues Reviewer Alert

Why is this on the Agenda?
Staff have begun to receive inquiries from peer reviewers, technical reviewers and report acceptance body members related to how noncompliance with ASC 606 should be assessed from a peer review perspective.

In an effort to promote consistency among peer reviewers across the country and with the various administering entities, Staff have drafted a reviewer alert article, shown in Agenda Item 1.2A, that includes recommendations on how various instances of noncompliance with ASC 606 should be assessed from a peer review perspective. Staff intends on publishing this reviewer alert article in mid-November.

Feedback Received
Staff have discussed the contents of the reviewer alert with technical reviewers during a recent quarterly call and with various internal AICPA teams including those staff members involved with the enhancing audit quality initiative and with developing audit and attest standards.

Communications Plan
The article is scheduled to be published in mid-November. Peer reviewers and other relevant stakeholders are notified via email when reviewer alert articles are published.

Effective Date
The article is scheduled to be published in mid-November. There is no effective date associated with its contents.

Board Consideration
Staff is asking the PRB to alert them of any questions, comments or concerns associated with the contents of the proposed reviewer alert article shown in Agenda Item 1.2A.
**Proposed ASC 606 Implementation Issues Reviewer Alert**

**Evaluating Peer Review Implications of ASC 606 Implementation Issues**

For System and Engagement Reviews, the specific circumstances surrounding ASC 606 implementation should be evaluated, individually and in aggregate, in determining whether the engagement should be deemed nonconforming. As stand-alone issues, these scenarios would generally be treated as follows if the revenue stream is material:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Nonconforming</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to implement when required</td>
<td>Yes</td>
<td>If there is no evidence of the reviewed firm’s consideration of the client’s evaluation of the Standard, even if it is determined after the financial statements have been issued (e.g., as a result of a peer review) that the impact would have been immaterial, the engagement would still be considered nonconforming. Materiality does not matter, because it is the client’s responsibility to evaluate whether implementation of the Standard is necessary. It is the reviewed firm’s responsibility to consider and document whether management’s evaluation was appropriate.</td>
</tr>
<tr>
<td>Failure to implement prior to FASB delay of effective date</td>
<td>Yes</td>
<td>If financial statements for an annual period beginning after 12/15/18 (i.e. – calendar year 2019) were issued before 6/3/2020 and there is no evidence of the evaluation of client’s consideration of the Standard, the engagement is nonconforming. As noted above, materiality does not matter. For non-public entities, ASC 606 was initially required for reporting periods beginning after December 15, 2018. In May 2020, the FASB delayed the effective date for annual reporting periods beginning after December 15, 2019 for entities that had not yet issued financial statements. Delaying implementation was optional. The delayed timing leaves a period of time when ASC 606 was required for entities with a reporting period beginning after December 15, 2018 that issued financial statements prior to the FASB decision on June 3, 2020.</td>
</tr>
</tbody>
</table>

There is evidence of the evaluation of the Standard by the reviewed firm

| Appropriately evaluated | No | If the client had determined the impact was immaterial |
and did not implement the Standard, and the reviewed firm is able to provide evidence of their consideration of the client’s evaluation.

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Early implemented</th>
<th>Partial or incorrect implementation – immaterial impact</th>
<th>Partial or incorrect implementation – material impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early implemented</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Partial or incorrect implementation</td>
<td>No</td>
<td>This indicates the firm was aware of the Standard but may not have identified a minor misapplication of the Standard.</td>
<td>This indicates the firm’s understanding of the Standard was not sufficient to identify a misapplication of the Standard.</td>
</tr>
</tbody>
</table>

As a reminder, the above scenarios should be considered in aggregate. For example, if a firm early implemented ASC 606 but made a material error in that implementation, the engagement would be deemed nonconforming. Additionally, reviewers should use their judgment when determining if an engagement is nonconforming if the revenue stream is immaterial, such as when documentation does not address ASC 606 implementation of an immaterial component audit during a group audit.

If the engagement is determined to be nonconforming in a(n):

- Engagement Review, this would result in a deficiency.
- System Review, the team captain should evaluate the pervasiveness of the implementation issues and the systemic cause in determining whether the matter should be elevated above a matter.
Agenda Item 1.3

Standing Task Force Updates

Why is this on the Agenda?
Each of the standing task forces of the PRB will provide this information to the Board at each open session meeting to gather feedback on the nature and timing of agenda items that will be considered in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to feedback received.

Standards Task Force

Accomplished since last PRB meeting:
- Continued discussions related to the project to clarify the peer review standards (for additional information, see agenda item 1.3A)
- Discussed the Quality Control Materials (QCM) Task Force recommendations related to QCM Examinations not being a must select practice area, administration requirements of firms that perform QCM Examination engagements, and adding QCM Examination in the Other Practice Areas and Industries list of codes in PRIMA
- Discussed that the selection of a preparation engagement in a System Review should be based on the reviewer’s risk assessment
- Agreed that a conference case should be drafted related to how to aggregate matters based on the systemic cause
- Discussed checklist presentation of new accounting or auditing standards and enhancements to checklist questions with bulleted lists

Upcoming tasks:
- Continued focus on the clarity project
  - For additional information, see Agenda Item 1.3A
- Continued consideration of QCM review guidance revisions
- Consideration of an administering entity help article related to late reviews
- Assessment of potential guidance needed in response to continued PRIMA enhancements

Oversight Task Force

Accomplished since last PRB meeting:
- Approved Report Acceptance Body (RAB) observation reports
- OTF members conducted AE oversights
- Provided consent for one AE to transition administration to another AE
- Discussed the type of feedback issued by AEs as a result of enhanced oversights
- Approved revisions to the enhanced oversight report template and frequently asked questions
- Monitored reviewer performance

Upcoming tasks:
- OTF members will continue to conduct AE oversights
- Approve AE oversight reports and responses
- Approve RAB observation reports
- Review and approve revisions to guidance for establishing an AE back-up plan
• Review and approve minor revisions to the technical reviewer’s checklists
• Review AE benchmark summary forms and feedback received
• Monitor reviewer performance
• Review 2021 plans of administration

**Education and Communication Task Force**

**Accomplished since last PRB meeting:**

• Assessed informal and formal feedback received from the 2020 AICPA Peer Review Conference
• Published finalized conference cases from the 2020 Peer Review Conference:
  • Engagement Review
  • System Review
• Published an [FAQ of unanswered questions](#) submitted during 2020 Peer Review Conference sessions
• Assessed ability to rebroadcast certain sessions from the 2020 Peer Review Conference for certain stakeholders, such as:
  • Committee Member Training or RAB Update Webcast
  • Must-Select Update for Employee Benefit Plan Engagements
  • Must-Select Update for Governmental Engagements

**Upcoming tasks:**

• Begin planning for the 2021 Peer Review Conference to be held August 2-4 in San Diego, CA
• Continue analysis of peer reviewer pool data by state, including must-select reviewers, and implement plans to improve the pool where necessary
• Continue to identify and implement improvements to the AICPA Peer Review website
• Continue monitoring our available courses to determine if improvements should be made to our overall training framework
• Complete development of communications relevant to peer reviewers and their peer review clients, including:
  • The next Reviewer Alert to be issued in November 2020
  • The next PR Prompts to be issued in November 2020
Update on Clarified Peer Review Standards

Why is this on the Agenda?
The STF will have an update on the project to clarify peer review standards as a standing agenda item during the Task Force Update portion of upcoming PRB open session meetings.

The STF is either reviewing or has completed their detailed review of guidance related to:
- Concepts common to all peer review stakeholders
- General peer reviewer reviewed firm responsibilities, and
- Engagement Reviews from both the perspective of the peer reviewer and the reviewed firm
- System Reviews from both the perspective of the peer reviewer and reviewed firm
- General administration responsibilities

Staff and the related sub task forces are currently drafting and reviewing guidance related to:
- Administration (including administrator, technical reviewer and Committee/RAB responsibilities)

The following is a summary of the meetings related to the clarity project since the last PRB Meeting:

- September 9, 2020 – The entire STF met to begin their review of PR-C sec. 310, which will contain guidance for firms undergoing a System Review
- September 23, 2020 – The entire STF met to
  - Finalize their review of PR-C sec. 310, which will contain guidance for firms undergoing a System Review
  - Begin and finalize their review of PR-C sec. 300, which will contain general principles and responsibilities for all reviewed firms
- October 26, 2020 – The entire STF met to begin their review of PR-C sec. 400, which will contain guidance for peer review administration.

Currently scheduled future meetings include:
- Late November 2020 – The entire STF will meet to discuss the aggregated clarified standards

*Administration Sub Task Force members: Brian Bluhm, Paul Brown, Jerry Cross and Bonnie Stewart

Board Considerations
The purpose of this item is to provide an update on progress made to date related to the project to clarify the peer review standards and related guidance.

While the task force is not seeking specific feedback on any given item presented at this time, PRB members and observers are invited to ask any questions or provide any commentary deemed necessary.
Agenda Item 1.4

Other Reports

Why is this on the Agenda?
The purpose of this agenda item is to provide PRB members and other attendees an update on various PRB related activities and initiatives.

Operations Director’s Report
Ms. Thoresen will provide the Operations Director’s report verbally during the meeting on November 6.

Report from State CPA Society CEOs
Mr. Colgan will provide the state society CEO report verbally during the meeting on November 6.

Report on the National Peer Review Committee
The NPRC has met once since the last PRB meeting in August on October 29. Two large firm reviews and one QCM review were presented, and all were accepted.

Since the August PRB meeting, the NPRC has held four RAB meetings. During those meetings:

- 24 reviews have been presented, including:
  - 19 Pass,
  - 3 Pass with Deficiencies and
  - 2 Fail reports.

The NPRC’s next meeting will be held on December 10, 2020.
In response to the coronavirus impact on firms and the probability of firms not receiving fair procedure notifications, the AICPA Peer Review Program temporarily ceased dropping firm enrollment in March. Enrollment drop notifications resumed in late August and firms within approximately 45 days of their extended due date were dropped beginning in late September.

As of the date of posting, none of the listed firms had reenrolled.

<table>
<thead>
<tr>
<th>Firm Number</th>
<th>Firm Name</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>900009813703</td>
<td>Ko &amp; Yun, LLP</td>
<td>AL</td>
</tr>
<tr>
<td>900010114264</td>
<td>W. Cecil Seamon</td>
<td>AL</td>
</tr>
<tr>
<td>900255056064</td>
<td>ANGELA L.H. SAYERS, CPA, MBA, AC</td>
<td>CA</td>
</tr>
<tr>
<td>900010127408</td>
<td>Barri Sibbald</td>
<td>CA</td>
</tr>
<tr>
<td>900255348866</td>
<td>CHARLES C. JEONG &amp; CO.</td>
<td>CA</td>
</tr>
<tr>
<td>900010103553</td>
<td>Chek Tan &amp; Company, LLP</td>
<td>CA</td>
</tr>
<tr>
<td>900005410784</td>
<td>G &amp; J Seiberlich &amp; Co LLP</td>
<td>CA</td>
</tr>
<tr>
<td>900011448049</td>
<td>James H. Koether, CPA</td>
<td>CA</td>
</tr>
<tr>
<td>900011467129</td>
<td>Kai-Ling Hwang</td>
<td>CA</td>
</tr>
<tr>
<td>900011507570</td>
<td>Kashani &amp; Co CPA, Inc. A Professional Corporation</td>
<td>CA</td>
</tr>
<tr>
<td>900010040702</td>
<td>Latimer and Massoni</td>
<td>CA</td>
</tr>
<tr>
<td>900006475147</td>
<td>Matthew Lemas CPA's Associates</td>
<td>CA</td>
</tr>
<tr>
<td>900011534609</td>
<td>Richard C. Ginnaty, APC</td>
<td>CA</td>
</tr>
<tr>
<td>900002281682</td>
<td>Sanborn &amp; Sanborn, AC</td>
<td>CA</td>
</tr>
<tr>
<td>900255214716</td>
<td>Snead &amp; Associates, LLP</td>
<td>CA</td>
</tr>
<tr>
<td>900255310757</td>
<td>Stack &amp; Associates, CPAs</td>
<td>CA</td>
</tr>
<tr>
<td>900005121021</td>
<td>TYS, LLP</td>
<td>CA</td>
</tr>
<tr>
<td>900011954716</td>
<td>William James Ray</td>
<td>CA</td>
</tr>
<tr>
<td>900010083855</td>
<td>WWC, P.C.</td>
<td>CA</td>
</tr>
<tr>
<td>900010139388</td>
<td>Stuhr and Associates LLC</td>
<td>CO</td>
</tr>
<tr>
<td>900010064658</td>
<td>Reich, Schweitzer, Valentino &amp; Cheney, LLC</td>
<td>CT</td>
</tr>
<tr>
<td>900255348784</td>
<td>Bergman Hirsch Spilfogel &amp; Tyman, CPAs</td>
<td>FL</td>
</tr>
<tr>
<td>900010112731</td>
<td>Ewart &amp; Associates, LLC</td>
<td>FL</td>
</tr>
<tr>
<td>900009278814</td>
<td>Green &amp; Company CPAs LLC</td>
<td>FL</td>
</tr>
<tr>
<td>900010134926</td>
<td>Krusoe &amp; Associates, P. A.</td>
<td>FL</td>
</tr>
<tr>
<td>900255347782</td>
<td>La Manna Hernandez PA</td>
<td>FL</td>
</tr>
<tr>
<td>900005902920</td>
<td>Vigo &amp; Vigo CPA, LLP</td>
<td>FL</td>
</tr>
<tr>
<td>900010115983</td>
<td>Hawkins &amp; McNair, CPAs</td>
<td>GA</td>
</tr>
<tr>
<td>900010125651</td>
<td>CPA Hawaii, LLP</td>
<td>HI</td>
</tr>
<tr>
<td>900010106843</td>
<td>Robert W. Abrew CPAs, Inc.</td>
<td>HI</td>
</tr>
<tr>
<td>900005848217</td>
<td>Odoni Partners LLC DBA The A.C.T. Group LLC</td>
<td>IL</td>
</tr>
<tr>
<td>Firm Number</td>
<td>Firm Name</td>
<td>State</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>900010111581</td>
<td>Reese &amp; Novelly CPAs PA</td>
<td>KS</td>
</tr>
<tr>
<td>900255274385</td>
<td>T Roe CPA &amp; Consulting LLC</td>
<td>KS</td>
</tr>
<tr>
<td>900010146978</td>
<td>Kelly Rose, P.C.</td>
<td>MA</td>
</tr>
<tr>
<td>900011734112</td>
<td>Michael A. Galer, CPA PC</td>
<td>MA</td>
</tr>
<tr>
<td>900255081309</td>
<td>P Neupane CPA, PC</td>
<td>MA</td>
</tr>
<tr>
<td>900010092666</td>
<td>R. J. Gold &amp; Company, P. C.</td>
<td>MA</td>
</tr>
<tr>
<td>90001116609</td>
<td>Himrod &amp; Associates, PC</td>
<td>MI</td>
</tr>
<tr>
<td>900003811651</td>
<td>John W. Rhinesmith, CPA, P.C.</td>
<td>MI</td>
</tr>
<tr>
<td>900255119665</td>
<td>Jonathan Grubb CPA PC</td>
<td>MI</td>
</tr>
<tr>
<td>900010056042</td>
<td>PrangleyMarks, LLP</td>
<td>MI</td>
</tr>
<tr>
<td>900004619948</td>
<td>The Clairmount Group PLC</td>
<td>MI</td>
</tr>
<tr>
<td>900005169648</td>
<td>Tina L. Cusac, CPA</td>
<td>MI</td>
</tr>
<tr>
<td>900010126410</td>
<td>David J. Brown</td>
<td>MN</td>
</tr>
<tr>
<td>900010149698</td>
<td>Richard W Holmberg Ltd</td>
<td>MN</td>
</tr>
<tr>
<td>900255349220</td>
<td>Kessler &amp; Associates, LLC</td>
<td>MO</td>
</tr>
<tr>
<td>900001180276</td>
<td>Mike Dozier</td>
<td>MS</td>
</tr>
<tr>
<td>900010121344</td>
<td>Ross R. Stalcup, CPA, PC</td>
<td>MT</td>
</tr>
<tr>
<td>900007566153</td>
<td>Thomas L. Presley, CPA, CPA, PLLC</td>
<td>NC</td>
</tr>
<tr>
<td>900010118343</td>
<td>William D. Owensby Jr., CPA</td>
<td>NC</td>
</tr>
<tr>
<td>900010155024</td>
<td>Michael J. Pommer</td>
<td>NE</td>
</tr>
<tr>
<td>900005667063</td>
<td>Angell &amp; Company LLC</td>
<td>NH</td>
</tr>
<tr>
<td>900010134310</td>
<td>Edward W. Semambya &amp; Associates, P. A.</td>
<td>NJ</td>
</tr>
<tr>
<td>900255181174</td>
<td>Charles Henry, CPA</td>
<td>NM</td>
</tr>
<tr>
<td>900010146615</td>
<td>Pete Magee CPA &amp; Associates, Inc</td>
<td>NV</td>
</tr>
<tr>
<td>900010014970</td>
<td>Blitzer Gelfand &amp; Cohen, P.C.</td>
<td>NY</td>
</tr>
<tr>
<td>900003832027</td>
<td>Cirillo, Francis &amp; Cirillo CPAs, LLP</td>
<td>NY</td>
</tr>
<tr>
<td>900010124186</td>
<td>John A. Konz</td>
<td>NY</td>
</tr>
<tr>
<td>900255274309</td>
<td>REW, CPA</td>
<td>NY</td>
</tr>
<tr>
<td>900004550439</td>
<td>Thomas J. Ryan, CPA, P.C.</td>
<td>NY</td>
</tr>
<tr>
<td>900010128721</td>
<td>Andersen, Metzger &amp; Company, P. C.</td>
<td>OH</td>
</tr>
<tr>
<td>900255272978</td>
<td>EWR, Inc</td>
<td>OH</td>
</tr>
<tr>
<td>900010106381</td>
<td>Kee, Huchok &amp; Co., Inc</td>
<td>OH</td>
</tr>
<tr>
<td>900005067070</td>
<td>Mort &amp; Bushman, CPAs</td>
<td>OH</td>
</tr>
<tr>
<td>900006647916</td>
<td>Dwight Bomer CPA</td>
<td>OK</td>
</tr>
<tr>
<td>900255347325</td>
<td>M&amp;M Consulting Partners PLLC</td>
<td>OK</td>
</tr>
<tr>
<td>900005611430</td>
<td>Northeastern Oklahoma Accounting, PLLC</td>
<td>OK</td>
</tr>
<tr>
<td>900255349232</td>
<td>Cascade Investment Compliance &amp; Verification LLC</td>
<td>OR</td>
</tr>
<tr>
<td>900010113055</td>
<td>Anthony James Kubicek</td>
<td>PA</td>
</tr>
<tr>
<td>900255350478</td>
<td>Ju Yuen Lee</td>
<td>PA</td>
</tr>
<tr>
<td>900010121148</td>
<td>Maguire Hegarty LLC</td>
<td>PA</td>
</tr>
<tr>
<td>Firm Number</td>
<td>Firm Name</td>
<td>State</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------</td>
<td>-------</td>
</tr>
<tr>
<td>900010148917</td>
<td>Maureen I. McMahon, CPA</td>
<td>PA</td>
</tr>
<tr>
<td>900010101817</td>
<td>Rimmer &amp; Jennings, LLC</td>
<td>PA</td>
</tr>
<tr>
<td>900010080459</td>
<td>Baker Tilly Puerto Rico, CPA's, PSC</td>
<td>PR</td>
</tr>
<tr>
<td>900003792194</td>
<td>Rivera Colón &amp; Co., Certified Public Accountants, PSC</td>
<td>PR</td>
</tr>
<tr>
<td>900003620493</td>
<td>Velazquez &amp; Co., CPAs, PSC</td>
<td>PR</td>
</tr>
<tr>
<td>900010153070</td>
<td>Robert E. Milhous, CPA, PA</td>
<td>SC</td>
</tr>
<tr>
<td>900255347788</td>
<td>Brian L. Brenner, CPA, PLLC</td>
<td>TN</td>
</tr>
<tr>
<td>900011668773</td>
<td>Dianne H. Bizzle</td>
<td>TN</td>
</tr>
<tr>
<td>900010133167</td>
<td>G. David Edwards CPA, PA</td>
<td>TN</td>
</tr>
<tr>
<td>900255348417</td>
<td>Hughes Accounting &amp; Tax Services</td>
<td>TN</td>
</tr>
<tr>
<td>900007718364</td>
<td>KBMD &amp; Associates, P.C.</td>
<td>TN</td>
</tr>
<tr>
<td>900255347970</td>
<td>Leblanc &amp; Chandler, CPA</td>
<td>TN</td>
</tr>
<tr>
<td>900010114475</td>
<td>Sandra L. Medd</td>
<td>TN</td>
</tr>
<tr>
<td>900010003764</td>
<td>ABBM Group, Ltd LLP</td>
<td>TX</td>
</tr>
<tr>
<td>900010037458</td>
<td>Caver, Inc.</td>
<td>TX</td>
</tr>
<tr>
<td>900006942611</td>
<td>Christy Dang CPA, PLLC</td>
<td>TX</td>
</tr>
<tr>
<td>900010148424</td>
<td>David A. Boring</td>
<td>TX</td>
</tr>
<tr>
<td>900010098752</td>
<td>Gindler, Chappell, Morrison &amp; Co. P. C.</td>
<td>TX</td>
</tr>
<tr>
<td>900010075284</td>
<td>Hales-Bradford, LLP</td>
<td>TX</td>
</tr>
<tr>
<td>900010099797</td>
<td>Jon Corbell &amp; Associates, P.C.</td>
<td>TX</td>
</tr>
<tr>
<td>900010095613</td>
<td>Maxwell &amp; Bain</td>
<td>TX</td>
</tr>
<tr>
<td>900255188309</td>
<td>Paul H. Zbranek, II, P.C.</td>
<td>TX</td>
</tr>
<tr>
<td>900255036894</td>
<td>Ruben Castro LLC</td>
<td>TX</td>
</tr>
<tr>
<td>900006468412</td>
<td>Wenah A. San Diego, PC</td>
<td>TX</td>
</tr>
<tr>
<td>900255350113</td>
<td>Drade Consulting Group LLC</td>
<td>VA</td>
</tr>
<tr>
<td>900012186517</td>
<td>Esdaille and Associates LLC</td>
<td>VI</td>
</tr>
<tr>
<td>900005631648</td>
<td>Donald W. Bell, CPA</td>
<td>WA</td>
</tr>
<tr>
<td>900010081203</td>
<td>Francis &amp; Company, PLLC</td>
<td>WA</td>
</tr>
<tr>
<td>900010090271</td>
<td>Littrell and Bailey, P.S.</td>
<td>WA</td>
</tr>
<tr>
<td>900004913884</td>
<td>Randall G. Draney, CPA</td>
<td>WY</td>
</tr>
</tbody>
</table>
In response to the coronavirus impact on firms and the probability of firms not receiving fair procedure notifications, the AICPA Peer Review Program temporarily ceased terminating firm enrollment in March. Since that time, proceedings have resumed with compassion. Enrollment terminations since the last report are reported below:

**Failure to complete a corrective action**
The AICPA Peer Review Program terminated the following firms’ enrollment in the AICPA Peer Review Program for failure to cooperate. The firms did not complete corrective actions designed to remediate deficiencies identified in their most recent peer review.

- Sergio DeVarona CPA PA – Coral Gables, FL
- Spielman, Koenigsberg & Parker LLP – New York, NY

**Consecutive non-pass reports in system reviews**
The AICPA Peer Review Program terminated the following firms’ enrollment in the AICPA Peer Review Program for failure to cooperate by failing to design a system of quality control, and/or sufficiently complying with such a system, that would provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, such that the firm received consecutive pass with deficiency or fail reports.

- Richard E. Matheny, CPA – Santa Ana, CA
- Ying Wang & Company, CPAs – San Jose, CA
- Sutton & Simmons, PLLC – Rexburg, ID
- Brooks & Associates CPAs, LLC – Largo, MD
- London Group CPAs, Inc. – Cleveland, OH
- John P. Schmerbauch, CPA – Chester, IL
- Alton D. Thiele P C – Belton, TX

**Failing to complete its peer review after it has commenced**
The AICPA Peer Review Program terminated the following firm’s enrollment in the AICPA Peer Review Program for failure to cooperate. The firm did not timely submit documents required to complete the acceptance process of its peer review to its administering entity.

- Glenn E. Turner PA Certified Public Accountant – Fayetteville, NC

**Noncooperation related to omission or misrepresentation of information**
The AICPA Peer Review Program terminated the following firm’s enrollment in the AICPA Peer Review Program for failure to cooperate. The firm either omitted or misrepresented information that should have been provided to their peer reviewer relating to its accounting and auditing practice.

- Fliegel CPA PC – Lynbrook, NY

Firm terminations are also published on our website at: [https://www.aicpa.org/forthepublic/prfirmterm/2020peerreviewfirmterminations.html](https://www.aicpa.org/forthepublic/prfirmterm/2020peerreviewfirmterminations.html)
Agenda Item 1.6B

Compliance Update - Firm Noncooperation

Why is this on the Agenda?
This is an informational item to keep AICPA Peer Review Board (PRB) members informed about firm noncooperation, such as drops and terminations.

As previously reported, the AICPA Peer Review Program (PRP) made several temporary changes in March 2020 to respond to the coronavirus impact on firms due to the probability of firms not receiving fair procedure notifications. These changes provided firms with additional time to complete required actions. Many of these changes have now been reverted and, as a result, firm enrollment drops and terminations have resumed. The impact of the temporary changes on the drop, termination and appeal processes and related volume are reflected throughout this agenda item.

Hearings, Drops, and Terminations

Firm Hearing Referrals and Mediation
Referrals are firm noncooperation cases for which the administering entity (AE) has submitted documentation to AICPA staff to proceed with a termination hearing. Firms referred to the PRB for a termination hearing increased significantly after PRIMA implementation in 2017, due in part, to process automation as well as changes in guidance to expedite such matters and align more closely with Enhancing Audit Quality initiatives.

Due to the previously discussed temporary changes, the table below shows a significant decrease in the current year to date referrals:

![Firm Referrals Chart]

*through 9/30/20
We anticipate referrals to increase in the latter part of the year as normal timing and function resumes. Excess resource capacity has been utilized for the consideration of reenrollment requests (discussed below). Staff will continue to assess the volume to determine if additional panel resources are required.

The types of matters for which firms are referred for termination hearings were as follows:

![Pie charts showing referral types for 2019 and 2020.](image)

*through 9/30/20

<table>
<thead>
<tr>
<th>Legend</th>
<th>2019</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUOD/IPOD</td>
<td>Failure to complete corrective action(s) or implementation plan</td>
<td>FUOD 31%</td>
</tr>
<tr>
<td>NC</td>
<td>General non-cooperation (includes completeness activities/material omission from scope, failure to undergo/complete peer review, failure to improve after consecutive corrective actions, etc.)</td>
<td>NC 28%</td>
</tr>
<tr>
<td>NOAGRE/IPNOAGRE</td>
<td>Failure to agree to corrective action or implementation plan</td>
<td>NOAGRE 5%</td>
</tr>
<tr>
<td>REPEAT</td>
<td>Failure to improve after consecutive non-pass peer reviews</td>
<td>REPEAT 35%</td>
</tr>
<tr>
<td>SIGNED</td>
<td>Failure to sign MFCs, FFCs, etc.</td>
<td>SIGNED 1%</td>
</tr>
</tbody>
</table>

The decrease in the rate of repeat (failure to improve after consecutive non-pass peer reviews) charges is due to guidance implemented in May 2019 requiring more robust firm assessment and allowing peer review committees more discretion in referrals of this type. The increase failure to complete peer review (an increased portion of the NC number above) and other charges appear to relate to increased ability for AEs to monitor old open reviews due to improved PRIMA reporting. Firms in these situations can sometimes be encouraged and assisted to resolve these matters and avoid a hearing. AICPA staff attempts to mediate hearing referrals where appropriate, which ultimately leads to fewer panels and other resource usage. In the current year to date, staff has successfully mediated approximately 50% of recourse hearing cases. Recourse hearings do not include charges such as consecutive non-pass reports or material omission from scope because those firms do not have any recourse to avoid the hearing (other than by acknowledging the charges and agreeing to termination without a hearing).

Firm Drops and Terminations
A firm’s enrollment may be dropped from the AICPA PRP without a hearing (typically prior to the commencement of a review) for failure to submit requested information concerning the arrangement or scheduling of its peer review or timely submit requested information necessary to plan or perform the peer review. A detailed list of noncooperation reasons that may lead to a drop is in the Peer Review Board Drop Resolution (Interpretation 5h-1) on aicpa.org. Although warning letters are sent, staff does not perform mediation outreach to firms that may be dropped. Firms whose enrollment will be dropped from AICPA PRP are sent to PRB members for approval via...
negative clearance and subsequently reported in PRB open session materials. Firms may appeal being dropped or terminated from the AICPA PRP.

A firm’s enrollment may be terminated for other failures to cooperate with the AICPA PRP (typically after the commencement of a review). A detailed list of noncooperation reasons that may lead to a termination is in the Peer Review Board Termination Resolution (Interpretation 5h-1) on aicpa.org. Terminations from the AICPA PRP must be decided upon by a hearing panel of the PRB.

Drops and terminations of firms enrolled in the AICPA PRP are ordinarily reported in a monthly communication to state boards of accountancy Executive Directors and State Society CEOs and are available on the Extranet for AE.

Firms with AICPA members whose enrollment in the AICPA Peer Review Program is terminated are published on aicpa.org and included in the PRB open session materials. Firms without AICPA members whose enrollment in AICPA PRP has been terminated are not published by the AICPA but are included in the statistics of this agenda item.

Below is a summary of firm hearing panel decisions over the past several years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Terminated</th>
<th>Not Terminated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>41</td>
<td>6</td>
</tr>
<tr>
<td>2017</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td>2018</td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td>2019</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>2020*</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>180</td>
<td>104</td>
</tr>
</tbody>
</table>

*through 9/30/20

Terminated firms reported above include hearing panel decisions to terminate, including those within their available appeal period, and firms that agreed to the charges and were terminated without a hearing.

For firms whose enrollment was not terminated, the firm may be required to complete additional corrective actions to remain enrolled. Examples of additional corrective actions that might be required include, but are not limited to:

- Replacement review (omission cases)
- Formalization (in writing) of a firm’s decision to limit practice in a certain industry or engagement type or
- Pre-issuance or post-issuance review

In the rare circumstances that additional corrective actions are not required, the review continues uninterrupted. For example, any outstanding corrective actions would need to be completed and accepted before the review is completed.
This summary does not reflect:

- Later decisions by an appeal mechanism to reverse or modify PRB hearing panel termination decisions or
- Cases that are mediated or the underlying cause is resolved (stopped hearings)

Firm Reenrollments
Ordinarily, firms that have had enrollment dropped or terminated firm may reenroll by implementing appropriate changes to correct the cause of the drop or termination. For example, a firm terminated for failure to complete a corrective action may be reenrolled by completing the corrective action to the peer review committee’s satisfaction. However, reinstatement or reenrollment requests for some firms must be considered by a hearing panel (Interpretation 5h-2). These include firms:

- Dropped for not accurately representing its accounting and auditing practice;
- Terminated for:
  - Omission or misrepresentation of information relating to its accounting and auditing practice;
  - Failure to improve after consecutive non-pass peer reviews; and
  - Failure to improve after consecutive corrective actions

The hearing case increase in the past two years has been largely comprised of these types of cases. Accordingly, an increase in the number of reenrollment cases before hearing panels has resulted. In 2020 to date, 12 reenrollment cases have been considered resulting in approval for seven firms. Reinstatement and reenrollment approvals by a hearing panel may be contingent upon some required action(s), such as a successful pre- or post-issuance review of a particular engagement type. Such required actions are a condition of reinstatement/reenrollment and, as such, evidence of completion must be completed (attached to the reinstatement case in PRIMA) at the time of reinstatement/reenrollment.
Agenda Item 1.6C

Approved 2021 Association Information Forms for Associations of CPA Firms

Why is this on the Agenda?
As of October 23, 2020, the Associations Task Force has accepted the 2021 Association Information Form (AIF) from 24 associations of CPA firms on behalf of the Board. One association requested permission to assist its members in forming review teams which is identified by an asterisk below.

Association Name
AGN International – North America, Inc.
Allinial Global
Atliott Global Alliance
BDO Alliance USA
BKR International
CPA Affiliates of Virginia Ltd
CPA Associates International North America Inc.*
CPA Management Systems, Inc. T/A INPACT Americas
CPAConnect
CPAmerica, Inc
CPA-USA Association
CPAsnet
DFK International/USA Inc.
Firm Foundation
HLB USA, Inc
Integra International
Leading Edge Alliance, The / LEA Global
Moore North America
MSI Global Alliance
National Conference of CPA Practitioners
NEXIA International
PrimeGlobal North America
RSM US Alliance
TMG

PRIMA Impact
PRIMA has been updated to reflect the approval of the 24 associations for 2021.

AE Impact
Administering entities were notified via email of the 24 associations that have been approved for 2021.

Effective Date
Upon ATF approval.

Board Consideration
None. For informational purposes only.
PRB Observers

Dan Weaver
Susanna Sharpe
Stephen Langowski
Wade Jewell
Vinit Shrawagi
Richard Hill
Anna Durst
Kary Arnold
Paul Burns
Thomas Kirwin
Wendy Reedy
Stacey Lockwood
Gloria Snyder
Karen Welch
Faye Hayhurst
Heather Lindquist
Paul Pierson
Chris Rouse
Marc Feinstein
Iryna Oreshkova
Dawn Carlson
Dan Dustin
Stephen Hicks
Dr Vaibhav Sharma
Heather Trower
Rich Daisley
Rafael Wiesenber
Jessica Mytrohovich
Bimpe McMillon
Monica Farrell
Paul Brown
Kathy Creel
Laura Harrison
Gloria Roberts
Jill Turner
Gregg Taketa
Mary Kline-Cueter
Jim Therrell
Gina Moran
Julie Phipps
Marcos Claudio
Suzanne Heidenreich
Boyd Busby
Paul Ziga
Sara Fox
Darlene Boles
Viki Windfeldt
Marilee Lau

Ted Williamson
Mary Beth Halpern
Anna Baker
Peggy Jury
Sarah DeVo
Sharon Romere-Nix
Julie Salvaggio
Hayden Williams
Michelle Thompson
Michele Courtney
Jennifer Gorman
Patty Hurley
David Etatmon
Robyn Barkdull
Jerry Cross
Susan Speirs
Bill Lajoie
Heather Myers
Tara Loghing
Jaime Sanabria-Hernandez
Kent Absec
Beth Lyons
Sherry Kidd
Todd Shapiro
Leon Lewis
Laura Minnick
Marysue Bulcavage
Andrea Byrd
Maria Laboy
Cheryl Hartfield
Abby Dawson
Cora Edwards
Nancy Glynn
Adelina Burke
Jeff Conway
Kristy Illuzzi
Horace Emery
Carey Woolsey
Phil Windschitl
Sheila Duggan
Rodney Harano
Jay Kaufman
Chuck Jordan
Darlene Zibart
Glenn Roe
Pamela Lemire
Bethany Booth

Raegen Nuffer
Bob Doyle
Ashley Sellers
Jean Rudolph
Wende Wadsworth
Glenn Roberts
Allison Henry
Robert Irwin
Chris Ringo
Gavin Burnham
Kristy Illuzzi
Sara Hummel
Bruce Kingshill
Julie McNeal
Wade Watkins
William Bailey
Kathleen Hoover
Janice Gray
Bert Denny
Lynette Lindner
Allen Lloyd
Mark Mersmann
David Holland
David Nance CPA
Julia Hayes
Ross Roye
Tim Pike
Dustin Kemp