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NASBA Compliance Assurance Committee Chair

STATE BOARDS AND THE OVERSIGHT OF PEER REVIEW PROGRAMS

Today's Agenda

- Peer Review Program - *Standards & Reporting*
- NASBA's Compliance Assurance Committee
- Oversight of Two Peer Review Programs
 - Recent Transparency Advances
 - Peer Review Report Submission by Firms
 - Peer Review Administration
- Opportunities for State Boards

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AICPA's Peer Review Programs

- AICPA Peer Review Program
 - 32,000 firms
 - Administered by Peer Review Board & 41 State CPA Societies
- CPCAF (Center for Public Company Audit Firms)
 - 800 - 900 firms:
 - Inspected by PCAOB
 - Audit *non*-SEC Clients using PCAOB Standards
 - Voluntarily Enroll in the Program
 - Firm-on-firm Peer Review Program
 - Non-SEC Issuer Practice
 - Public File
 - Administered by Peer Review Board & a National Peer Review Committee

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1/1/09 – Revised Reporting & Peer Review Standards

- Standards present the Peer Review process via:
 - Two Flowcharts (System & Engagement Reviews)
 - Ladder Hierarchy Approach to Evaluate:
 - Matters, Findings, & Deficiencies
 - The Grade Assigned
- Report Grades & Format
 - Pass, Pass with Deficiencies, or Fail
 - Letter of Comments Eliminated
 - Instead, Deficiencies will Appear in the Report
 - Findings Communicated via *Practice Aid Forms* and can Result in Remedial / Follow-up Actions

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AICPA's Transparency Initiative

Facilitated State Board Access (FSBA)

- Mechanism for Firms to Comply with Licensing Requirements
- Pilot States Complete
- PDF Scans - Ease of Access
- 100% State Society Participation
- Creates a National Uniform Submission System
- Bucket Lists of States
- Adopt Uniform Submission Rules (UAA 7-5)

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NASBA Compliance Assurance Committee

- Oversight Evaluation Task Force - Jim Goad (AR)
 - Charles Clark (ID), Henry Krostich (NY), Ginger Powell (KS)
- Peer Review & UAA Article 7 Task Force - Jim Ciarcia (CT)
 - Alicia Foster (MD), Lamar Harris (AL), Robert Petersen (CA)
- SBA Oversight Committee Implementation Task Force - Jim Burkes (MS)
 - Doris Cubitt (SC), Sharon McNair (NV), Janice Gray (OK)
 - Conference of SBA Oversight Committee Members - Nashville, 2008

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Guiding Principles of Oversight

- Ensure a Program that is Effective and Uniform
 - Provide Forum Opportunities
- Transparency Increases Understanding & Confidence
- Oversight Reporting - Responding to Calls for Transparency

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AICPA Peer Review Program Oversight Model

- 1) Oversight Task Force: visits 41 Administering Entities
 - Work program & checklists (available, upon request)
 - Posted Reports as of 3/31/08 www.aicpa.org/members/div/practmon/oversight_documents.htm
 - *Annual Report on Oversight* - 10/3/07
- 2) AICPA Staff Conduct 300 Working Paper Reviews (Durham)
 - * CAC to Observe and Evaluate in 2008 *
- 3) State Society PR Committee 's Oversight Procedures Emphasizing Reviewers' Qualifications and Performance * external reporting planned *
- 4) State Board Peer Review Oversight Committee

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CPCAF Peer Review Program - Administration & Oversight

- AICPA Peer Review Board
 - Issues *Standards*, Interpretations & Educates Reviewers
- National Peer Review Committee - 15 members
 - Closed Session - 42nd A E / RAB
 - Extensive Oversight by Members and AICPA Staff
 - Panel Reviews
 - On-sight - concurrent evaluation
 - Regulatory Presence is Eminent

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PRB Oversight Task Force Reporting

- Biennial Oversight Visit Letters - 3/31/08
 - 24 with Recommendations for Improvement

- Peer Review Board's *Annual Report on Oversight* -
 - Comprehensive, 44 pg with Statistical Data – issued 10/3/07
 - Opines on the Program taken as a Whole, excluding:
 - State Boards' Peer Review Oversight Committees
 - CPCA's Peer Review Oversight Program

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State Boards' Actions

- Oversight Reports - inquire & comment
 - *Annual Report on Oversight* - 10/3/07
 - Comments to CAC & to Art Sparks, Chair of PRB's OTF

- Conference of PROC Members - Fall, 2008
 - Work program, Comprehensive Annual Report - Copy to PRB OTF

- UAA Rules 7-4 & 7-5
 - Peer Review Oversight Committee
 - Submission Requirement & Embrace FSBAccess

- Bucket 3 - Is independent Oversight at Issue?

- PRB Meetings, (i.e. Reviewers' Stats & Qualifications? Association Members?)

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SBA Peer Review Oversight Committees (PROC)

- AICPA Peer Review Program Oversight Handbook - Chapter 4

- UAA Rule 7-5(a)
 - A/k/a Peer Review Oversight Committee or Board
 - Attend PR Committee & RAB Meetings
 - Access to Reviews & Statistics
 - Report to SBA

- Comprehension, Continuity and Independence

- Mississippi's Board Oversight Committee:
 - Work program of Independent Monitoring and Evaluation
 - 18 pg *Annual Report on Oversight*, Conclusion of Reliance Addressed to State Board Chair

- Conference of PROC Members - Nashville - 2008

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Additional Materials Provided

- State Peer Review Status Map
- Facilitated State Board Access Program Update
- Conference of State Board's Peer Review Oversight Committee Members - Tentative Agenda Items
- Peer Review Oversight Model Background & Descriptions
 - AICPA Peer Review Program & CPCAF Peer Review Program
- Tentative Schedule of Oversight Task Force Visits in 2008
- State Board PROC Mission Statement & Key Provisions
 - List of State Boards with working PROCs
- Mississippi Board Oversight Committee Report - excerpts
- Definitions and Related Acronyms (selected)
- UAA Article 7 - Condensed Re: Oversight & Submission Rules
- Sample OTF Oversight Visit Reports Excerpts – TX & NY
