



2013 PROC SUMMIT

Peer Review Oversight Committee (PROC)

July 10, 2013
Nashville, TN



AGENDA

PEER REVIEW OVERSIGHT COMMITTEE (PROC) SUMMIT 2013 RENAISSANCE HOTEL, NASHVILLE, TN

Wednesday, July 10, 2013

- 7:30 – 8:30 a.m. **Registration**
- 8:30 a.m. **Welcome** – Alan Long, Baldwin CPAs, PLLC, CAC member
- 8:45 – 9:45 a.m. **Keynote Address: PROC Standards and Uniformity** – James Brackens, American Institute of Certified Public Accountants (AICPA)
- 9:45 – 10:45 a.m. **Breakout Sessions:**
Starting From Scratch – Janice Gray, Gray, Blodgett & Company, PLLC, CAC Chair
Lessons Learned – Richard Reisig, Anderson Zurmuehlen & Company, PC, CAC member
-
- 10:45 – 11:00 a.m. **Break**
-
- 11:00 – 12:00 p.m. **Managing the Process: A Cross-Section of PROCs**
- NPRC – Art Sparks, Alexander, Thompson, Arnold, PLLC, CAC member
 - Texas – Mason Andres, Thomas & Thomas LLP, PROC Chair
 - Mississippi – Willoughby Wright, Wright CPA Group, PLLC, PROC Chair
 - Oklahoma – Mike Gibson, Cole and Reed, PROC member
-
- 12:00 – 1:00 p.m. **Lunch**
-

Agenda, continued

Wednesday, July 10, 2013

- 1:00 – 2:00 p.m. **Dealing with Failed Reports** – Robert Cagnassola, Suplee, Clooney & Company, CAC member
-
- 2:00 – 2:15 p.m. **Break**
-
- 2:15 – 2:45 p.m. **Compliance Assurance Committee (CAC) Report** – Janice Gray, Gray, Blodgett & Company, PLLC, CAC Chair
- 2:45 – 3:15 p.m. **Open Forum Discussion and Summations** – Alan Long, Baldwin CPAs, PLLC, CAC member
- 3:15 – 3:30 p.m. **Closing & Adjourn** – Janice Gray, Gray, Blodgett & Company, PLLC, CAC Chair



ATTENDEES

PEER REVIEW OVERSIGHT COMMITTEE (PROC) SUMMIT 2013 RENAISSANCE HOTEL, NASHVILLE, TN

Attendees by State or Organization

James Brackens	AICPA	Marc Dickler	Maryland	Carlos Johnson	Oklahoma
Susan Lieberum	AICPA	Elizabeth Gantnier	Maryland	Jayna Vaughn	Oklahoma
Rick Reeder	AICPA	Mary Halpern	Maryland	Phyllis Barker	Oregon
Beth Thoresen	AICPA	Clem Mueller	Maryland	Martin Pittioni	Oregon
Timothy Coffey	Arizona	Beth Lyons	Massachusetts	Bethany Reeves	Oregon
James Corley	Arkansas	Mark Robinson	Massachusetts	Ellen Adkins	South Carolina
Tim Montgomery	Arkansas	Faye Hayherst	Minnesota	Doris Cubitt	South Carolina
Linda McCrone	California	Mark Sellner	Minnesota	Mark Hobbs	South Carolina
Gaylen Hansen	Colorado	Thomas DeGrootd	Missouri	Charles Talbert	South Carolina
Paul Rohan	Connecticut	Pam Jean	Missouri	Mark Crocker	Tennessee
Paul Brown	Florida	Paul Mechsner	Missouri	Wendy Garvin	Tennessee
Mary Clark	Florida	Michael Johns	Montana	Arthur Sparks	Tennessee
David Dennis	Florida	Richard Reisig	Montana	Mason Andres	Texas
Veloria Kelly	Florida	Dan Sweetwood	Nebraska	Gary Hoffman	Texas
Jennifer Poff	Georgia	Robert Cagnassola	New Jersey	Doug Bowles	Virginia
Steven Oberg	Hawaii	Sara DeSmith	New Jersey	Wade Jewell	Virginia
Carleton Williams	Hawaii	Henry Krostich	New York	Edwin Jolicoeur	Washington
G. Alan Long	Kentucky	Frank Venezia	New York	Harold Davis	West Virginia
Stacey Lockwood	Louisiana	Lisa Brown	Ohio	Rauland Weber	Wyoming
John Parker	Louisiana	James Gero	Ohio		
Darla Saux	Louisiana	Colin Autin	Oklahoma		
Tracy Harding	Maine	Janice Gray	Oklahoma		

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ATTENDEES, continued

Attendees by Name

Ellen Adkins South Carolina
Mason Andres Texas
Colin Autin Oklahoma
Phyllis Barker Oregon
Doug Bowles Virginia
James Brackens North Carolina
Lisa Brown Ohio
Paul Brown Florida
Robert Cagnassola New Jersey
Mary Clark Florida
Timothy Coffey Arizona
James Corley Arkansas
Mark Crocker Tennessee
Doris Cubitt South Carolina
Harold Davis West Virginia
Thomas DeGrootd Missouri
David Dennis Florida
Sara DeSmith New Jersey
Marc Dickler Maryland
Elizabeth Gantnier Maryland
Wendy Garvin Tennessee
James Gero Ohio
Janice Gray Oklahoma
Mary Halpern Maryland
Gaylen Hansen Colorado
Tracy Harding Maine
Faye Hayhurst Minnesota
Mark Hobbs South Carolina
Gary Hoffman Texas
Pam Jean Missouri
Wade Jewell Virginia
Michael Johns Montana
Carlos Johnson Oklahoma

Edwin Jolicoeur Washington
Veloria Kelly Florida
Henry Krostich New York
Susan Lieberum North Carolina
Stacey Lockwood Louisiana
G. Alan Long Kentucky
Beth Lyons Massachusetts
Linda McCrone California
Paul Mechsner Missouri
Tim Montgomery Arkansas
Clemens Mueller Maryland
Steven Oberg Hawaii
John Parker Louisiana
Martin Pittioni Oregon
Jennifer Poff Georgia
Rick Reeder Florida
Bethany Reeves Oregon
Richard Reisig Montana
Mark Robinson Massachusetts
Paul Rohan Connecticut
Darla Saux Louisiana
Mark Sellner Minnesota
Arthur Sparks Tennessee
Dan Sweetwood Nebraska
Charles Talbert South Carolina
Beth Thoresen North Carolina
Jayna Vaughn Oklahoma
Frank Venezia New York
Rauland Weber Wyoming
Carleton Williams Hawaii

Washington
Florida
New York
North Carolina
Louisiana
Kentucky
Massachusetts
California
Missouri
Arkansas
Maryland
Hawaii
Louisiana
Oregon
Georgia
Florida
Oregon
Montana
Massachusetts
Connecticut
Louisiana
Minnesota
Tennessee
Nebraska
South Carolina
North Carolina
Oklahoma
New York
Wyoming
Hawaii

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Katie Bodiford
Ed Barnicott
Ken Bishop
Maria Caldwell
Dan Dustin
Rebecca Gebhardt
Andy Goldstein
John Johnson
Leona Johnson
Caleb Raymer
Elizabeth Stanton
Jill Thompson
Amy Tongate

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RENAISSANCE HOTEL, NASHVILLE, TN

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OR	Ryan Kramer	PROC Member	ryan.kramer@planar.com
OR	Stuart H. Morris	PROC Member	Shmorristax@stumorristax.com



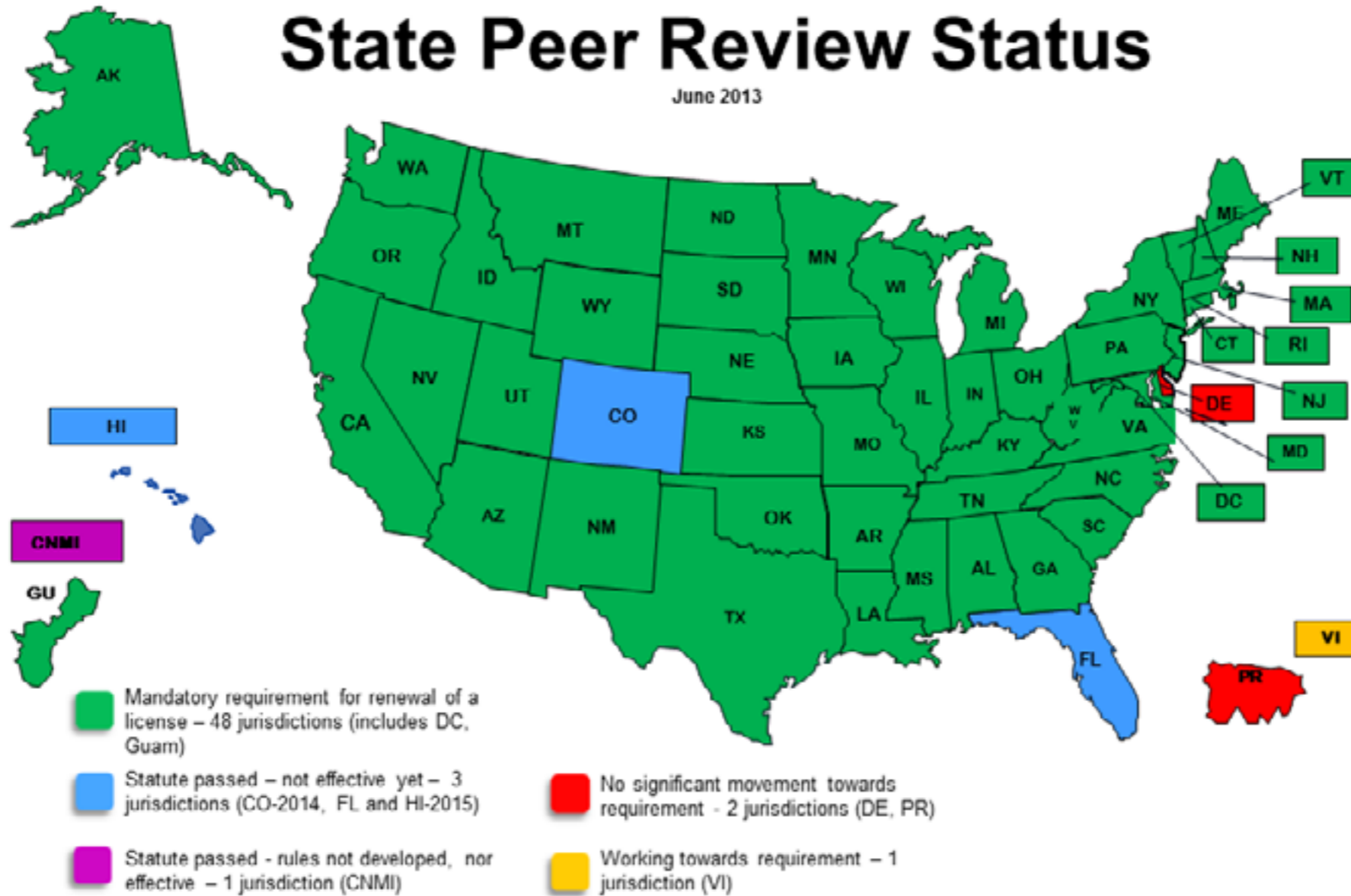
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WA	Christine Bogard	PROC Member	
WA	Nina Gerbric	PROC Chair	
WA	Deidre Roberts	PROC Member	

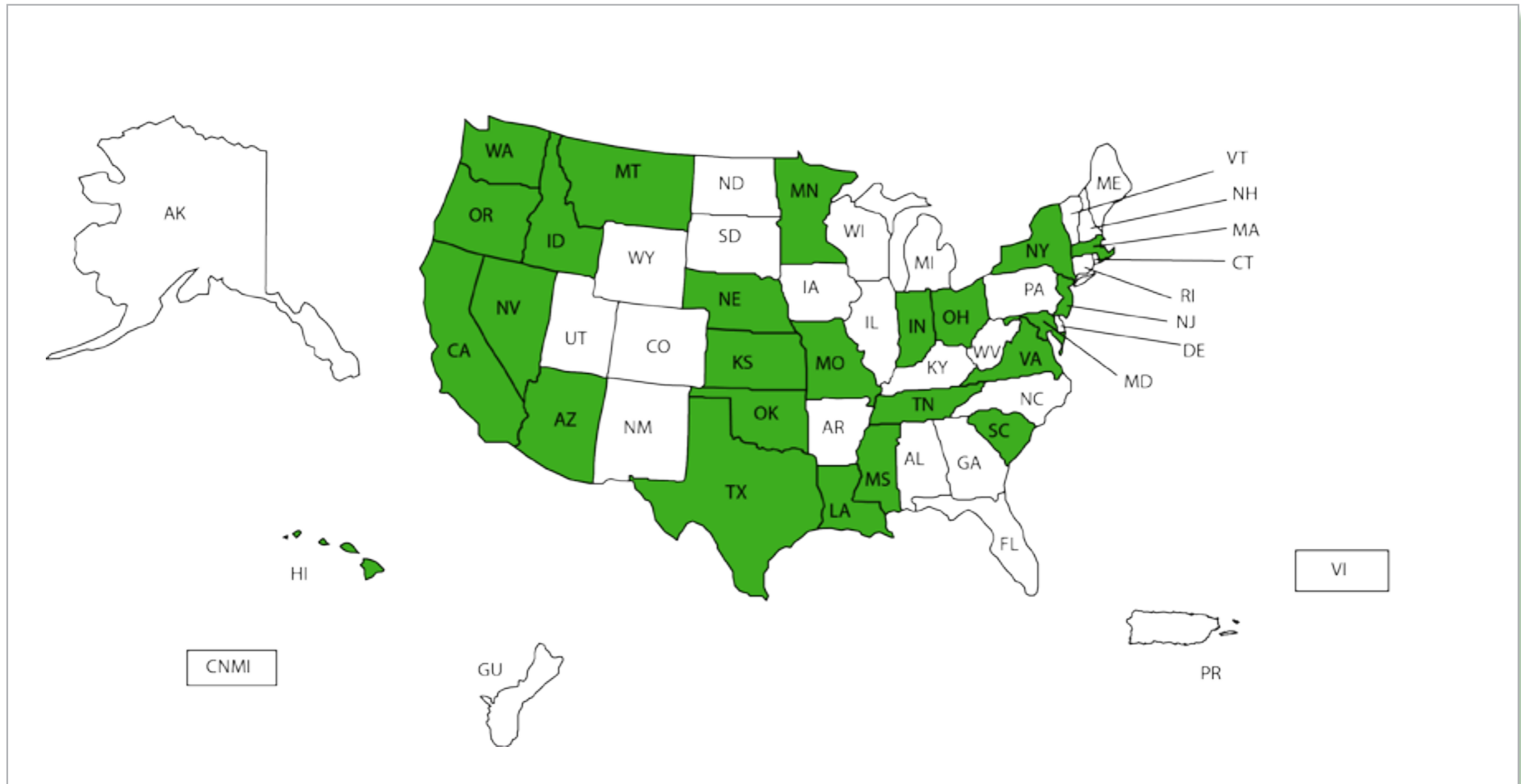


State Peer Review Status

June 2013



STATES WITH ACTIVE OR PLANNED PROCS



States with active or planned PROCs

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FACILITATED STATE BOARD ACCESS TO PEER REVIEW RESULTS (FSBA)

The AICPA, in cooperation with state societies, has created a process which facilitates the voluntary disclosure of peer review results via a secure, state board/licensing body (herein referred to as BOA) limited-access web site. The goal of this process is to create a uniform system through which CPA firms can satisfy state board of accountancy's peer review submission requirements, increase transparency, and retain control over their peer review information.

Through the Information Required for Scheduling Reviews form, firms with main

offices in states that require peer review where the BOA is not prohibited from accessing peer review results are advised that their peer review results will be uploaded to a secure website accessible by select state board representatives in the state in which the firm's main office is located, unless the firm opts-out of making its peer review results available. If a firm opts out, select publicly available information will be made available to the BOA, such as review period covered by the review and report acceptance date, among other information per the Standards for Performing and Reporting on Peer Reviews.

Firms that are members of the Private Companies Practice Section, the AICPA's Employee Benefit Plan Audit Quality Center, or Governmental Audit Quality Center are notified that their peer review results will be automatically posted to the AICPA's Public File as a condition of their memberships in those programs/center, even if firms are located in states where peer review is or is not required and the BOAs are prohibited from accessing peer review results. . In

addition to choosing whether or not to provide access to their peer review results to the BOA in which their main office is located, all firms are given the ability to expand access to their peer review results to BOAs in states in which peer review is required and the BOA is not prohibited from accessing peer review results.

The FSBA process was implemented nationally from 2007 to 2009. Six states, North Carolina, Ohio, Oklahoma, South Dakota, Tennessee, and Texas, participated in a pilot program that was implemented in 2007. The remaining states began participating in FSBA throughout 2008 and 2009 with all states participating by December 2009. The AICPA has and continues to receive positive feedback in regard to FSBA. In fact, six BOAs have found the process so valuable that they now require FSBA participation as a condition of license renewal.

The BOAs in states where peer review is required and BOAs are not prohibited from accessing peer review results can run reports that include the following information:

- Firms with main offices in their states that are enrolled in the AICPA Peer Review Program or State Society Program.



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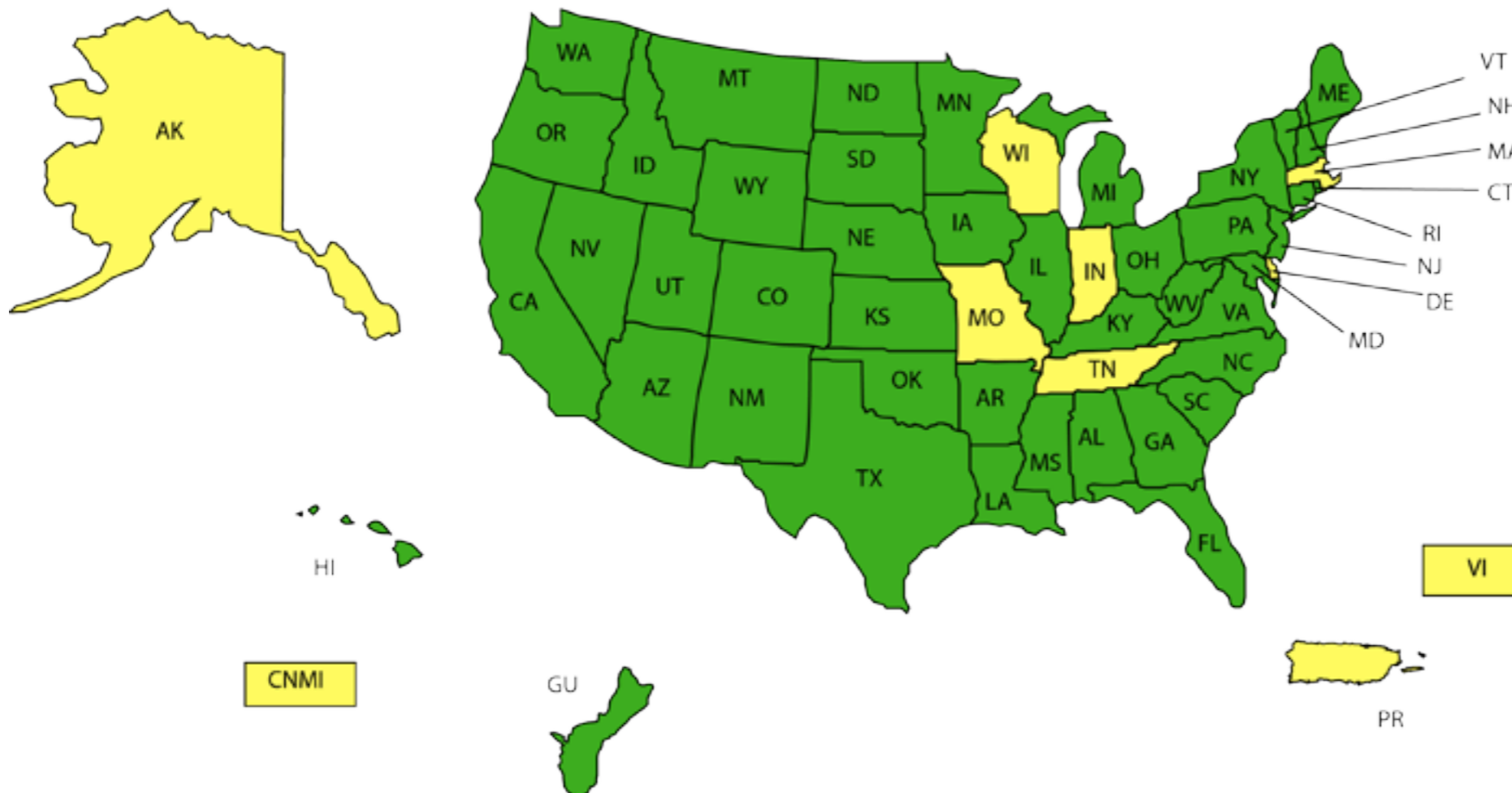


- Firms with their main offices in another state that have made their peer review results available to that BOA.
- Firms and the acceptance date of their latest accepted peer reviews.
- Firms that received a pass with deficiency or fail report grade (firms that opted out of making their peer review results available to their BOA do not appear in the report).
- Firms by report grade (firms that opted out of making their peer review results available to their BOA do not appear in the report).

- Firms for which peer review results were uploaded by the firm's administering entity (AE) and includes the date the peer review results were posted (firms that opted out of making their peer review results available to their BOA do not appear in the report).
- Firms that were dropped or terminated from the AICPA Peer Review Program or State Society Program on or after January 1, 2009.

BOAs' existing submission requirements until notified differently by their BOA. To enhance understanding and the utilization of this program, the AICPA suggests that BOAs consider adopting uniform peer review document and timing submission requirements.

Since FSBA has not replaced the current peer review information submission requirements for all BOAs, firms are advised through the Information Required for Scheduling Reviews form that they must follow their



States with prohibited board access to peer review results

SPEAKER BIOS

PEER REVIEW OVERSIGHT COMMITTEE (PROC) SUMMIT 2013
RENAISSANCE HOTEL, NASHVILLE, TN

- Mason Andres
- James Brackens
- Robert Cagnassola
- Mike Gibson
- Janice Gray
- G. Alan Long
- Richard Reisig
- Art Sparks
- Willoughby Wright

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Mason Andres, CPA

Mason Andres, CPA, joined the firm of Thomas and Thomas in 1963 after having been associated with a national firm in Dallas. He attended the United States Naval Academy and has a Bachelor of Science degree in accounting from the University of Arkansas in Fayetteville. Mr. Andres is a member of the Arkansas and Texas Societies of Certified Public Accountants and the American Institute of Certified Public Accountants. He is a past member of the Board of the AICPA and the Texas Society of Certified Public Accountants, is a past chair of the AICPA PeerReview Committee of the Private Companies Practice Section of the Division for CPA Firms, and is a past Chair of the PCPS Executive Committee of the AI CPA. Mr. Andres is the current chair of the Peer Review Oversight Board of the Texas State Board of Public Accountancy, a past member of AICPA Council and has served as a chair of the AICPA Awards Committee and as a member of the AICPA Business Performance Measures Task Force. He also has served as chair of the 1998 and 1999 AICPA Practitioners Symposium. Mr. Andres is a past president of Texarkana Country Club, past chairman of the United Way of Texarkana and the Committee of Fifteen.

Mr. Andres is a frequent lecturer on professional standards and has been honored as the Outstanding Discussion Leader by the Arkansas Society of CPA's. The University of Arkansas at Fayetteville School of Business named Mr. Andres as the Outstanding Accountant in Public Practice for 1996. Mr. Andres is a past recipient of the Arkansas Society of CPAs' Community Service Award.



James W. Brackens, Jr.

James W. Brackens, Jr. is the Vice President of Ethics and Practice Quality at the American Institute of Certified Public Accountants (AICPA). Prior to joining the AICPA in 2006, Brackens was associated with both international and local public accounting firms, including managing his own practice for seventeen years in which he served primarily closely held businesses and not-for-profit organizations. Brackens also served as a peer reviewer and performed more than 300 peer reviews of local accounting firms.

Brackens is a member of the AICPA, the North Carolina Association of CPAs and the Virginia Society of CPAs (VSCPA). He is licensed in North Carolina and Virginia. Brackens has served in various volunteer leadership positions for both the AICPA and VSCPA, including chairing the VSCPA's Peer Review Committee, serving as Vice-Chair and member of the VSCPA's Board of Directors and as a member of the AICPA's Professional Ethics Executive Committee.

Through a joint effort of the VSCPA and Virginia Business magazine, Brackens was voted by his peers as being one of the top CPAs in Virginia in small business consulting (2001 through 2004) and assurance services (2004 and 2005). In 2004, Brackens was the initial author and primary presenter of the VSCPA's CPE course, Ethics: Your License Depends on It! and continued in this capacity until joining the AICPA. Brackens received his bachelor's degree in Accounting from Virginia Tech in 1977.



Robert B. Cagnassola

Robert B. Cagnassola, is a long-time member of NASBA and has multiple years of service on the Nominating and Administration and Finance Committees. In addition, he served as a member of the New Jersey State Board of Accountancy from May 1987 to April 2012, including two terms as president of the Board. Mr. Cagnassola is a Certified Public Accountant, Licensed Public School Accountant and Registered Municipal Accountant and is the managing partner of Suplee, Clooney & Company, Certified Public Accountants, one of the oldest governmental and non-profit accounting firms in the State of New Jersey. His professional affiliations include the AICPA, NJSCPA and RMA Association of New Jersey. He is also a founder and a former director of The Town Bank of Westfield, now known as Two River community Bank. Mr. Cagnassola graduated from Fairfield University with a Bachelor's Degree in Accounting.

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Mike Gibson, CPA

Mike Gibson, CPA, Oklahoma City, OK: Cole & Reed is the largest locally owned accounting firm in Oklahoma City. Mr. Gibson is the partner in-charge of Cole & Reed's accounting and auditing department. In addition, he has direct responsibilities for the accounting and auditing services provided to colleges and universities, other governmental agencies, and institutions that receive federal awards. Mr. Gibson has nearly thirty (30) years of experience in public accounting. He received his Bachelor's degree from the University of Oklahoma, and is a member of the American Institute and Oklahoma Society of Certified Public Accountants.

Oklahoma State University, and numerous others. Mr. Gibson is an active participant in the National Association of College and University Business Officers (NACUBO), and the Oklahoma Association of College and University Business Officers (OACUBO). He also serves on the Governmental Accounting and Auditing Committee of the OSCP, and is a regular speaker at the OSCP Annual Governmental Accounting & Auditing Conference. He has served on the Oklahoma Accountancy Board's Peer Review Oversight Committee since 2011.



Janice Gray

Janice L. Gray is NASBA's Southwest Regional Director, and is Chair of NASBA's Compliance Assurance Committee and a member of NASBA's Relations with Member Boards Committee. Ms. Gray is a former member of NASBA's Education Committee and Regulatory Response Committee. She currently serves on two task forces with the AICPA Peer Review Board. She previously served two terms on the AICPA Peer Review Board with one as the regulator representative. She also served as one of the charter members on the Board of Examiners' State Board Committee. Ms. Gray previously served on the AICPA Private Companies Practice Section Technical Issues Committee. Ms. Gray was appointed to the Oklahoma Accountancy Board in 2003 and is currently serving as Vice Chair. She has served two terms as Chair of the Board. She has also served as Chair of the Board's Legislative Committee, Rules Committee and Peer Review Committee. Ms. Gray was inducted into the Oklahoma Accounting Hall of Fame in 2001 and named Distinguished CPA for the Norman Chapter of the Oklahoma Society of CPAs in 2000 and 2006. Ms. Gray previously served on the Oklahoma Society of CPAs Board of Directors. Ms. Gray is managing shareholder of Gray, Blodgett and Company, PLLC, in Norman, OK, where she has practiced public accounting since 1981.



G. Alan Long

G. Alan Long, CPA, CITP, CGMA is the managing member of Baldwin CPAs, PLLC. Alan received his accounting degree from Eastern Kentucky University in 1979 and was certified in 1981. His service to the profession includes having been President and Secretary/Treasurer of the Kentucky Society of CPAs, chair of the Education Foundation of the KYCPA, a member of the Peer Review Board and Leadership Council of the AICPA. Alan was appointed to the Kentucky State Board of Accountancy in July, 2010 for a four year term. In October of 2011 Alan was appointed to the Compliance Assurance Committee of NASBA (National Association of State Boards of Accountancy). Alan has been an Instructor for Continuing Education Classes for the AICPA. He received the 2005 Distinguished Alumnus Award from the School of Business & Technology at Eastern Kentucky University.



Rick Reisig

Rick Reisig has been a member of the Montana Board of Public Accountants since July 1, 2004, serving two terms as board chairman. He has served NASBA on the CPA Licensing and Examinations Committee, and presently serves on NASBA's Compliance Assurance Committee. Mr. Reisig is also a member of the AICPA Board of Examiners, serving since October 1, 2010, is a member and Past President of the Montana Society of CPA's, and has served a one-year term on AICPA's Council. He has over 30 years of public accounting experience and serves his firm, Anderson ZurMuehlen & Company, as shareholder and Technical Director for Attest Services. He has a bachelor's degree in Business, Accounting Option, from Montana State University, and has served on MSU's College of Business Advisory Council and its Accounting Advisory Council.



Art Sparks, CPA

Art Sparks is a member/partner at Alexander Thompson Arnold, PLLC. In the 30 years he's served as a public accountant, Art has positioned himself as a leader in peer review and quality control issues. He performs peer reviews each year for public accounting firms across the country and consults with numerous smaller firms. His work with peer reviews enhances the quality of accounting, attestation and auditing services for firms across the nation. His experience also pushes ATA's professionals to provide higher quality services to its clients.



Willoughby C. Wright

Willoughby C. Wright resides and practices in Hattiesburg, Mississippi. He has 35 years in public practice experience, concentrated in governments, non-profits and small business organizations. He is a graduate of Mississippi State University class of December 1976. He is a member of the American Institute of Public Accountants, the Mississippi Society of CPAs and the Institute of Internal Auditors.

Mr. Wright has served at the state level as chairman of the Governmental Accounting and Auditing committee of the MSCPA and is currently chairman of the peer review oversight subcommittee of the Mississippi State Board of Accounting.



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PRESENTATIONS

PEER REVIEW OVERSIGHT COMMITTEE (PROC) SUMMIT 2013
RENAISSANCE HOTEL, NASHVILLE, TN

[PROC Standards and Uniformity](#) – James Brackens, American Institute of Certified Public Accountants (AICPA)

[Lessons Learned](#) – Richard Reisig, Anderson Zurmuehlen & Company, PC, CAC member

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PROC Standards and Uniformity

James Brackens

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Peer Review Program

Peer Review Oversight Committee (PROC) Standards and Uniformity

*James W. Brackens, Jr., CPA, CGMA
AICPA VP - Ethics and Practice Quality*

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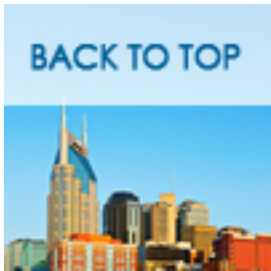
Topics to Cover

- Peer Review Overview
- Uniformity and Transparency
- State Oversight
- Current Issues and Initiatives





Peer Review Overview



Peer Review History

- Late seventies, developed as a voluntary program
- AICPA members voted it as a bylaws requirement for membership in 1988
- 51 jurisdictions passed mandatory peer review for licensure
- Focus on education and remediation



Peer Review Standards

■ Major overhaul in 2009

- Improve execution, clarity, transparency and precision
- Designed to meet needs of all stakeholders

■ Changes included:

- Principles-based
- New reporting model
- Combined engagement and report reviews
- Combined two peer review programs
- Report Acceptance Body Handbook available



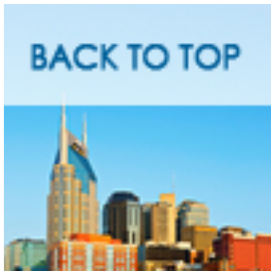
Peer Review Process

- Firm enrolls with administering entity (AE)
- Firm selects peer reviewer
- Peer reviewer selection approved by AE
- Peer review performed by reviewer
- Draft report and workpapers submitted to AE
- Technical review performed
- Report acceptance body (RAB) reviews and accepts report
- Possible corrective actions





Uniformity and Transparency



Peer Review Uniformity

Administering Entity Oversight

■ Peer review - observe conduct of review while review is being performed

- Includes evaluation of all aspects of review
- Reviews selected for oversight based on various risk criteria

■ Reviewer resume verification:

- At least every three years
- Reviewer required to:
 - Verify industry experience
 - Submit summary of CPE taken in the last three years



Peer Review Uniformity, continued

AICPA Oversight

- Oversight of administering entities
- Oversight of peer reviews
- AICPA annual oversight report - available on www.aicpa.org
- Starting in 2011, administering entities began to prepare annual oversight reports

Reviewer Performance Guidance

- Issued in 2012



Peer Review Transparency

- **Facilitated State Board Access (FSBA) – a secure, limited access website where state boards of accountancy have access to the report (and letter of response), acceptance letter and corrective action letter**
 - Where peer review required for licensure/practice permits and BOAs not prohibited access by law
 - State boards have automatic access to firms with their main office in their state
 - Firms may request “expanded access” to other states



Peer Review Transparency

■ States where firms cannot opt-out:

- California
- Louisiana
- Maryland
- New York
- Oklahoma
- Texas



State Oversight



Peer Review Oversight Committees

■ Guiding principles of oversight

- Ensure peer review program is effective and uniform
- Transparency increases understanding & confidence

■ UAA Article 7

- Rule 7-4 (b) “An Oversight Committee shall be appointed by the Board....and report to the Board...”
- Rule 7-5 - the Board shall have access to the reports

■ AICPA Oversight Handbook – Chapter 3



Peer Review Oversight Committees

■ Individual state considerations:

- Size of PROC
- Compensation/expense reimbursement of members
- Other functions of PROC
 - Monitoring of remedial action via FSBA
 - Recommendation of disciplinary action of those not in compliance (from information on FSBA)
 - Other



Peer Review Oversight Committees

■ PROC structure (AICPA suggestion)

- Three members
 - Two CPA members, ideally “team captain” qualified, but at least with extensive accounting and auditing experience at partner level
 - One public member, who has utilized public accounting services
- Confidentiality Agreement
- Attend meetings of peer review committee and RABs
- Reporting to Board of Accountancy



States with active or planned PROCs

(Updated June 2013)

Arizona

Minnesota

Oklahoma

California

Mississippi

Oregon

Hawaii

Missouri

South Carolina

Idaho

Montana

Tennessee

Indiana

Nebraska

Texas

Kansas

Nevada

Virginia

Louisiana

New Jersey

Washington

Maryland

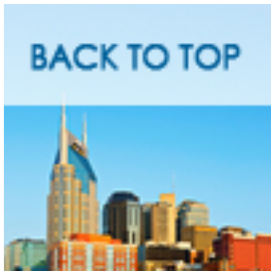
New York

Massachusetts **Ohio**





Current Issues and Initiatives



Collaboration With Ethics

■ Ethics referrals

- Agency referrals to Ethics copied to Peer Review
- Ethics sends Required Corrective Actions and Settlement Agreements to Peer Review

■ Resulting action

- Communicated to administering entities (AE)
- AE may
 - Oversight next review
 - Inform team captain
 - Take other action



Collaboration With Federal Agencies

■ Federal Audit Clearinghouse (A-133) – 3,215 engagements

- Erroneously reported a \$500,000 Type A threshold
- 231 firms analyzed
 - 29 firms never enrolled in peer review
 - 15 firms no longer enrolled in peer review
 - 1 firm had an engagement instead of system review

■ DOL EFAST2 Inquiry – 5,000 firms

- 3,178 firms enrolled in the AICPA Peer Review Program
 - 399 firms did not have a review within the last 42 months that included ERISA
- 169 firms enrolled in the State Society Peer Review Programs
 - 42 firms did not have a review within the last 42 months that included ERISA
- Approximately 1,500 firms could not be matched



Current and Future Changes

■ Recall of peer review documents guidance

- Information existed at time of peer review, but discovered after RAB acceptance
 - Omissions and errors by reviewed firm
 - Reviewer not qualified or eligible to perform review

■ Oversight changes –

- Re-visiting processes with focus on increasing:
 - Consistency
 - Efficiency
 - Effectiveness
- Task force formed – meeting end of July



PROC Considerations

- Firm mobility
- Dealing with fail reports
- Variances in:
 - Levels of access to peer review results by the state boards
 - Number of PROC members
 - PROC member compensation



Founded on Integrity. Building on Excellence.

CPA

CPA

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LESSONS LEARNED

RICHARD REISIG

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PEER REVIEW OVERSIGHT COMMITTEE SUMMIT

Nashville, Tennessee

July 10, 2013



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Lessons Learned

What worked?

What didn't work?



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Peer Review Oversight Committee (PROC)

- ▶ Formation
- ▶ Focus
- ▶ Monitoring Procedures
- ▶ Reporting



PROC Formation

- ▶ Formal vs. Informal
 - Provided for in State law/rule
 - Defined role
 - Mission statement
 - By-laws
- ▶ Compensation/expense reimbursement
- ▶ Confidentiality agreement
- ▶ Meeting frequency
 - As committee
 - With State Board



PROC Formation

- ▶ Composition
 - Number of members
 - Terms
 - Staggered terms
 - Multiple terms
 - Term limit
 - CPA members/Public members
 - Experience
 - Financial statement preparer/auditor
 - Peer reviewer
 - State Board



PROC Focus

- ▶ What are we overseeing?
 - Administering Entity (AE) oversight of peer reviews
 - AE peer review **process**
 - How does AE administer the program?
 - Peer review **participants**
 - Training
 - Experience



PROC Monitoring Procedures

- ▶ How do we oversee?
 - Facilitated State Board Access (FSBA)
 - Information received from AE
 - Copy of AICPA oversight visit report
 - Copy of AICPA oversight visit letter of procedures and observation
 - Copy of AE's acknowledgement and response to AICPA Peer Review Board oversight visit
 - Copy of Letter notifying the AE that the oversight visit documents and letter of responses were accepted by Oversight Task Force
 - Copy of checklist for working papers for AICPA oversight system review and engagement reviews
 - Copy of AICPA Peer Review Program staff system review oversight checklist and engagement review oversight checklist



PROC Monitoring Procedures

- ▶ How do we oversee (continued)?
 - Review of a sample of AE's oversight report of a peer review
 - Review of list of firms scheduled for peer reviews during the past period and comparison with reports received
 - State Board followup with firms receiving "pass with deficiency" or "failed" reports
 - Interviews of AE peer reviewers
 - Participation in AE peer review committee meetings
 - Participation in AE RAB meetings



PROC Monitoring Procedures

- ▶ How do we oversee (continued)?
 - Review of a sample of AE's oversight report of a peer review
 - Review of list of firms scheduled for peer reviews during the past period and comparison with reports received
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 - Participation in AE RAB meetings



PROC Monitoring Procedures

- ▶ Participation in peer review committee and/or RAB meetings
 - Level of participation
 - Observer vs. Active Participant
 - Which meetings
 - Number of PROC members participating
 - Which PROC members are participating
 - Training?
 - Benefits from participation
 - Resistance from AE



PROC Reporting

- ▶ Who do we report to?
 - State Board
 - Governor/State Legislature
 - Administering Entity
 - Other
- ▶ How often do we report?
- ▶ What information do we report?
 - CAC sample report
 - Purpose
 - Description of peer review program
 - PROC oversight procedures
 - PROC oversight conclusions



THANK YOU!



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Resources

Visit the new Peer Review Oversight Committee Resources page. This will be available beginning July 10, 2013

The screenshot shows the NASBA website's Peer Review Oversight Committee Resources page. The header includes the NASBA logo, navigation links (CONTACT US, ABOUT US, CAREERS), social media icons (Facebook, LinkedIn, Twitter, YouTube, RSS), and a search bar. Below the header are links for MEMBER CENTER, EXAMS, LICENSURE, and EDUCATION. The main content area features a breadcrumb trail: Home > Committees > Compliance Assurance Committee > Peer Review Oversight Committee Resources. The title is "Peer Review Oversight Committee Resources". A welcome message states: "Welcome to the Peer Review Oversight Committee (PROC) Resources section of NASBA.org. These resources have been created for NASBA's Compliance Assurance Committee (CAC) and for Boards of Accountancy and their PROCs. The charge of the CAC is to promote effective oversight of compliance with professional standards by CPAs and their firms. As such, the focus of the CAC is to recommend a nationwide strategy promoting a mandatory program for compliance assurance acceptable to Boards of Accountancy – PROCs." An image shows three people in business attire reviewing documents. Below the image is a "Related News" section with links: > [Survey of Peer Review Oversight Committees](#) > [Strengthening Peer Review Oversight](#). Three resource categories are listed: "Annual PROC Reports" with a link to [Annual Report Repository](#); "PROC Video Training" with a link to [Training Modules](#); and "PROC Documents" with a link to [Checklists & Templates](#). The left sidebar contains navigation links: MEETINGS & EVENTS, INTERNATIONAL, NEWS, RESEARCH GRANTS, BOARDS OF ACCOUNTANCY, PRODUCTS & SERVICES (with CPA mobility.org logo), and MEDIA & RESOURCES (with icons for documents, social media, video, and a camera). The footer includes the NASBA logo, navigation links (CONTACT US, ABOUT US, CAREERS, EMAIL SIGNUP, PRIVACY POLICY, TECHNICAL SUPPORT), and contact information for NASBA, CPA Examination Services, National Registry of CPE Sponsors, NASBA (New York Satellite Office), and Guam Call Center.

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