Organizational Structure and Functions of PCPS/Private Companies Practice Section (PCPS Section 1000)

Source of Authority

01. PCPS was established by a resolution of the Council of the AICPA adopted on September 17, 1977.

Name

02. The name shall be PCPS/Private Companies Practice Section.

Core Purpose

03. The core purpose of PCPS is to make practicing CPAs and their firms successful.

Core Values

04. The core purpose of PCPS shall be achieved through the following:
   a. Leadership:
      1. Championing firm participation in an Institute-approved practice-monitoring program, to the extent that is required by AICPA Bylaws 2.2.3 and 2.3.4
      2. Encouraging firm personnel to participate in general and industry-specific continuing professional education and other professional development activities that enable them to fulfill responsibilities assigned and satisfy applicable continuing professional education requirements of the ACIPA and regulatory agencies
      3. Promoting best practices
      4. Voicing the unique concerns of small and medium sized CPA firms and their clients to standard-setting groups including working cross-functionally within the AICPA
   b. Integrity:
      1. Doing the right thing all the time without compromise
      2. Advocating firm adherence to the AICPA Code of Professional Conduct
      3. Respecting the diverse nature of the membership and their respective goals and needs
      4. Differentiating member firms from non-CPA financial service providers
   c. Support
      1. Providing resources and information
      2. Providing a means for member firms to make known their views on professional matters, including the establishment of technical standards

Membership

Eligibility and Admission of PCPS Member Firms

05. Firms in which a majority of the financial and voting interest of the firm resides with CPAs and in which each CPA owner of the firm residing in the United States and eligible for AICPA membership is a member of the AICPA, are eligible for PCPS membership. To become a member, a firm must submit to membership. To become a member, a firm must submit to PCPS an application agreeing to abide by all requirements for membership and submitting such non-financial information about the U.S. offices of the firm as the an application agreeing to abide by all requirements for membership and submitting such non-financial information about the U.S. offices of the firm as the PCPS Executive Committee may require to be available to the public, including:
   1. Name of (a) managing partner or equivalent, and (b) person to contact at the firm concerning PCPS membership and other matters membership and other matters
   2. Number and location of offices
   3. Month in which the firm's fiscal year ends
   4. Total number of (a) owners and non-CPAs with parallel status and (b) owners who are CPAs
   5. Total number of CPAs (including owners and staff)
   6. Total number of professional staff (including owners)
   7. Total number of personnel [including item (6), above]

06. The membership of PCPS shall consist of all firms which meet with the admission requirements and continue to maintain their membership in good standing.

Termination of Members

07. Membership of a PCPS firm may be terminated:
   a. By submission of a written resignation to the executive committee.
   b. By action of the executive committee for failure to adhere to the requirements of membership.
   c. By automatic termination when it is in default of its obligation to pay its dues.
Reinstatement of Members

08. Membership of a PCPS firm that has been terminated may be reinstated by complying with the admission requirements for new members and obtaining the approval of the executive committee, which approval may be conditioned on the satisfaction of certain conditions, including payment of any outstanding PCPS dues.

Requirements of Members

09. PCPS member firms shall be obligated to abide by the following:

a. Ensure that a majority of the financial and voting interest in the firm resides with CPAs and that each CPA owner of the firm residing in the United States and eligible for AICPA membership is a member of the AICPA.

b. Pay dues as established by the executive committee, and comply with the rules and regulations of PCPS as established from time to time by the executive committee and with the decisions of the executive committee in respect of matters within its competence.

c. For PCPS member firms that have completed a peer review, the most recent report, letter of comments, and reviewed firm's response shall be placed in the PCPS public files (physical file and electronic posting) at AICPA headquarters. If additional actions are deemed necessary by the committee responsible for administering its review, a memorandum indicating that they have been accepted with the understanding that the firm will agree to take certain actions shall also be placed in the public file. The letter setting forth those actions and the firm's agreement to undertake them shall be placed in the public file upon receipt.

Governing Body

10. The activities of PCPS shall be governed by an executive committee having senior technical committee status within the AICPA and authority to carry out their activities.

11. The executive committee shall be named the "PCPS Executive Committee."

Composition and Terms

12. The executive committee shall be composed of not less than eleven nor more than eighteen members and be representative of small, medium and large size firms. The members shall include the chair or a representative from each committee reporting to the executive committee; an executive director from a state CPA society; an executive committee chair; an executive committee vice chair for the year prior to appointment as chair; and up to fourteen members at large. With the exception of the executive director from a state CPA society, all other executive committee members shall be from PCPS member firms.

13. The terms of executive committee members ordinarily shall be for one year, generally renewable for up to three years, with possible reappointments based on committee service and specific assignments and contributions.

14. Executive committee members shall continue in office until their successors have been appointed.

Appointment

15. The members of the executive committee shall be appointed by the chair of the AICPA Board of Directors with the approval of the board and the concurrence of the executive committee, in accordance with §1000.11.

Election of Chair

16. The chair of the executive committee shall be elected to serve as vice chair during the last year of the outgoing chair’s service and shall then serve as chair.

Responsibilities and Functions

17. The executive committee shall:

a. Establish general policies for PCPS and oversee its activities.

b. Amend requirements for membership as necessary, but in no event shall such requirements be designed so as to unreasonably preclude membership by any CPA firm.

c. Establish budgets and dues requirements to fund special activities or projects of PCPS.

d. Determine whether PCPS member firms have complied with PCPS membership requirements, rules and regulations and sanction those firms that failed to comply.

e. Appoint persons to serve on such committees and task forces as necessary to carry out the functions of PCPS.

f. Make recommendations to other AICPA boards and committees for their consideration.

g. The executive committee shall oversee such other PCPS activities as it may deem appropriate.

Quorum, Voting, Meeting, and Attendance

18. A majority of the members of the executive committee must be present to constitute a quorum.

19. Affirmative votes of a majority of the members of the executive committee present shall be required for action on all matters.

20. Meetings of the executive committee shall be held at such time and in such locations as the chair shall determine in consultation with committee and staff.

21. Representatives of PCPS member firms may attend meetings of the executive committee as observers under rules established by the executive committee except when the committee is considering disciplinary matters.

Financing and Staffing of Section

22. The president of the AICPA shall appoint or assign such staff as may be required by PCPS.

23. The costs of PCPS staff and normal meeting costs shall generally be paid out of the general budget of the AICPA.

24. The costs of special activities and projects shall be paid out of the dues of PCPS.
25. The PCPS Executive Committee shall oversee the use of PCPS net assets for purposes that benefit PCPS member firms.

Relationship to Other AICPA Segments.

26. Nothing in the organizational structure and functions of PCPS shall be construed as taking the place of or changing the operations of existing senior committees of the AICPA or the status of individual CPAs as members of the AICPA.