

2010 NASBA REGIONAL MEETINGS

CHARLESTON, SOUTH CAROLINA – June 9-11, 2010

SEATTLE, WASHINGTON – June 23-25, 2010

PEER REVIEW OVERSIGHT

Kenneth R. Odom, CPA, CGFM – East

Chairman, NASBA Compliance Assurance Committee

Edwin G. Jolicoeur, CPA – West

Member, NASBA Compliance Assurance Committee

Mandatory Peer Review

All Jurisdictions Except:

- Delaware
- Puerto Rico
- Virgin Islands
- Northern Mariana Islands

State Peer Review Status

June 2010



No requirement – no immediate plans includes:

- Delaware
- Northern Mariana Islands
- Puerto Rico
- Virgin Islands

Peer Review History

- Started in 1977 as membership requirement
- State Boards began to implement for licensure
- 2002 Sarbanes-Oxley Act created the PCAOB
- 2008 new Peer Review Standards issued by the AICPA

PEER REVIEW BOARD

- Comprised of 20 members
- Supported by AICPA staff
- Membership of 30,000 + firms

AICPA OVERSIGHT

- Issues an annual report on oversight of the AICPA Peer Review Program
- Performs various oversight procedures for each administering entity
- Provides an annual written report on Peer Review Board covering a sliding three-year period
- Most recent report issued Sept. 29, 2009

AICPA OVERSIGHT

- This report covers 2006, 2007 and 2008
- For these three years, 92% received an “unmodified” report:
 - 50% unmodified with no comments
 - 42% unmodified with comments

NATIONAL PEER REVIEW COMMITTEE

- Comprised of 19 members
- Supported by AICPA staff
- Membership of 900 + firms

AICPA OVERSIGHT

National Peer Review Committee

No Oversight Performed

NASBA

NASBA'S PROGRESS

- NASBA now has one member on the Peer Review Board
 - Janice Gray
- NASBA now has two members on the National Peer Review Committee
 - Robert Zunich
 - Alicia Foster

AICPA's Original Intent

AICPA Peer Review Program – Oversight Model

1. Peer Review Board – Oversight Task Force

- Administering Entity Visit – normally biannual
- Work Program, titled “Oversight Visit Summary”
 - 28-page programs, principally inquiries on compliance with administrative procedures of the program by the Administering Entity
 - OTF attends and observes PR committee and RAB meetings

REPORTS: Oversight Visit Letter from Oversight Task Force Member

- Report opines on:
 - Administrative procedures
 - If reviews are conducted and reported upon in accordance with Standards
 - If results are evaluated consistently
 - If posted information is accurate and timely

Oversight Visit Letter of Procedures & Observations

- Detailed findings & recommendations

AICPA's Original Intent

AICPA Peer Review Program – Oversight Model

2. AICPA Staff

- Working Paper Reviews
- Desk Reviews of a sample of each state's PR engagements
 - Checklists
 - Work papers are sent to AICPA staff in Durham
- REPORT: Summary Report
 - Addressed to State Society PR Committee Chair
 - And submitted to Peer Review Board Oversight Task Force

AICPA's Original Intent

AICPA Peer Review Program – Oversight Model

3. State Society Peer Review Committee

- State Administering Entity Oversight Program
- Off-Site and On-Site Review Procedures emphasizing reviewer performance. Minimum requirements:
 - 2% of all reviews per year
 - Target and random selection
 - 2 ERISA, GAO, or FDIC
 - Verify 33% reviewer resumes each year
- REPORT:
 - Issued by Committee Member or Task Force Member(s) to full State Society Peer Review Committee

AICPA's Original Intent

AICPA Peer Review Program – Oversight Model

4. State Board of Accountancy

- Peer Review Oversight Committee
- Chapter 4 “An Administering Entity’s Oversight Relationship with its State Board of Accountancy.”
- Model Described:
 - 2 CPA members + 1 public member
 - Confidentiality Agreement
 - Access to statistical data and a sample of peer reviews
 - Attend PR Committee Meetings

No work program provided in the *Handbook*

AICPA CURRENT PEER REVIEW MANUAL

- Chapter Three of the most recent AICPA Peer Review Manual also lays out a possible structure for a State Board Oversight Committee

In Your State

- Enron
- HealthSouth
- WorldCom
- Bernard Madoff
- Wachovia
- GM
- Citi Group

What Should SBAs Do?

- Address risk
- Look at statutes
- Create a Peer Review Oversight Committee
- Coordinate with administering entity
- Seek assistance from NASBA