
2012 PROC Survey Responses

NASBA

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|-------------|----------------|
| Alabama | Nevada |
| Arizona | New Hampshire |
| California | New Jersey |
| Delaware | New Mexico |
| Guam | New York |
| Hawaii | North Carolina |
| Idaho | Ohio |
| Indiana | Oklahoma |
| Kansas | Oregon |
| Kentucky | South Carolina |
| Louisiana | South Dakota |
| Maine | Tennessee |
| Maryland | Texas |
| Minnesota | Vermont |
| Mississippi | Virginia |
| Missouri | Washington |
| Montana | West Virginia |
| Nebraska | Wyoming |

Executive Summary
October 2012
PROC Survey Question Responses

40 Responses – from 36 jurisdictions and 1 test.

1. What is your name, what jurisdiction are you from, and what is your position with that jurisdiction?

36 jurisdictions responded: Alabama, Arizona, California, Delaware, Guam, Hawaii, Idaho, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana x2, Nebraska x2, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas x2, Vermont, Virginia, Washington, West Virginia, and Wyoming.

Persons responding; Executive Director – 28; Assistant to the ED – 3; Peer Review Committee Board Member – 3; Liaison - 1; Chief of Enforcement – 1; Anonymous – 3; Test – 1.

2. Does your state board operate a Peer Review Oversight Committee (PROC)?

Yes – 23; AZ, CA, ID, IN, KS, LA, MD, MN, MS, MT(2), NJ, NY, OH, OK, OR, SC, TN, TEST, TX(2), VA, WA

No – 16; AL, DE, GU, KY, ME, NE(2), NV, NH, NM, NC, SD, VT, WV, WY AND HA (answered No at time of survey, but was to have PROC in place by 12/31/12)

Skipped Question – 1; MO

3. Did a representative from your state board attend the PROC Summit in August 2011?

Yes – 18; AL, HA, KY, LA, MD, MS, MO, MT(2), NE(2), NJ, NC, OK, SC, VT, VA, WA

No – 22; AZ, CA, DE, GU, ID, IN, KS, ME, MN, NV, NH, NM, NY, OH, OR, SD, TN, TEST, TX(2), WV, WY

4. Has your state developed or used knowledge/techniques gained from the 2011 PROC Summit to establish or change operation of its PROC?

Yes – 12; HA, MD, MS, MO, MT, NE(2), NJ, OK, SC, VT, WA

No – 5; AL, KY, LA, NC, VA

Skipped Question – 23; AZ, CA, DE, GU, ID, IN, KS, ME, MN, MT, NV, NH, NM, NY, OH, OR, SD, TN, TEST, TX(2), WY

5. Did you find the PROC Summit helpful?

Yes – 18; AL, HA, KY, LA, MD, MS, MO, MT(2), NE(2), NJ, NC, OK, SC, VT, VA, WA

No – 0;

Skipped Question – 22; AZ, CA, DE, GU, ID, IN, KS, ME, MN, NV, NH, NM, NY, OH, OR, SD, TN, TEST, TX(2), WV, WY

6. If a PROC Summit is offered in 2013, would your jurisdiction send a representative?

Yes – 26; CA, HA, ID, IN, LA, MD, MN, MS, MO, NE(2), NV, NY, NC, OH, OK, OR, SC, SD, TN, TX(2), VT, VA, WA, WY

No – 7; AL, GU, KY, NH, NJ (no funds), NM, WV

Skipped Question – 7; AZ, DE, KS, ME, MT(2), TEST

7. What would you like to see in future PROC Summits?

Most frequently mentioned

- PROC implementation procedures - developing regulations; NE, NV
- Best practices ; NE

- Suggested operating procedures; HA, MS, OK
- Address reviewer consistency – uniform standards for reviewers; TX(2), WA
- Oversight of the NPRC; CA
- Common problems/solutions; MS
- Failed peer reviews and complaints filed by State Boards; ID, MO
- Oversight Updates and RAB Updates; NE, NY

8. How many members are on your state board's PROC?

1-4 members – 13; IN, KS, LA, MN, MS, MT, OH, OK, TN, TX, VA, WA, WY

5-7 members – 9; AZ, CA, ID, MD, MO, NJ, NY, OR, TX

Skipped Question – 11; GU, ME, MT, NE(2), NV, NH, NM, SD, TEST, VT

Other – 7; 9 members -1 DE; Zero – 2 KY, WV; working on changes to increase from just 1 member – 1 SC; establishing a PROC now and will have 3 members – 1 HA; no answer specified – 2 AL, NC.

9. How many hours per year does each PROC member spend in fulfilling his or her role?

Less than 25 – 14; ID, IN, KS, MD, MN, MS, MO, MT, OH, OK, OR, TN, VA, WY

25-50 hours – 7; AZ, CA, LA, NJ, NY, SC, WA

50-100 hours – 2; TX(2)

More than 100 hours – 0;

Skipped Question – 17; AL, DE, GU, HA, KY, ME, MT, NE(2), NV, NH, NM, NC, SD, TEST, VT, WV

10. What are the terms of service for your state's PROC members?

1 year term – 3; LA, MT, NJ

2 year term – 4; CA, OR, TX, WY

3 year term – 5; IN, MS, MO, OK, TN

Skipped Question – 15; DE, GU, KY, ME, MT, NE(2), NV, NH, NM, NC, SD, TEST, VT, WV

Other – 13; Annually – 2 OH, TX; staggered – 1 MN; no terms defined – 3 HA, SC, VA; 5 years – 3 AZ, ID, NY; no limit – 2 KS, MD; no answer specified – 2 AL, WA.

11. How many consecutive terms may PROC members serve?

2 consec. terms – 2; MS, NY

3 consec. terms – 1; OR

Unlimited – 15; AZ, ID, IN, KS, LA, MD, MN, MO, MT, NJ, OK, SC, TN, TX(2)

Skipped Question – 16; DE, GU, HA, KY, ME, MT, NE(2), NV, NH, NM, NC, SD, TEST, VT, WV

Other – 6; contracted for no less than 3yrs/no more than 5yrs – 1 WA; 4 consec. terms – 1 CA; no terms defined – 2 OH, VA; PROC members are Board members and are subject to those term limits – 1 WY; no answer specified – 1 AL.

12. Please check all boxes that apply to your state's PROC:

- All members are current Active CPA Licensees – 21; AZ, CA, HA, ID, IN, KS, LA, MD, MN, MS, MO, MT, NJ, OH, OK, OR, SC, TN, TX, VA, WY

- Includes current and retired CPAs – 3; TX, VA, WA

- Includes public members – 2; NY, TX

- CPA PROC members must have experience as Peer Reviewer – 6; KS, MN, OK, TN, TX(2)

- CPA PROC members must come from firm that is peer reviewed – 11; ID, KS, LA, MN, MS, MO, OK, TN, TX, VA, WA

- PROC members are compensated – 10; AZ, CA, KS, LA, MS, NY, OK, TN, TX, WA

- PROC members are unpaid volunteers – 10; HA, ID, IN, MN, MO, MT, NJ, OR, TX, VA

- PROC members are selected based on geographic representation – 4; ID, MS, NY, TN

- PROC members must sign a confidentiality agreement w/AE – 20; CA, HA, ID, IN, KS, LA, MN, MS, MO, MT, NJ (currently this is a problem) NY, OK, OR, SC, TN, TX(2), VA, WA
Skipped Question – 16; AL, DE, GU, KY, ME, MT, NE(2), NV, NH, NM, NC, SD, TEST, VT, WV

13. Please check the box that describes your state board's PROC liaison:

Board staff – 15; AZ, CA, HA, IN, LA, MN, MS, MO, NY, OK, TN, TX(2), VT, WY

Contract employee – 1; SC

None – 1; KS

Skipped Question – 12; DE, GU, KY, ME, MT, NV, NH, NM, NC, SD, TEST, WV

Other – 11; Board member – 5 ID, MD, MT, OR, VA; Board Committee – 4 NE(2), NJ, OH; ED and Board Chair – 1 WA; no answer specified – 1 AL.

14. Which is more important to your state board?

Overseeing qualification of peer reviewers – 2; HA, NC

Overseeing the quality of peer review process – 28; AZ, CA, GU, ID, IN, KS, LA, MD, MN, MS, MO, MT, NE(2), NV, NJ, NY, OH, OK, OR, SC, TN, TX(2), VT, VA, WA, WY

Skipped Question – 10; AL, DE, KY, ME, MT, NH, NM, SD, TEST, WV

15. Does your state board administer a program as an alternative to the AICPA Peer Review Program?

Yes – 5; IN, MT, NE(2), SD

No – 33; AL, AZ, CA, DE, GU, HA, ID, KS, KY, LA, MD, MN, MS, MO, NV, NH, NJ, NM, NY, NC, OH, OK, OR, SC, TN, TEST, TX(2), VT, VA, WA, WV, WY

Skipped Question – 2; ME, MT

16. Approximately how many firms participate in your QAR program annually?

Four replies = 6080 MT, 250 NE, 200 NE, and 7 SD.

17. Of the firms that participate in your QAR annually, how many perform audits?

Four replies = 10 MT, 100 NE, 40 NE, and 1 SD.

18. Do PROC members attend meetings of the Administrating Entities (AE) Review Acceptance Body (RAB)?

Yes – 17; CA, IN, KS, LS, MD, MS, MO, NJ, NY, OK, OR, SC, TN, TX(2), VA, WA

No – 20; AL, AZ, DE, GU, HA, ID, KY, MN, MT, NE(2), NV, NH, NM, NC, OH, SD, VT, WV, WY

Skipped Question – 3; ME, MT, TEST

19. Are these members who attend meetings of the AE RAB allowed to offer comments?

Yes – 11; CA, KS, LA, MD, MS, NY, OK, TX(2), VA, WA

No – 5; IN, MO, OR, SC, TN,

Skipped Question – 24; AL, AZ, DE, GU, HA, ID, KY, ME, MN, MT(2), NE(2), NV, NH, NJ, NM, NC, OH, SD, TEST, VT, WV, WY

20. Does your Board use the Facilitated State Board Access (FSBA) program?

Yes – 24; AL, AZ, CA, GU, ID, KS, KY, LA, MD, MS, NV, NH, NM, NY, NC, OH, OK, OR, SC, TX, VT, VA, WA, WY

No – 9; DE, HA, MN, MT, NE(2), NJ, SD, WV

My state has confidentiality restrictions on PR reports – 4; IN, MO, TN, TX

Skipped Question – 3; ME, MT, TEST

21. Does your Board's FSBA program fit your needs?

Yes – 21; AL, AZ, CA, GU, ID, KS, LA, MS, NV, NH, NM, NY, NC, OH, OK, OR, TX, VT, VA, WA, WY

No – 2; SC, MD

Skipped Question – 17; DE, HA, IN, KY, ME, MN, MO, NT(2), NE(2), NJ, SD, TN, TEST, TX, WV
Helpful but time consuming- ID; want to make FSBA mandatory for firms- right now they can “opt out” -
VA; Would like to see a FTP connection to the FSBA database to confirm that peer review has been
completed – MD; limited search options and not all firms use the FSBA- NY.

22. How does your jurisdiction use the peer review information from the FSBA Report?

Most frequently mentioned:

- access required peer review docs w/out permit holder involvement – reduce confusion; WY
- confirm compliance of peer review requirement; AL, AZ, KS, MD, NV, NM, NC, OK, SC, VA
- identify deficiencies or failures; CA, LA, WA
- track peer review dates/results (pass vs failure); ID, MS
- follow up; GU
- determine status of firms – which firms have been dropped from the program; TX
- confirm compliance for registration/renewal; NH, NY, OH

23. Have there been any issues signing the confidentiality agreement?

Yes – 3; CA, NJ, WY

1) All committee members signed the confidentiality letter. However, some question the need since they are providing oversight activities on behalf of the state PROC. In this capacity, they are already required to maintain information confidential - CA.

2) Ethics Officer for the Department of Consumer Affairs would not allow it to be signed by any Committee Members - NJ.

3) What confidentiality agreement? - WY

No – 19; AL, GU, ID, KS, LA, MD, MS, NV, NH, NM, NY, NC, OH, OK, OR, SC, TX, VA, WA,

Skipped Question – 18; AZ, DE, HA, IN, KY, ME, MN, MO, MT(2), NE(2), SD, TN, TEST, TX, VT, WV

24. In your jurisdiction, if a firm performs compilation engagements under SSARS as its highest level of service, does that trigger a peer review?

Yes – 30; AL, AZ, CA, GU, HA, ID, IN, KY, LA, MD, MN, MS, MO, NE(2), NV, NH, NJ, NM, NC, OH, OR, SC, SD, TN, TX(2), VT, WA, WY

No – 6; KS, MT, NY, OK, VA, WV,

Skipped Question – 4; DE, ME, MT, TEST

25. If the only compilation engagements performed are for management use only (former SSARS 8), where no report is issued, does this trigger a peer review?

Yes – 11; GU, HA, KY, MN, MO, NE, NH, TX(2), WA, WY

No – 17; AL, AZ, CA, ID, IN, LA, MD, MS, NV, NJ, NM, NC, OH, OR, SC, SD, TN

Skipped Question – 12; DE, KS, ME, MT(2), NE, NY, OK, TEST, VT, VA, WV

26. Does your PROC issue any reports?

Yes – 11; CA, HA, KS, LA, MN, MS, MO, NY, OK, TX, WA

No – 16; AZ, GU, ID, MD, MT, NV, NH, NJ, OH, OR, SC, TN, TX VA, WV, WY

Skipped Question – 13; AL, DE, IN, KY, ME, MT, NE(2), NM, NC, SD, TEST, VT

Among responses: periodically give board update; quarterly report; annual report.

27. What type of reports does your PROC issue?

Oversight of the administering entity – 11; HA, IN, KS, LA, MN, MS, MO, NY, OK, TX, WA

Oversight of an alternative program – 0;

Statistical analysis – 2; MS, OK,

Skipped Question – 27; AL, AZ, DE, GU, ID, KY, ME, MD, MT(2), NE(2), NV, NH, NM, NC, OH, OR, SC, SD, TN, TEST, TX, VT, VA, WV, WY

Other -5; Annual report to the Board – CA, NY; negative assurance concerning the operation of the program - MS; report on the AE -IN; oversight reports - NJ.

28. Does the Board take action based on the results of the PROC statistical analysis?

Yes – 4; AZ, MT, OK, TX

No – 21; AL, CA, GU, HA, ID, KS, MD, MS, MO, NE, NV, NH, NY, OH, OR, SC, TN, TX, VA, WV, WY

Skipped Question – 15; DE, IN, KY, LA, ME, MN, MT, NE, NJ, NM, NC, SD, TEST, VT, WA

29. For the benefit of NASBA’s Compliance Assurance Committee in performing its charge to enhance regulatory understanding and participation in peer review, PROC and/or similar programs, please provide any additional comments concerning the Standards and oversight of peer review programs currently relied upon by your Board.

Comments – 13; Among responses:

- It would be helpful if multiple Boards utilizing one State Society could work together to assist in the PROC process. NE
- We have concerns about the AE’s. OK
- Our PROC is a policy committee; Society PR acceptance committee is our “Peer review committee”. OH
- PROC should look into the coordination and communication of the program with the State Board. For example, does the administrator verify information of the highest level work of a firm with that reported to the State Board? MS
- Would like more direction from NASBA in the scope of the state boards’ regulatory capabilities. ID
- Our statute requires confidentiality of peer review to the state board. MO
- We are currently working out the kinks with our administering entity (INCPAS). Our rules for PROC just went into effect on 7.1.2012. IN
- The CAC should promote limited data sharing of basic completion information that resides on the FSBA - to reduce the need for manual verification of peer review compliance. MD
- Suggest that an awareness to firms to request that their peer review reports become publicly available or on FSBA. NY
- Given the satisfactory reports to the Board by the prior oversight of system and engagement reviews, the ED is proposing that no more than 2 RAB meetings occur annually unless the observer senses a change in RAB perspective and/or a change in the RAB Chair or most influential members of the RAB change. In that case the frequency would be left to the discretion of the PROC with notification to the ED and a report to the quarterly Board meeting. WA
- The state Board program we have is a non-AICPA peer review standard. The Board does not perform the review on the few that are not AICPA members. Those firms are still required to undergo Peer Review by hiring a qualified (list provided by the board) reviewer and an independent report is provided to the Board for review and are held to similar standards as the AICPA members. SD
- Was unable to answer the questions relating to proc as we are in the beginning stages of reviewing the information provided by the CAC committee toward implementation. NV
- We are still in the early stages of our PROC, so therefore do not have any additional comments at this time. VA

Skipped Question – 27; AL, AZ, CA, DE, GU, HA, KS, KY, LA, ME, MN, MT(2), NE, NH, NJ, NM, NC, OR, SC, TN, TEST, TX(2), VT, WV, WY