

Strengthening Peer Review Standards Now

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Peer Review Board Actions

- ▶ **January 2012 – Issued recall guidance (old guidance)**
- ▶ **January 2014– Issued noncooperation guidance**
 - Consequences for omitted or misrepresented information about an accounting and auditing practice
 - Revised representation letter
 - Revised “no A&A letter”
- ▶ **May 2014 – Revised recall guidance (new guidance)**
- ▶ **September 2014 – Enhanced guidance to terminate firms from program**
- ▶ **In the works – Completeness of scope**

Old Versus New

Old Guidance

- ▶ Peer Review Committee determined whether or not to recall acceptance letter
- ▶ As much as 7 months (and possibly more) from discovery before SBOA notified

New Guidance

- ▶ The acceptance letter is automatically recalled
- ▶ Timeframe of about 15 days from discovery before SBOA notified

Latest DOL Project Statistics

- ▶ **Total population 4,918**
- ▶ **3,884 - Compliant**
- ▶ **491 – Not in compliance**
 - 109 - Referred to Ethics because not enrolled or indicated no A&A
 - 251 - Recalled and replacement review required
 - 131 - Not recalled - accelerated/step-up review to be completed
- ▶ **266 - Unable to identify in PRISM - will be referred to State Boards of Accountancy**
- ▶ **277 - Still investigating**

Strengthening Peer Review Standards: CPA firms performing employee benefit plan (EBP) audits



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Resources on the Web

- <https://www.efast.dol.gov/portal/app/disseminate?execution=e1s1> (U. S. Department of Labor Form 5500 Filing Search)
- <http://www.msbpa.ms.gov/Pages/Rules.aspx> (Mississippi Accountancy Statutes and State Board Rules and Regulations)

Lists of EBP Audits Provided

- Lists were provided by Department of Labor (DOL) and NASBA for EBP audits of 2012 plan years. AICPA received a list for 2011 plan years.
- We sorted our lists alphabetically by CPA firm name.
- The NASBA list included an “ack_id” (Acknowledgment ID) column which could be copied and pasted into DOL’s Form 5500 Filing search web site.

Working with the Lists

- Approximately 100 unique firms were identified as performing EBP audits of MS based plans.
- Preliminary identification of 12 firms not registered. MS law (Code § 73-33-17 (4)) requires firm permit for firms performing audit or attest engagements for MS based entities. We are working to bring these firms into compliance.

Working with the Lists (continued)

- Preliminary identification of 5 firms with possible improper peer review – no mention of EBP audits in peer review report.
- Three (3) of these firms did not perform the subject EBP audit in the most recent peer review year. We will contact firms for information / verification.
- Two (2) firms did perform the subject EBP audit in the most recent peer review year. One recently completed an accelerated peer review mentioning EBP audits, apparently based on AICPA discovery and applying “old” guidance. The other firm was notified that their most recent peer review does not appear to comply with AICPA peer review standards.

Tips for Working with the Lists and DOL's 5500 Search Site

- The lists also include the Employer Identification Number (EIN) of the plans, which can be used as a search criteria at DOL's site (see search criteria inputs on the next slide), to pull up all years for that plan.
- Most years' Forms 5500 at DOL site will have the independent auditor's report included at the end of the file.

Search Criteria at DOL's 5500 Site

The following inputs are allowed as search criteria:

- Plan Name:
- Sponsor Name:
- Plan Administrator:
- Filing ID:
- Acknowledgement ID:
- EIN:
- PN:

[NOTE] Audit firm name and EIN are not search criteria options at the DOL 5500 search site.

Further Work by MSBPA

To-date, we have discovered that three (3) of the 12 non-registered firms had audited out-of-state plans and did not need our permit. We had been working from the plan address per Form 5500 and the MS address used was of a branch office. Verified through foreign entity registration at MS Secretary of State web site and/or company headquarters address at company web site.

Further Work by MSBPA (continued)

Discovered that one (1) of the 12 non-registered firms had its name listed incorrectly on the lists. The correct name (per the Form 5500 and auditor's report) was of a firm registered with our Board, but the firm has had no peer review to date and more information is being requested from this firm.

Further Work by MSBPA (continued)

Another one (1) of the 12 non-registered firms did not have an EBP audit specified in its peer review for year ended May 31, 2012. The 5500 and associated audit were for year ended December 31, 2012 and did not fall within the peer review year. We obtained a written statement from the firm that no EBP audits were performed during the peer review year. We also reviewed the 2011 and 2010 subject EBP audits and found that a different firm (MS registered with appropriate peer review report) performed them.

QUESTIONS?