

NASBA Compliance Assurance Committee (CAC)
Oversight Report on the AICPA National Peer Review Committee (NPRC)

The American Institute of CPAs (AICPA) National Peer Review Committee (NPRC) administers peer reviews for (i) all firms who serve SEC issuer clients and, accordingly, are required to be registered with and inspected by the Public Company Accounting Oversight Board, and (ii) other firms who elect to have their peer review administered by the NPRC. The NPRC has firms that are located in every state. These are firms that provide audit services and assurance services. To provide transparency in the operations of the NPRC such that individual state boards of accountancy and their peer review oversight committees (PROCs) may rely on the effectiveness of the NPRC, NASBA and the AICPA developed a process by which the activities of the NPRC may be monitored and reports issued.

By agreement, two spots on the NPRC are designated to be filled by NASBA representatives. These appointees must meet the requirements of all members appointed to serve on the NPRC and they cannot be currently serving on any State Accountancy Board. The members are selected by the AICPA from a list of qualified individuals recommended by NASBA. The individuals serve on the NPRC as fully-participating members with full voting rights and the same responsibilities as other NPRC members.

Those NPRC members representing NASBA report periodically to NASBA's Compliance Assurance Committee (CAC) as to whether they believe:

- The NPRC is complying with the AICPA *Standards for Performing and Reporting on Peer Reviews* (Standards) and other Guidance issued by the AICPA Peer Review Board and the NPRC;
- The NPRC has an appropriate oversight process in place for the reviews it administers and its peer reviewers;
- Results of the oversight process are transparent;
- Reviews are being conducted and reported upon in accordance with the Standards;
- Results of reviews are being evaluated on a consistent basis;
- The AICPA Peer Review Program is achieving its objectives based on the administration by the NPRC; and
- Comments, suggestions and other input from these two members are given full consideration as other such matters would be from any NPRC members.

During the period November 1, 2014 – October 31, 2015 two former state board members sat as members on the NPRC. These members participated in 16 of the 27 report acceptance bodies (RABs) held during this time period which represented 59.26% of the total RABs.

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Following are the review statistics for period November 1, 2014 – October 31, 2015:

	<u>Total Reviews</u>	<u>NASBA Member Participation</u>	<u>Percent of Participation</u>
Pass	206	135	65.5%
Pass with Deficiencies	14	9	64.3%
Fail	4	1	25.0%

Based on the oral reports provided at each Compliance Assurance Committee meeting by the NASBA representatives serving as members on the NPRC, as well as reviewing the comprehensive oversight report prepared by the NPRC issued October 22, 2015, and the administrative oversight report issued by the Oversight Task Force - NPRC on October 22, 2015, we are satisfied and can report that the NPRC has operated appropriately for the period of November 1, 2014 – October 31, 2015.

John F. Dailey, Jr., CPA
Chair, NASBA Compliance Assurance Committee
February 29, 2016