

**Operating Agreement Between  
the Mississippi State Board of Public Accountancy and  
the Mississippi Society of Certified Public Accountants  
for State Oversight of the Peer Review Program**

***PURPOSE***

The Mississippi State Board of Public Accountancy (the Board), operates a practice review program for all CPAs licensed to practice public accounting in the State in order to monitor proficiency in financial reporting concerning CPAs' issuance of compilations, reviews, and/or audit services to clients.

The Board's *Rules and Regulations*, as created under authority given by its enabling legislation (MISS. CODE ANN. § 73-33-1 et. seq.), and within Regulation III. G. provides for its monitoring of CPAs' work products and related records. Regulation III. G. 5. also provides:

*The Board may accept an independent reviewed report including the letter of comments of a CPA's practice, such as a quality review report as grounds for excluding a CPA from undergoing a Board initiated review.*

The Board's objective is to satisfy its mandate to regulate certified public accountants (CPAs) and in accordance with MISS. CODE § 73-33-5 (f) ". . . to maintain the highest standard of proficiency in the profession of certified public accounting and for the protection of the public interest. . ."

The Board strives to meet its objective while not causing an unreasonable and unnecessary burden on the CPA. Thus, in cooperation with the Mississippi Society of Certified Public Accountants (the Society), the Board executes this operating agreement to provide CPAs that participate in the Society/American Institute of Certified Public Accountants (AICPA) Peer Review Program exemption as provided by Board Regulation III. G. and to bolster the program through the creation and maintenance of a Board Oversight Committee as described below.

***BOARD OVERSIGHT COMMITTEE***

The Board Oversight Committee is hereby created to monitor and evaluate the effectiveness of the Society's Peer Review program (or any similar program with a different title). The Society and the Board both desire to have effective, but confidential information exchange between the two bodies. Appropriate feedback to the Board on the operation and effectiveness of the Peer Review Program enables the Board to better evaluate the quality of public accounting practice in Mississippi and thus act in the best interest of the public.

**Structure:** The Board shall designate and have control over who sits on the Oversight Committee within the following guidelines:

- No member of the Board Oversight Committee shall be a current member of the Board, an

employee of the Board, the Society's Peer Review or Professional Conduct Committee, or the AICPA Ethics Committee.

- Members of the Board Oversight Committee shall be appointed by the Board to serve terms of service no less than three years and no more than five years.
- All members of the Board Oversight Committee shall be licensed CPAs in the State of Mississippi, with extensive experience in accounting and auditing, currently in practice at the partner (or equivalent) level, and shall be members of the Society or the AICPA. The member's firm must have received an unqualified opinion from its last Peer review.
- Prior to a member's appointment, the Board will solicit input from the Peer Review Executive Committee.

### ***Operation and Function:***

1. At least one member of the Board Oversight Committee may attend all meetings of the Society Peer Review Committee. Attendance is integral to the oversight of the program because of the necessity to hear the deliberations and considerations made by the Peer Review Committee. Certain Peer Review Committee meetings may be conducted by telephone. In those instances, the oversight committee may join the conference call.
2. The Board shall be responsible for the travel cost of the Board Oversight Committee member attending the Peer Review Committee meetings.
3. The Board Oversight Committee shall meet at its discretion to compile an annual report to the Board as to the continued reliance on the Society Peer Review Program quality review reports as grounds for excluding CPAs from undergoing Board initiated reviews. However, in no case shall the Board Oversight Committee report any matters to the Board that could divulge the identity of a firm or a CPA.
4. The Society Peer Review Committee will address all items of feedback from the Oversight Committee.
5. In order for the Board Oversight Committee to function appropriately, the Society will make available to the Board Oversight Committee the following:
  - a. Standards, procedures, guidelines, training materials and similar documents prepared for the use of reviewers, reviewed firms, and administering entities.
  - b. Information concerning the extent to which the Society Peer Review Committee has reviewed the quality of reviewers' working papers in connection with the acceptance of reviews.
  - c. Statistical data concerning the results of reviews in Mississippi including number and type of corrective actions required and the number, nature and extent of the monitoring procedures applied.
  - d. The following documents on a reasonable sample of reviews that have been accepted by the Peer Review Committee:

- i. The report and letter of comments, if any, on the review and the firm's letter of response.
  - ii. The firm-wide summary review memorandum.
  - iii. The team captain checklist.
  - iv. Any working papers, notes, or other documentation, including reviewer working papers prepared or reviewed by the Peer Review Committee in connection with the scheduling, performance, or acceptance of the review.
  - v. Correspondence or other documentation concerning acceptance of the review, the imposition of required corrective actions, the monitoring procedures applied, and the results thereof.
  - vi. The Oversight Committee shall predetermine the number of reviews to be selected each year and shall select the specific reviews using random sampling.
- e. State Society Peer Review Committee meetings and all minutes of such meetings, including meetings during which Peer review reports are considered.
6. Board Oversight Committee members shall not take part in the discussion of a Peer review by the Peer Review Committee nor offer any evidentiary matters related to a particular firm.

***Confidentiality:***

Members of the State Board Oversight Committee shall sign an agreement to appraise all information to which they have access as confidential. This is consistent with the responsibilities assumed by Peer Review Committee members. The Board Oversight Committee shall not communicate to the Board information, or any of its staff, that would divulge the identity of a licensee or a firm.

***REPORTING***

Annually and no later than ninety days after the end of its June 30 fiscal year, the Society's Executive Director shall provide the Board's Executive Director a listing of CPAs names that participated in the Society Peer Review Program within the prior fiscal year. The list shall present no confidential information related to the program; however, shall present only dates for the last Peer review and next scheduled review for each. In addition, the Peer Review Committee agrees to notify the Board in writing the name of any CPA firm-discontinued from its program and the known reasons for discontinuance.

**FUNDING**

The expenses of the State Board Oversight Committee will be paid by the Mississippi State Board of Public Accountancy after Committee members complete necessary forms as prescribed by the Board and as agreed to by the applicable parties.

**CONCLUSION**

The operation of this Board Oversight Committee will guarantee firms enrolled in the Peer Review Program the waiver from the Board's practice review program (or any other similar program) without submission of any documentation in connection with the Peer review process other than the date of the firm's last Peer review, the period reviewed, the CPAs covered by that report, and the next scheduled Peer review date.

**MISSISSIPPI STATE BOARD OF  
PUBLIC ACCOUNTANCY**

**MISSISSIPPI SOCIETY OF PUBLIC ACCOUNTANCY**

EXECUTIVE DIRECTOR

EXECUTIVE DIRECTOR

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

BOARD CHAIRMAN

SOCIETY PRESIDENT

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Date

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Date