



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**PROC MEETING
NOTICE & AGENDA**

**Wednesday, December 10, 2014
2:00 p.m. – 4:30 p.m.**

Hilton San Diego Airport/Harbor Island
1960 Harbor Island Drive
San Diego, CA 92101
(619) 291-6700

PROC Purpose Statement

To act as an advisory committee and assist the CBA in its oversight of the Peer Review Program.

- I. Roll Call and Call to Order (**Robert Lee, Chair**).
- II. Report of the Committee Chair (**Robert Lee**).
 - A. Approval of the August 22, 2014 PROC Minutes.
 - B. Report on the September 18-19, 2014 CBA Meeting.
 - C. Report on the November 20-21, 2014 CBA Meeting.
 - D. Discussion of Recent Activities of the National Association of State Boards of Accountancy (NASBA), Compliance Assurance Committee (CAC).
- III. Report on PROC Oversight Activities (**Robert Lee**).
 - A. Report on the September 10, 2014, NASBA CAC Meeting.
 - B. Report on the September 23, 2014 California Society of Certified Public Accountant (CalCPA) Report Acceptance Body (RAB) Meeting.
 - C. Report on the September 30, 2014, American Institute of Certified Public Accountants (AICPA) Peer Review Board Meeting.
 - D. Report on the November 14 2014, AICPA Peer Review Board Meeting.
 - E. Report on the November 20-21, 2014, CalCPA Peer Review Committee Meeting.
 - F. Report on the November 20, 2014 CalCPA RAB Meeting.
 - G. Assignment of Future PROC Oversight Activities.
- IV. Reports and Status of Peer Review Program (**CBA Staff**).
 - A. Status of PROC Roles and Responsibilities Activity Tracking.

Break.

V. Report of the Enforcement Chief (**Rafael Ixta**).

A. Discussion of the Draft 2014 PROC Annual Report.

B. Discussion Regarding the CAC PROC Resources Webpage Including the Review of Checklists and Templates.

C. Discussion Regarding the Development of an Oversight Checklist for NASBA CAC Meetings.

VI. Future Agenda Items (**CBA Staff**).

VII. Public Comment for Items Not on the Agenda.

VIII. Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the PROC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the PROC prior to the PROC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the PROC, but the PROC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the PROC to discuss items not on the agenda; however, the PROC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code sections 11125, 11125.7(a).) CBA members who are not members of the PROC may be attending the meeting. However, if a majority of members of the full board are present at the PROC meeting, members who are not members of the PROC may attend the meeting only as observers.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Chanda Gonzales at (916) 561-4343, or by email at Chandalou.Gonzales@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Chanda Gonzales, Enforcement Analyst
(916) 561-4343 or Chandalou.Gonzales@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at <http://www.dca.ca.gov/cba/calendar.shtml>.



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PROC Item II.A.
 December 10, 2014

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**MINUTES OF THE
 AUGUST 22, 2014
 PROC MEETING**

California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, California 95815
 (916) 263-3680

I. Roll Call and Call to Order.

PROC Chair Robert Lee called the meeting to order at 10:00 a.m. on Friday, August 22, 2014. The meeting adjourned at 12:50 p.m.

PROC Members:

Robert Lee, Chair	10:00 a.m. – 12:50 p.m.
Sherry McCoy, Vice Chair	10:00 a.m. – 12:50 p.m.
Katherine Allanson	10:00 a.m. – 12:50 p.m.
Nancy Corrigan	10:00 a.m. – 12:50 p.m.
Jeffrey DeLyser	10:00 a.m. – 12:50 p.m.
Seid M. Sadat	10:00 a.m. – 12:50 p.m.

Staff:

Rafael Ixta, Chief, Enforcement Division
 Jenny Sheldon, Enforcement Manager
 April Freeman, Peer Review Analyst
 Alice Tran, Peer Review Analyst

Other Participants:

Linda McCrone, CPA, California Society of Certified Public Accountants (CalCPA)

II. Report of the Committee Chair.

A. Approval of May 2, 2014 Minutes.

Mr. Lee asked if members had revisions to the minutes of the May 2, 2014 PROC meeting. Members did not have revisions to the minutes.

It was motioned by Nancy Corrigan, seconded by Seid Sadat, and unanimously carried by those present to adopt the minutes of the May 2, 2014 PROC meeting.

B. Report on the May 29-30, 2014 CBA Meeting.

Ms. Corrigan and Ms. McCoy attended the May 29-30, 2014 CBA meeting. Their report to the CBA included information about the two guests, Marcia Hein and Janice Gray, that attended the May 2014 PROC meeting. They advised PROC members that the CBA discussed Sunset Review and the reductions in licensing and renewal fees.

C. Report on the July 24, 2014 CBA Meeting.

Mr. Lee attended the July 24, 2014 CBA meeting. He advised PROC members that the CBA discussed the Sunset Review Report, surveys being used to solicit information from current licensees regarding licensure requirements, property tax legislation, and the implementation of BreZEz.

Mr. Ixta discussed the Mobility Stakeholder Group (MSG) meeting that was held on July 23, 2014. Members of the MSG were appointed by the CBA. He stated that this was the second meeting held and that members are in the process of familiarizing themselves with the law. The next meeting will be held in November 2014.

D. Discussion of Recent Activities of the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC).

PROC members were provided with a summary of the CAC's June 24, 2014 conference call. Mr. Lee asked if members had any questions regarding the summary. Members suggested that staff follow-up with the CAC Chair on the white paper concerning guidelines on failed peer reviews.

E. Discussion Regarding Proposed PROC Meeting Dates for 2015.

PROC members were provided with proposed dates for 2015 PROC meetings. Mr. Lee explained that the dates are linked to Enforcement Advisory Committee meeting dates to reduce travel. The proposed dates are:

- January 30, 2015 – Northern California
- May 1, 2015 – Southern California
- August 21, 2015 – Northern California
- December 9, 2015 – Southern California

Mr. Lee requested feedback on the proposed dates.

It was motioned by Nancy Corrigan, seconded by Jeffrey DeLyser, and unanimously carried by those present to adopt the proposed dates for the 2015 PROC meetings.

III. Report on PROC Oversight Activities.

A. Report on the May 13, 2014, American Institute of Certified Public Accountants (AICPA) Peer Review Board Meeting.

Mr. Sadat and Ms. Corrigan attended the meeting. Ms. Corrigan summarized the highlights of the meeting, including peer review recall guidance, the exposure draft on preparation of financial statements, improving peer reviewer quality, guidance on risky industries, and improving engagement tracking.

The U.S. Department of Labor (DOL), Chief Inspector, was also present at the meeting and discussed the 1,500 reports for firms performing Employee Retirement Income Security Act (ERISA) audits.

B. Report on the May 21, 2014, Oversight of the CalCPA Peer Reviewer Training.

Ms. Allanson and Ms. McCoy attended the training course. Ms. Allanson commented that the advanced training is completely different than the beginner training; it was more of an update. The training material was delivered electronically. Ms. Allanson stated that they discussed common problems found in peer reviews and the DOL recall. The course also discussed self-developed versus purchased quality control materials.

Ms. McCoy stated that the training was very high quality, even though the group was small. She liked the format of the class.

C. Report on the May 22-23, 2014, Oversight of the CalCPA Peer Review Committee Meeting.

Ms. Allanson and Mr. Sadat attended the meeting. Ms. Allanson stated there was a lot of discussion about the DOL and ERISA audits. Mr. Sadat added that there was a lot of contention about how to conduct an ERISA audit.

Ms. Allanson also attended the RAB meeting on May 22, 2014.

D. Report on the May 28, 2014, AICPA Peer Review Board Meeting.

Mr. Sadat attended the meeting. The meeting was short and focused on the peer review recall. State boards of accountancy expressed concern that they would not be notified of the recalled peer review reports and wanted to know what will happen to firms that misrepresented their practice activities during the peer review process.

E. Report on the June 26-27, 2014 Oversight of the CalCPA Peer Reviewer Training.

Mr. Sadat attended the training. Mr. Sadat stated that Marcia Hein is a phenomenal instructor, and the course was very informative. Mr. Sadat stated that there were 16 people in the course and that he is concerned about the seemingly low number of people going into the peer review business.

Ms. McCrone added that the course is also given in Las Vegas and at the AICPA conference in Denver. The number of peer reviewers is an issue being explored by the AICPA.

F. Report on the July 29, 2014, CalCPA Administrative Site Visit.

Mr. Lee and Mr. DeLyser conducted the Administrative Site Visit. Mr. DeLyser stated that the visit lasted one day and included the review of approximately 15 files actively going through the process of being reviewed by a RAB. He stated that the process is organized and there were no findings. Mr. Lee added that the one-day visit was sufficient to accomplish their task.

Mr. Ixta directed staff to prepare a closing letter to CalCPA for Mr. Lee's signature.

G. Report on the August 6, 2014, AICPA Peer Review Board Meeting.

Mr. DeLyser attended the meeting. He stated they discussed the new financial preparation service and its impact on peer review. He added that all the agenda items are relevant and the RAB members understand the importance of peer review.

H. Assignment of Future PROC Oversight Activities.

Mr. Lee made or confirmed the following assignments:

- September 10, 2014, CAC Meeting – Nancy Corrigan & Katherine Allanson
- September 23, 2014, AICPA Peer Review Board Meeting – Jeffrey DeLyser
- September 23, 2014, CalCPA Report Acceptance Body (RAB) Meeting (Glendale) – Sherry McCoy
- November 20-21, 2014, CalCPA Peer Review Committee – Nancy Corrigan & Katherine Allanson

IV. Reports and Status of Peer Review Program

A. Status of PROC Roles and Responsibilities Activity Tracking.

April Freeman stated that the activity tracking chart for 2014 was updated to capture recent activities and upcoming events.

Ms. Allanson requested that the May 22, 2014 RAB meeting that she attended be added to the activity tracking chart.

V. Discussion Regarding the Impact of the AICPA Exposure Draft on Standards for Accounting and Review Services.

PROC members were provided with a copy of the AICPA Exposure Draft on Standards for Accounting and Review Services and a summary of the exposure draft prepared by Mr. Sadat.

Mr. Ixta stated that the law is clear and states that if a report is not issued, a peer review is not required. He asked if PROC members had any concerns or recommendations. After discussion, PROC members did not have any.

VI. Report of the Enforcement Chief.

A. Discussion Regarding the AICPA Peer Review Recall Process Relating to Firms that Perform Annual Audits of the Employee Retirement Income Security Act (ERISA).

Mr. Ixta advised members that the AICPA has developed procedures that require the administering entity to notify a state board if a peer review is recalled. He stated that when the CBA is notified of a recalled peer review, staff will contact the firm to obtain additional information and may proceed with an investigation, if warranted.

B. Discussion Regarding the Draft Peer Review Report Due to the Legislature on January 1, 2015, Pursuant to Business and Professions Code Section 5076(m).

PROC members were provided with a draft copy of the Peer Review Report which is due to the Legislature on January 1, 2015. Members suggested edits and revisions. Mr. Ixta asked that members provide any additional edits to staff by Wednesday,

August 27, 2014. The draft report will be reviewed by the CBA at its September 18-19, 2014 meeting.

C. Discussion of Potential Items to Include in the 2014 PROC Annual Report.

Mr. Ixta advised members that the first draft 2014 PROC Annual Report will be provided at the December 10, 2014 PROC meeting. He requested that members consider issues they would like addressed in the draft report and provide that information to staff as soon as possible.

Mr. Lee requested that members receive a draft of the report by the end of November.

Mr. Ixta provided the following potential items to include in the report:

- AICPA exposure draft on preparation of financial statements
- Oversight of the National Peer Review Committee through the CAC
- U.S. Department of Labor recalled peer reviews

VII. Future Agenda Items.

1. PROC 2014 Annual Report
2. White paper on guidance on failed peer reviews
3. AICPA Exposure Draft on Standards for Accounting & Review Services
4. Checklist for CAC meetings

VIII. Public Comment for Items Not on the Agenda.

Ms. McCrone asked if firms that issue an engagement after their peer review year need another peer review. Mr. Ixta confirmed that they would need another peer review.

IX. Adjournment.

There being no further business, Mr. Lee adjourned the meeting at 12:50 p.m. on Friday, August 22, 2014.

Robert Lee, CPA, Chair

April Freeman, Peer Review Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-1720.



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PROC Item III.G.
December 10, 2014

Assignment of Future PROC Oversight Activities

Presented by: Robert Lee, Peer Review Oversight Committee (PROC) Chair

Date: October 31, 2014

Purpose of the Item

The purpose of this agenda item is to assign members to specific PROC oversight activities.

Action(s) Needed

It is requested that all members bring their calendars to the December 10, 2014 PROC meeting and be prepared to accept assignments.

Background

None.

Comments

The PROC's Year-at-a-Glance calendars for 2014 (**Attachment 1**) and 2015 (**Attachment 2**) include meetings and activities that are currently scheduled for the following:

- California Board of Accountancy
- PROC
- American Institute of Certified Public Accountants' (AICPA) Peer Review Board
- California Society of Certified Public Accountants' (CalCPA) Report Acceptance Body
- CalCPA Peer Review Committee

Fiscal/Economic Impact Considerations

None.

Recommendation

It is recommended that members continue to use the calendar as a resource when accepting assignments to participate in meetings and activities held by the AICPA and CalCPA.

Attachments

1. 2014 Year-at-a-Glance CBA PROC Calendar, updated October 31, 2014.
2. 2015 Year-at-a-Glance CBA PROC Calendar, updated October 31, 2014.

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PEER REVIEW OVERSIGHT COMMITTEE (PROC)
2014 Year-at-a-Glance Calendar**
(as of October 31, 2014)

JANUARY 2014

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FEBRUARY 2014

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AUGUST 2014

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OCTOBER 2014

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DECEMBER 2014

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- COMMITTEE/TASK FORCE**
- CBA** - California Board of Accountancy
 - PROC** - Peer Review Oversight Committee
 - AICPA** - American Institute of Certified Public Accountants
 - PRB** - Peer Review Board
 - CalCPA** - California Society of Certified Public Accountants
 - RAB** - Report Acceptance Body
 - PRC** - Peer Review Committee
 - NASBA** - National Assoc. of State Boards of Accountancy
 - CAC** - Compliance Assurance Committee

- GENERAL LOCATION**
- NC** - NORTHERN CALIFORNIA
 - SC** - SOUTHERN CALIFORNIA
 - T** - TELECONFERENCE
 - SD** - SAN DIEGO
 - LV** - LAS VEGAS
 - DE** - DENVER
 - DU** - DURHAM
 - DP** - DANA POINT
 - OC** - ORANGE COUNTY
 - SM** - SAN MATEO

- ON SHADED DATES CBA OFFICE IS CLOSED**
- CBA MEETING**
 - PROC MEETING**
 - AICPA PRB MEETING**
 - CalCPA RAB MEETING**
 - CalCPA PRC MEETING**
 - PEER REVIEWER TRAINING**
 - ADMINISTRATIVE SITE VISIT**
 - NASBA CAC MEETING**

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PEER REVIEW OVERSIGHT COMMITTEE (PROC)
2015 Year-at-a-Glance Calendar**
(as of October 31, 2014)

JANUARY 2015

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FEBRUARY 2015

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MARCH 2015

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APRIL 2015

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MAY 2015

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JULY 2015

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SEPTEMBER 2015

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OCTOBER 2015

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NOVEMBER 2015

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DECEMBER 2015

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 - PR**-PUERTO RICO
 - D**-DURHAM, NC
 - NO**-NEW ORLEANS, LA

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-  ADMINISTRATIVE SITE VISIT
-  NASBA CAC MEETING



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PROC Item IV.A.
December 10, 2014

Status of PROC Roles and Responsibilities Activity Tracking

Presented by: Chanda Gonzales, Enforcement Analyst

Date: November 14, 2014

Purpose of the Item

The purpose of this agenda item is provide Peer Review Oversight Committee (PROC) members with a status of the oversight activities scheduled for and performed in 2014.

Action(s) Needed

It is requested that members review the information presented and advise California Board of Accountancy staff of any necessary revisions.

Background

None.

Comments

The PROC Roles and Responsibilities Activity Tracking chart has been updated to reflect 2014 activities (**Attachment**).

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachment

PROC Roles and Responsibilities Activity Tracking 2014, updated November 14, 2014.

**Peer Review Oversight Committee (PROC) Roles and Responsibilities
Activity Tracking – 2014**

Attachment

As of November 14, 2014

Activity*	Notes
<p>PROC MEETINGS</p> <ul style="list-style-type: none"> Conduct four one-day meetings. 	<ul style="list-style-type: none"> PROC Meetings Held: 1/31, 5/2, 8/22 PROC Meetings Scheduled: 12/10
<p>ADMINISTRATIVE SITE VISIT</p> <ul style="list-style-type: none"> Conduct, at a minimum, an annual administrative site visit of the peer review program provider. 	<ul style="list-style-type: none"> Site Visit Held: CalCPA 7/29
<p>PEER REVIEW COMMITTEE MEETING</p> <ul style="list-style-type: none"> Attend all peer review program providers' Peer Review Committee (PRC) meetings. Perform, at a minimum, an annual review of peer review program providers' Peer Review Committees. Ensure peer review program provider is adhering to California Board of Accountancy (CBA) standards. 	<ul style="list-style-type: none"> Meetings Attended: American Institute of Certified Public Accountants (AICPA) Peer Review Board (PRB) 1/30, 5/13, 5/28, 8/6, 9/10 11/14; CalCPA Peer Review Committee (PRC) 5/22-23 Meetings Scheduled: CalCPA PRC 11/20-21
<p>PEER REVIEW SUBCOMMITTEE MEETING</p> <ul style="list-style-type: none"> Attend at least four of each peer review program provider's peer review subcommittee meetings to observe the acceptance of peer review reports. Perform, at a minimum, four annual reviews of peer review program provider's peer review subcommittee meetings. Ensure that peer reviews are being accepted in a consistent manner. 	<ul style="list-style-type: none"> Meetings Attended: CalCPA Report Acceptance Body (RAB) 1/22, 2/25, 3/19, 9/23 Meetings Scheduled: None
<p>REVIEW SAMPLING OF PEER REVIEWS</p> <ul style="list-style-type: none"> Perform sampling of peer review reports. 	<ul style="list-style-type: none"> See Administrative Site Visit
<p>PEER REVIEWER TRAINING</p> <ul style="list-style-type: none"> Ensure that peer reviewers are properly qualified. 	<ul style="list-style-type: none"> Training Attended: CalCPA Peer Reviewer 5/21, 6/26-27
<p>EVALUATION OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS</p> <ul style="list-style-type: none"> Develop policies and procedures for reviewing and recommending approval to the CBA for new peer review providers. 	<ul style="list-style-type: none"> N/A
<p>ANNUAL REPORT TO THE CALIFORNIA BOARD OF ACCOUNTANCY (CBA)</p> <ul style="list-style-type: none"> Prepare an annual report to the CBA regarding the results of its independent oversight of the Peer Review program. 	<ul style="list-style-type: none"> In progress; due to CBA at March 2015 meeting
<p>CBA MEETINGS</p>	<ul style="list-style-type: none"> Meetings Attended: 1/22-23, 3/20-21, 5/29-30, 7/24, 9/18-19 Meetings Scheduled: 11/20-21
<p>ADDITIONAL ACTIVITIES</p>	

*Activities based on the November 9, 2010 PROC Agenda Item IV – Role of the PROC.



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PROC Item V.A.
December 10, 2014

Discussion of the Draft 2014 PROC Annual Report

Presented by: Rafael Ixta, Chief of Enforcement

Date: November 13, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) members with a draft of the 2014 Annual Report to the California Board of Accountancy (CBA).

Action(s) Needed

It is requested that the PROC review the draft 2014 Annual Report (**Attachment 1**) and provide edits and/or direction to CBA staff.

Background

At its August 22, 2014 meeting, PROC members directed staff to make updates to the 2013 Annual Report and provide a redline version (**Attachment 2**) for review at the PROC's next meeting.

Comments

The PROC 2014 Annual Report will be presented to the CBA at its March 2015 meeting.

Fiscal/Economic Impact Considerations

None.

Recommendations

None.

Attachments

1. Draft 2014 PROC Annual Report to the CBA
2. Draft 2014 PROC Annual Report to the CBA (redline version)



Attachment 12

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CALIFORNIA BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE

2014 Annual Report



Table of Contents

I.	Message from the Committee Chair	1	Formatted Table
II.	Background	21	
III.	PROC Responsibilities	2	
IV.	Committee Members	32	
V.	<u>Legislation and</u> Regulations	3	
VI.	Reporting Requirements	43	
VII.	Statistics	4	
VIII.	Peer Review Voluntary Survey	5	Formatted: Tab stops: Not at 3.25" + 6.5"
VIII X.	Board-recognized Peer Review Program Providers	65	
IX.	Activities and Accomplishments	75	
X .	Findings	110	Formatted: Right: -0.26", Tab stops: Not at 3.25" + 6.5"
XII.	Conclusions	121	Formatted: Right: -0.14"
			Formatted: Centered
	Appendices		Formatted: Centered
A.	Peer Review Report to the Legislature		

I. Message from the Committee Chair

I am proud to present the 2013 Annual Report of the Peer Review Oversight Committee (PROC) to the California Board of Accountancy (CBA). As we wrap up our third year, I am pleased to report that the PROC has again made significant progress in providing oversight to California's mandatory peer review program.

One of our most crucial goals was achieved this year. We were successful in working with the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) to provide an appropriate level of oversight to the National Peer Review Committee (NPRC). The NPRC administers peer reviews to the largest accounting firms in the country who also have significant impact on the public interest. So it was a huge accomplishment to learn that the leadership of NASBA agreed to allow State PROCs to participate in conference calls conducted by the CAC during which the CAC will discuss many important topics of interest to the PROC, including oversight of the NPRC. This oversight is necessary to ensure that the NPRC is administering peer reviews in accordance with the standards set by the American Institute of Certified Public Accountants (AICPA).

The PROC also implemented a procedure for providing oversight to AICPA's administering entities in other states that administer peer reviews to California-licensed accounting firms. This year the PROC reviewed the AICPA's oversight reports for Nevada, Oregon, Texas, and New York; each of these states administered at least ten peer reviews to California-licensed firms.

Of course, the PROC continues to provide a comprehensive level of oversight to the California Society of Certified Public Accountants (CalCPA), the administering entity responsible for administering peer reviews to the vast majority of accounting firms in California.

In summary, the PROC has now installed processes and procedures to oversight administering entities which accept peer reviews of California firms, regardless if the administering entity is located in-state, out-of-state, or in a nation-wide basis. This far-reaching objective was established at the onset of the PROC. It is extremely fulfilling to me and the PROC members to reach this milestone.

As always, I would like to thank the CBA members for the continued direction and support of the PROC and its mission. I would like to thank the PROC members for another year of dedication and resolve; we would not have made these significant strides without their unending commitment.

Nancy J. Corrigan
Robert Lee, CPA
Committee Chair

II. Background

In 2009, the CBA sponsored Assembly Bill 138 (AB 138) implementing mandatory peer review. AB 138 was signed by Governor Arnold Schwarzenegger and became effective on January 1, 2010, requiring all California licensed firms providing accounting and auditing services, including sole proprietorships, to undergo a peer review once every three years as a condition of license renewal. Effective January 1, 2012, Senate Bill 543 removed the sunset language concerning mandatory peer review, making mandatory peer review permanent in California.

Peer review is defined as the study of a firm's accounting and auditing practice by an independent Certified Public Accountant (CPA) using professional standards, the purpose of which is to promote quality in the accounting and auditing services provided by CPAs.

III. PROC Responsibilities

The PROC derives its authority from Business and Professions Code (BPC) section 5076.1. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The roles and responsibilities of the PROC are:

- Hold meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensure that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in Title 16, California Code of Regulations (CCR) section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.
 - Attend, on a regular basis, peer reviewer training courses.
- Evaluate any *Application to Become A Board-recognized Peer Review Provider* and recommend approval or denial to the CBA.
- Refer to the CBA any Provider that fails to respond to any request.
- Collect and analyze statistical monitoring and reporting data from each Provider on an annual basis.
- Prepare an Annual Report to the CBA regarding the results of its oversight.

IV. Committee Members

The PROC is comprised of seven members, all of whom must possess and maintain a valid and active license to practice public accountancy issued by the CBA. Members are appointed to two-year terms and may serve a maximum of four consecutive terms.

~~In 2012, five of the seven PROC members were reappointed to the PROC for their second term. In order to address succession planning concerns, to create varying member term expiration dates, and to allow new members to be appointed to the PROC, two members were rotated from the PROC. Further, the position of Vice Chair was created and Robert Lee was appointed. His term as the Vice Chair expired on December 31, 2013, and Sherry McCoy was appointed Vice Chair effective January 1, 2014. Nancy Corrigan was reappointed as the Chair for another year. Jeffrey DeLyser was appointed to the PROC on March 21, 2013.~~

On May 30, 2014, Robert Lee was appointed Chair of the PROC. Ms. McCoy was selected as the Vice Chair.

<u>Current members:</u>	<u>Term Expiration Date:</u>
Robert Lee, CPA, <u>Chair</u> Vice Chair , 2nd	September 30 <u>May-24</u> , 2015
Sherry McCoy, CPA, <u>Vice Chair</u> , 2nd	July 31 <u>May-24</u> , 2015
Katherine Allanson, CPA, 2nd	July 31 <u>May-24</u> , 2015
Nancy J. Corrigan, CPA, 2nd	July 31 <u>May-24</u> , 2015
Jeffrey DeLyser, CPA, 1st	March 31 <u>21</u> , 2015
Seid Sadat, CPA, 2nd	July 31 <u>May-24</u> , 2015
Vacant	

V. Legislation and Regulations

Effective January 1, 2013, BPC section 5076 was amended to allow licensees to renew their license into an inactive status without having a peer review. A peer review is required prior to the licensee converting or renewing back to an active status.

Effective January 1, 2014, Title 16, California Code of Regulations (CCR) sections 40 and 45 were amended requiring licensees to report specific peer review information on the Peer Review Reporting Form at the time of license renewal. The revised language also clarifies that any firm that performs specific services for the first time, whether it is newly licensed or simply new to performing those services, must complete a peer review within 18 months of the date it completes those services.

~~The three-year phase-in period for peer review reporting ended on July 1, 2013, which was the deadline for the last group of licensees to submit the Peer Review Reporting Form. As noted above, beginning in 2014, Peer Review Reporting Forms will be submitted with the licensee's license renewal application.~~

VI. Reporting Requirements

Pursuant to BPC section 5076(n)(1), the CBA is required to provide the Legislature and Governor with a report regarding the peer review requirements that include, without limitation:

- The number of peer review reports completed to date and the number of substandard peer review reports which were submitted to the board.
- The number of enforcement actions that were initiated as a result of an investigation of a failed peer review report.
- The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.
- The extent to which mandatory peer review of accounting firms enhances consumer protection.
- The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.
- A recommendation as to whether the mandatory peer review program should continue.
- The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.
- The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.
- The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.
- A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

In keeping with its purpose, the PROC ~~assisted~~ ~~is willing to assist~~ the CBA in ~~any way necessary in~~ preparing the report that is due to the Legislature and Governor on January 1, 2015. ~~CBA staff will commence drafting the report in calendar year 2014. A copy of the report submitted is attached as Appendix A.~~

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VII. Statistics

The following statistics provide perspective on the size of the peer review program in California.

With the implementation of mandatory peer review, all licensees are required to submit a Peer Review Reporting Form (Form PR-1(1/12)) to the CBA on the following schedule:

- Licensees with a license number ending in 01-33 by July 1, 2011;
- Licensees with a license number ending in 34-66 by July 1, 2012;
- Licensees with a license number ending in 67-00 by July 1, 2013.

The chart below displays information gathered by the CBA during the three-year phase-in period. Licensees used the Peer Review Report Form to self-report whether or not they operate as a firm, and if so, whether the firm is subject to peer review.

Peer Review Reporting Forms Received by the CBA*						
License Ends In	Reporting Date	Firms Requiring Peer Review	Firms Not Requiring Peer Review	Licensees Not Operating as a Firm	Total	Licensees That Have Not Reported
01-33	July 1, 2011	2,605	4,301	15,757	22,663	51
34-66	July 1, 2012	2,144	4,006	13,122	19,272	101
67-00	July 1, 2013	1,993	3,882	14,043	19,918	1,046
Total		6,742	12,189	42,922	61,853	1,198

*Data as of December 31, 2013.

As mentioned on page 3, Section V, the three-year phase-in implementation period ended on July 1, 2013, and the information depicted in the above table will no longer be available. Instead, licensees will report their peer review information at the time of license renewal.

The data in the following table reflects the number of peer review reports accepted by the CalCPA from in 2011, 2012, and 2013 through 2014. The CalCPA administers the largest portion of peer reviews to California-licensed firms.

Peer Review Reports Accepted by the CalCPA*					
Type of Review	2011	2012	2013	2014	Total
System	406	648	517		1,571
Engagement	870	1,253	1,184		3,307
Total	1,276	1,901	1,701		4,878

*Data received from CalCPA as of December 31, 2014-2013.

The table does not include statistics for peer reviews accepted by the NPRC or out-of-state administering entities.

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VIII. Board-recognized Peer Review Program Providers

a. AICPA

The AICPA is currently the only Board-recognized Peer Review Program Provider. Through regulation, the CBA established that the AICPA Peer Review Program meets the standards outlined in CCR section 48. Further, the CBA accepts all AICPA-approved entities authorized to administer the AICPA Peer Review Program. ~~At present, there are 42 administering entities.~~

The Peer Review Program provides for a triennial review of a firm's accounting and auditing services performed by a peer reviewer who is unaffiliated with the firm being reviewed to ensure work performed conforms to professional standards. There are two types of peer reviews. System reviews are designed for firms that perform audits or other similar engagements. Engagement reviews are for firms that do not perform audits but perform other accounting work such as compilations and/or reviews. Firms can receive a rating of pass, pass with deficiency, or fail. Firms that receive ratings of pass with deficiency or fail must perform corrective actions.

i. CalCPA

CalCPA administers the AICPA Peer Review Program in California. As the administering entity, CalCPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's *Standards*. The CalCPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews.

ii. NPRC

The AICPA also administers a peer review program through the NPRC firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB) or perform audits of non-Securities and Exchange Commission (SEC) issuers pursuant to the standards of the PCAOB. The NASBA CAC provides oversight of the NPRC.

iii. Other State Societies

California-licensed accountancy firms with their main office located in another state are required to have their peer review administered by AICPA's administering entity for that state. In most cases, the administering entity is the state CPA society in that state.

IX. Activities and Accomplishments

Following are the salient activities and accomplishments of the PROC during ~~2014~~2013.

a. Administrative Functions

i. Committee Meetings

The PROC holds meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.

The PROC held four meetings as follows:

- ~~January 31, 2014 – Berkeley~~ February 22, 2013 – Glendale
- ~~May 2, 2014 – Los Angeles~~ June 21, 2013 – Sacramento
- ~~August 22, 2014 – Sacramento~~ August 23, 2013 – Ontario
- ~~December 10, 2014 – San Diego~~ November 1, 2013 – Sacramento

The PROC Chair attended six CBA meetings to report on PROC activities, ~~one of which was prepared by and reported on by the PROC Vice-Chair.~~

ii. PROC Procedures Manual

~~The PROC updated its Procedures Manual which outlines specific procedures and processes to fulfill its duties. Updates include procedures for providing oversight of other states' peer review programs, an updated copy of the AICPA's Glossary of Terms, Acronyms, and Abbreviations, a revised organizational chart, the removal of the Summary of Sample Reviews checklist, and the addition of the Summary of Oversight of Out-of-State Administering Entities checklist.~~

~~iii.ii. Oversight Checklists~~

The PROC developed oversight checklists which serve to document the members' findings and conclusions after specific oversight activity. Members submit the completed checklists to the CBA for future reference.

The following new checklist ~~is being developed~~ ~~was created~~ to track oversight activities:

- ~~• Summary of Compliance Assurance Committee Meeting~~

Checklists previously developed include:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training Course
- Peer Review Board Meeting Checklist
- ~~• Peer Review Program Provider Checklist~~
- Summary of Oversight of Out-of-State Peer Review Administering Entity (**Appendix C**)

The checklists are part of the PROC Procedures Manual. Additional checklists will be developed if deemed necessary.

~~iv.iii. Approval of Board-recognized Peer Review Program Providers~~

At such time that the CBA receives an Application to Become a Board-recognized Peer Review Program Provider, the PROC will review the application and documentation and determine if the program meets the requirements outlined in Title 16, CCR section 48. Based on the review, the PROC will provide a recommendation to the CBA that the application be approved or denied.

The Peer Review Program Provider Checklist is used to evaluate applications.

~~v.iv. Withdrawal of Board Recognition of a Peer Review Program Provider~~

The PROC has not made any recommendations to the CBA concerning the withdrawal of Board recognition of a peer review program provider.

b. Program Oversight

The PROC is charged with providing oversight of all Board-recognized peer review program providers to ensure that peer reviews are being administered in accordance with the standards adopted by the CBA.

During ~~2014~~2013, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and its administering entities in California, the CalCPA and the NPRC.

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i. AICPA

A. AICPA Peer Review Board

The AICPA PRB is responsible for maintaining, furthering and governing the activities of the Program, including the issuance of peer review standards, and peer review guidance, while being mindful of the profession's covenant to serve the public interest with integrity and objectivity. The PRB holds four meetings per year.

During ~~2014-2013~~, ~~one to two~~ PROC members observed ~~all of the three of the four~~ PRB meetings:

- January ~~30, 2014 – conference call~~ ~~25, 2013 – in person~~
- May ~~13, 2014~~ ~~7, 2013~~ – conference call
- ~~August 6, 2014~~ ~~14, 2013~~ – conference call
- ~~September 10, 2014~~ – conference call
- ~~November 14, 2014~~ – conference call

B. AICPA Peer Review Program Annual Report on Oversight

The AICPA Annual Report on Oversight provides a general overview, statistics and information; the results of the various oversight procedures performed on the AICPA Peer Review Program; and concludes on whether the objectives of the oversight process were met.

The PROC reviewed the report issued on September 27, 2013, for the calendar year 2012. Based on the oversight procedures performed, the AICPA Oversight Task Force concluded that in all material respects (1) the administering entities were complying with the administrative procedures established by the Peer Review Board, (2) the reviews were being conducted and reported upon in accordance with standards, (3) the results of the reviews were being evaluated on a consistent basis by all administering entities and peer review committees, and (4) the information provided via the Internet or other media by administering entities was accurate and timely.

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ii. CalCPA

A. Peer Review Committee

The CalCPA Peer Review Committee (PRC) is responsible for ensuring that the peer review program is performed in accordance with the standards and guidance issued by the AICPA's PRB. The PRC meets in person twice a year. PROC members observe how the PRC executes its duties in the meeting to determine whether or not this aspect of the peer review process is operating effectively in the State of California.

During ~~2014-2013~~, ~~two~~ PROC members attended each of the following PRC meetings:

- May ~~22-23, 2014~~ ~~9-10, 2013~~ – ~~Dana Point~~ ~~San-Diego~~
- November ~~20-21, 2014~~ ~~21-22, 2013~~ – Yountville

B. Report Acceptance Body (RAB)

The CalCPA holds multiple RAB meetings per year. The RAB meetings generally occur via conference call. RAB members review and present the peer review reports subject to discussion on a general call. PROC members observe how the RAB executes its duties in the meeting to determine whether the peer review process is operating effectively in the state of California.

During ~~2014~~~~2013~~, ~~one to two~~ PROC members observed each of the following RAB meetings via teleconference or in person:

- ~~February 25, 2014, - conference call~~ ~~May 9, 2013 – in person~~
- ~~March 19, 2014, August 21, 2013 – conference call~~
- ~~May 22, 2014 – in person~~
- September ~~23, 2014~~ ~~24, 2013~~ – conference call
- November ~~20, 2014~~ ~~22, 2013~~ – in person

C. Administrative Site Visit

The PROC is charged with conducting, at a minimum, an annual Administrative Site Visit of each Provider to determine if the Provider is administering peer reviews in accordance with the standards adopted by the CBA.

On ~~July 29, 2014~~ ~~May 15-16, 2013~~, the PROC reviewed the CalCPA's administration of the AICPA's Peer Review Program as part of the oversight program for the CBA. As an administering entity, CalCPA is responsible for administering the AICPA Peer Review Program in compliance with the AICPA *Standards for Performing and Reporting on Peer Reviews*, interpretations, and other guidance established by the board. The PROC's responsibility is to determine whether the peer review program complies with the Minimum Requirements for a Peer Review Program, pursuant to Title 16, CCR, section 48.

The following procedures were performed as part of the PROC's oversight responsibilities:

- Reviewed policies and procedures utilized by CalCPA to govern its peer review program process;
- Read correspondence and other available documentation from other oversight activities performed at CalCPA;
- Reviewed the Report Acceptance Body assignment binder;
- Selected a sample of peer review reports and associated files for review;
- Discussed the peer review committee member and individual peer reviewer qualifications process with CalCPA personnel and select a sample for inspection of resumes and other documentation.

Based on the results of the procedures performed, the PROC concluded that the CalCPA has complied with the Minimum Requirements for a Peer Review Program.

D. Sample Reviews

This oversight activity was completed on ~~July 29, 2014~~ ~~May 15-16, 2013~~, in conjunction with the administrative site visit.

E. Peer Reviewer Training

The PROC is responsible for ensuring that peer review providers develop a training program designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

The CalCPA Education Foundation offers two types of peer reviewer trainings. A two-day course for new peer reviewers and a one-day refresher course are offered each year.

During ~~2014~~²⁰¹³, PROC members attended the one-day training course ~~AICPA's Advanced-Workshop: Practical Guidance for Peer Reviewers~~ *AICPA Peer Review Program Advanced Course* on May ~~21, 2014~~ ^{8, 2013} and July ~~25, 2013~~. ~~A PROC member attended the two-day training course How to Conduct a Review Under The AICPA Practice Monitoring Program on June 26-27, 2014.~~

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F. CalCPA Annual Report on Oversight

The AICPA requires that each administering entity perform oversight of their peer review program every other year, alternating with the year that AICPA conducts its oversight visit. CalCPA's Peer Review Administrative Committee (PRAC) monitors the oversight process. Each member of the PRAC has been approved by the Council of CalCPA and has current audit experience.

The PROC reviewed the CalCPA Peer Review Program Annual Report on Oversight for Calendar Year ~~2014~~²⁰¹³. The oversight report summarizes the results of the mandated oversight of ~~two percent~~ ^{2%} of all reviews processed during the year, and verification of the resumes and continuing professional education of one third of peer reviewers. For peer reviews conducted in ~~2014~~²⁰¹³, ~~1943~~ system reviews and ~~2142~~ engagement reviews were subject to the oversight process. ~~Fifty-four~~ ^{Sixty-one} of ~~156~~ ¹²⁹ peer reviewer's resumes were verified by CalCPA.

G. AICPA Oversight Visit Report of CalCPA

~~In years when the AICPA Peer Review Board does not perform oversight of the CalCPA, a member of the CalCPA Peer Review Committee performs an administrative oversight.~~

~~The PROC reviewed the report of the Administrative Oversight Visit to the CalCPA conducted by PRC Chair David E. Vaughn, CPA on December 3, 2013. The report had no findings or recommendations for the administration of the program.~~

~~The AICPA conducted an oversight visit of CalCPA on November 14-16, 2012. The AICPA Oversight Visit Report was issued on November 16, 2012, and accepted by the AICPA PRB Oversight Task Force on May 6, 2013. The next oversight visit will be conducted in 2014.~~

~~The PROC reviewed the report which concluded that CalCPA has complied with the administrative procedures and standards in all material respects as established by the board.~~

iii. NPRC

A. ~~Third-Party Administrative Oversight Visit~~

~~The PROC reviewed the report of the third-party Administrative Oversight Visit to the NPRC conducted by the accounting firm of Ray, Foley, Hensley & Company, PLLC, on September 25-26, 2012. The purpose of the administrative oversight visit is to ensure~~

that the AICPA Peer Review Program is being administered in accordance with guidance as issued by the AICPA Peer Review Board. The PROC also reviewed the AICPA's written response to the oversight visit report.

B.A. Compliance Assurance Committee (CAC)

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. The NASBA CAC provides oversight of the NPRC.

The PROC has continued to work with the CAC to develop a process to provide oversight to the NPRC, including participation in CAC conference calls.

The CAC agreed to provide the PROC with a copy of its second Annual Oversight Report, and the Annual Oversight Report on the AICPA Peer Review Program for the NPRC. The PROC will review these reports once they are received from the CAC. The CAC is also exploring options for allowing PROC members to observe CAC meetings.

The PROC reviewed a summary of the CAC meeting held on June 26, 2014 and two PROC members observed the September 10, 2014 CAC meeting via teleconference.

B. NASBA CAC Report on the AICPA NPRC

The PROC reviewed the NASBA CAC Report on the AICPA NPRC dated March 31, 2014. During the period November 1, 2011 through October 31, 2012 two former state board members sat as members on the NPRC. These members participated in 18 of the 25 RAB meetings held during this time period which represented 72 percent of the total RABs.

Based on the oral reports provided at each CAC meeting by the NASBA representatives serving as members on the NPRC, as well as reviewing the comprehensive oversight report prepared by the NPRC and the administrative oversight report issued by a third party on October 26, 2012, the CAC is satisfied and can report that the NPRC has operated appropriately for the period of November 1, 2011 to October 31, 2013.

iv. Other State Societies

Most California-licensed firms use CalCPA or NPRC to administer their peer reviews. There are some California-licensed firms that have their peer reviews administered by AICPA administering entities other than CalCPA and NPRC, meaning out-of-state CPA societies.

The PROC will review the AICPA oversight visit report and the state PROC's annual report, if available, for a selection of out-of-state administrative entities each year. All AICPA Oversight Visit Reports are reviewed and accepted by the AICPA PRB Oversight Task Force (OTF)

c. Other Activities

i. NASBA PROC Summit

The PROC Summit is a conference held by the NASBA CAC every other year to support and promote Peer Review Oversight as a critical and valuable practice for all Boards of

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Accountancy. The conference is intended to assist Boards in learning how to establish a new PROC and also share experiences among existing PROCs to help each Board be more effective with Peer Review Oversight. Sessions and content are formed based on the most requested information by Accountancy Board Members and PROC Members considering the goals and objectives of the CAC. A PROC Summit was not held in 2014. The first NASBA PROC Summit was held in 2011. The PROC did not participate in the NASBA PROC Summit due to out-of-state travel restrictions.

The second NASBA PROC Summit was held on July 10, 2013 in Nashville, TN. The PROC Vice Chair participated via webcast. Additionally, the PROC submitted an issue paper on how failed peer reviews are treated by the CBA and submitted 13 questions for consideration and discussion by the CAC and participants of the Summit.

X. Findings

Based on PROC members' attendance at the various peer review bodies' meetings cited in this report, the PROC offers the following findings to the CBA.

AICPA

The PROC found the AICPA PRB to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. Members found the agenda items for the meetings to be relevant and appropriate, and PRB members to execute their duties in a knowledgeable and professional manner understanding the importance of the peer review program to the accounting profession and the public that it serves. have well-prepared materials, and good communication of meeting expectations as well as administration of peer review standards and processes. The PRB is a very high level technical group that is extremely knowledgeable and focused in dealing with peer review issues.

In 2014, the U.S. Department of Labor (DOL) requested that the AICPA verify that all public accounting firms conducting audits of pension plans under the Employee Retirement Income Security Act (ERISA) were enrolled in peer review. The AICPA conducted a matching program and determined that some firms may not have appropriately identified the performance of ERISA pension plan audits prior to the completion of the firm's peer review. As such, these types of engagements may not have been reviewed during the peer review.

The AICPA was found to be responsive to the DOL's concerns. The AICPA PRB approved new guidance requiring that an administrative entity "recall its acceptance letter when notified by staff that the peer review report is not correct in all material respects. The peer review information and peer review documents must be removed from view on Facilitated State Board Access, and the administering entity must notify the application state board(s) of accountancy of information allowed by the guidance."

CaICPA

The PROC found the CaICPA PRC met expectations concerning knowledge of peer review acceptance procedures and corrective/monitoring actions.

Through participation in five four RAB meetings, the PROC found was impressed with how RAB members met expectations concerning knowledge of discussed the issues and came to

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~~conclusions. It was also noted that RAB members commented on technical and procedural matters for further discussion at the semi-annual PRC meetings.~~

NPRC

~~In ~~2014~~2013, the PROC was successful in working with the CAC to develop a process for providing an appropriate level of oversight to the NPRC. Beginning in 2014, the PROC will began participating in CAC meetings and reviewing summaries of CAC meetings not open to PROC members, in addition to reviewing annual oversight and administrative sight visit reports prepared by the AICPA and the CAC.~~

XI. Conclusions

Based on its oversight activities, the PROC concluded that the AICPA Peer Review Program, including its administering entities, CalCPA and NPRC, function effectively. The PROC recommends that the CBA continue to recognize the American Institute of Certified Public Accountants as a peer review program provider.



Attachment 2

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CALIFORNIA BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE

2014 Annual Report



Table of Contents

I. Message from the Committee Chair 1

II. Background ~~21~~

III. PROC Responsibilities 2

IV. Committee Members ~~32~~

V. Legislation and Regulations 3

VI. Reporting Requirements ~~43~~

VII. Statistics 4

~~VIII.~~ Peer Review Voluntary Survey ~~5~~

~~VIII+X.~~ Board-recognized Peer Review Program Providers ~~65~~

IX. Activities and Accomplishments ~~75~~

X~~1~~. Findings..... ~~1110~~

XII. Conclusions ~~1211~~

Appendices

A. Peer Review Report to the Legislature

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I. Message from the Committee Chair

I am proud to present the 2013 Annual Report of the Peer Review Oversight Committee (PROC) to the California Board of Accountancy (CBA). As we wrap up our third year, I am pleased to report that the PROC has again made significant progress in providing oversight to California's mandatory peer review program.

One of our most crucial goals was achieved this year. We were successful in working with the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) to provide an appropriate level of oversight to the National Peer Review Committee (NPRC). The NPRC administers peer reviews to the largest accounting firms in the country who also have significant impact on the public interest. So it was a huge accomplishment to learn that the leadership of NASBA agreed to allow State PROCs to participate in conference calls conducted by the CAC during which the CAC will discuss many important topics of interest to the PROC, including oversight of the NPRC. This oversight is necessary to ensure that the NPRC is administering peer reviews in accordance with the standards set by the American Institute of Certified Public Accountants (AICPA).

The PROC also implemented a procedure for providing oversight to AICPA's administering entities in other states that administer peer reviews to California-licensed accounting firms. This year the PROC reviewed the AICPA's oversight reports for Nevada, Oregon, Texas, and New York; each of these states administered at least ten peer reviews to California-licensed firms.

Of course, the PROC continues to provide a comprehensive level of oversight to the California Society of Certified Public Accountants (CalCPA), the administering entity responsible for administering peer reviews to the vast majority of accounting firms in California.

In summary, the PROC has now installed processes and procedures to oversight administering entities which accept peer reviews of California firms, regardless if the administering entity is located in-state, out-of-state, or in a nation-wide basis. This far-reaching objective was established at the onset of the PROC. It is extremely fulfilling to me and the PROC members to reach this milestone.

As always, I would like to thank the CBA members for the continued direction and support of the PROC and its mission. I would like to thank the PROC members for another year of dedication and resolve; we would not have made these significant strides without their unending commitment.

Nancy J. Corrigan Robert Lee, CPA
Committee Chair

II. Background

In 2009, the CBA sponsored Assembly Bill 138 (AB 138) implementing mandatory peer review. AB 138 was signed by Governor Arnold Schwarzenegger and became effective on January 1, 2010, requiring all California licensed firms providing accounting and auditing services, including sole proprietorships, to undergo a peer review once every three years as a condition of license renewal. Effective January 1, 2012, Senate Bill 543 removed the sunset language concerning mandatory peer review, making mandatory peer review permanent in California.

Peer review is defined as the study of a firm's accounting and auditing practice by an independent Certified Public Accountant (CPA) using professional standards, the purpose of which is to promote quality in the accounting and auditing services provided by CPAs.

III. PROC Responsibilities

The PROC derives its authority from Business and Professions Code (BPC) section 5076.1. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The roles and responsibilities of the PROC are:

- Hold meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensure that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in Title 16, California Code of Regulations (CCR) section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.
 - Attend, on a regular basis, peer reviewer training courses.
- Evaluate any *Application to Become A Board-recognized Peer Review Provider* and recommend approval or denial to the CBA.
- Refer to the CBA any Provider that fails to respond to any request.
- Collect and analyze statistical monitoring and reporting data from each Provider on an annual basis.
- Prepare an Annual Report to the CBA regarding the results of its oversight.

IV. Committee Members

The PROC is comprised of seven members, all of whom must possess and maintain a valid and active license to practice public accountancy issued by the CBA. Members are appointed to two-year terms and may serve a maximum of four consecutive terms.

~~In 2012, five of the seven PROC members were reappointed to the PROC for their second term. In order to address succession planning concerns, to create varying member term expiration dates, and to allow new members to be appointed to the PROC, two members were rotated from the PROC. Further, the position of Vice Chair was created and Robert Lee was appointed. His term as the Vice Chair expired on December 31, 2013, and Sherry McCoy was appointed Vice Chair effective January 1, 2014. Nancy Corrigan was reappointed as the Chair for another year. Jeffrey DeLyser was appointed to the PROC on March 21, 2013.~~

~~On May 30, 2014, Robert Lee was appointed Chair of the PROC. Ms. McCoy was selected as the Vice Chair.~~

<u>Current members:</u>	<u>Term Expiration Date:</u>
Robert Lee, CPA, Chair Vice Chair , 2nd	September 30 May 24 , 2015
Sherry McCoy, CPA, Vice Chair , 2nd	July 31 May 24 , 2015
Katherine Allanson, CPA, 2nd	July 31 May 24 , 2015
Nancy J. Corrigan, CPA, 2nd	July 31 May 24 , 2015
Jeffrey DeLyser, CPA, 1st	March 31 24 , 2015
Seid Sadat, CPA, 2nd	July 31 May 24 , 2015
Vacant	

V. Legislation and Regulations

Effective January 1, 2013, BPC section 5076 was amended to allow licensees to renew their license into an inactive status without having a peer review. A peer review is required prior to the licensee converting or renewing back to an active status.

Effective January 1, 2014, Title 16, California Code of Regulations (CCR) sections 40 and 45 were amended requiring licensees to report specific peer review information on the Peer Review Reporting Form at the time of license renewal. The revised language also clarifies that any firm that performs specific services for the first time, whether it is newly licensed or simply new to performing those services, must complete a peer review within 18 months of the date it completes those services.

~~The three-year phase-in period for peer review reporting ended on July 1, 2013, which was the deadline for the last group of licensees to submit the Peer Review Reporting Form. As noted above, beginning in 2014, Peer Review Reporting Forms will be submitted with the licensee's license renewal application.~~

VI. Reporting Requirements

Pursuant to BPC section 5076(n)(1), the CBA is required to provide the Legislature and Governor with a report regarding the peer review requirements that include, without limitation:

- The number of peer review reports completed to date and the number of substandard peer review reports which were submitted to the board.
- The number of enforcement actions that were initiated as a result of an investigation of a failed peer review report.
- The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.
- The extent to which mandatory peer review of accounting firms enhances consumer protection.
- The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.
- A recommendation as to whether the mandatory peer review program should continue.
- The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.
- The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.
- The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.
- A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

In keeping with its purpose, the PROC ~~assisted is willing to assist~~ the CBA in ~~any way necessary in~~ preparing the report that is due to the Legislature and Governor on January 1, 2015. ~~CBA staff will commence drafting the report in calendar year 2014. A copy of the report submitted is attached as Appendix A.~~

VII. Statistics

The following statistics provide perspective on the size of the peer review program in California.

With the implementation of mandatory peer review, all licensees are required to submit a Peer Review Reporting Form (Form PR-1(1/12)) to the CBA on the following schedule:

- Licensees with a license number ending in 01-33 by July 1, 2011;
- Licensees with a license number ending in 34-66 by July 1, 2012;
- Licensees with a license number ending in 67-00 by July 1, 2013.

The chart below displays information gathered by the CBA during the three-year phase in period. Licensees used the Peer Review Report Form to self-report whether or not they operate as a firm, and if so, whether the firm is subject to peer review.

Peer Review Reporting Forms Received by the CBA*						
License Ends In	Reporting Date	Firms Requiring Peer Review	Firms Not Requiring Peer Review	Licensees Not Operating as a Firm	Total	Licensees That Have Not Reported
01-33	July 1, 2011	2,605	4,301	15,757	22,663	51
34-66	July 1, 2012	2,144	4,006	13,122	19,272	101
67-00	July 1, 2013	1,993	3,882	14,043	19,918	1,046
Total		6,742	12,189	42,922	61,853	1,198

*Data as of December 31, 2013.

As mentioned on page 3, Section V, the three-year phase in implementation period ended on July 1, 2013, and the information depicted in the above table will no longer be available. Instead, licensees will report their peer review information at the time of license renewal.

The data in the following table reflects the number of peer review reports accepted by the CalCPA from in 2011, 2012, and 2013 through 2014. The CalCPA administers the largest portion of peer reviews to California-licensed firms.

Peer Review Reports Accepted by the CalCPA*					
Type of Review	2011	2012	2013	2014	Total
System	406	648	517		1,571
Engagement	870	1,253	1,184		3,307
Total	1,276	1,901	1,701		4,878

*Data received from CalCPA as of December 31, 2014-2013.

The table does not include statistics for peer reviews accepted by the NPRC or out-of-state administering entities.

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VIII. Board-recognized Peer Review Program Providers

a. AICPA

The AICPA is currently the only Board-recognized Peer Review Program Provider. Through regulation, the CBA established that the AICPA Peer Review Program meets the standards outlined in CCR section 48. Further, the CBA accepts all AICPA-approved entities authorized to administer the AICPA Peer Review Program. ~~At present, there are 42 administering entities.~~

The Peer Review Program provides for a triennial review of a firm's accounting and auditing services performed by a peer reviewer who is unaffiliated with the firm being reviewed to ensure work performed conforms to professional standards. There are two types of peer reviews. System reviews are designed for firms that perform audits or other similar engagements. Engagement reviews are for firms that do not perform audits but perform other accounting work such as compilations and/or reviews. Firms can receive a rating of pass, pass with deficiency, or fail. Firms that receive ratings of pass with deficiency or fail must perform corrective actions.

i. CalCPA

CalCPA administers the AICPA Peer Review Program in California. As the administering entity, CalCPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's *Standards*. The CalCPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews.

ii. NPRC

The AICPA also administers a peer review program through the NPRC firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB) or perform audits of non-Securities and Exchange Commission (SEC) issuers pursuant to the standards of the PCAOB. The NASBA CAC provides oversight of the NPRC.

iii. Other State Societies

California-licensed accountancy firms with their main office located in another state are required to have their peer review administered by AICPA's administering entity for that state. In most cases, the administering entity is the state CPA society in that state.

IX. Activities and Accomplishments

Following are the salient activities and accomplishments of the PROC during ~~2014~~2013.

a. Administrative Functions

i. Committee Meetings

The PROC holds meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.

The PROC held four meetings as follows:

- ~~January 31, 2014 – Berkeley~~ ~~February 22, 2013 – Glendale~~
- ~~May 2, 2014 – Los Angeles~~ ~~June 21, 2013 – Sacramento~~
- ~~August 22, 2014 – Sacramento~~ ~~August 23, 2013 – Ontario~~
- ~~December 10, 2014 – San Diego~~ ~~November 1, 2013 – Sacramento~~

The PROC Chair attended six CBA meetings to report on PROC activities, ~~one of which was prepared by and reported on by the PROC Vice Chair.~~

~~ii. PROC Procedures Manual~~

~~The PROC updated its Procedures Manual which outlines specific procedures and processes to fulfill its duties. Updates include procedures for providing oversight of other states' peer review programs, an updated copy of the AICPA's Glossary of Terms, Acronyms, and Abbreviations, a revised organizational chart, the removal of the Summary of Sample Reviews checklist, and the addition of the Summary of Oversight of Out-of-State Administering Entities checklist.~~

~~iii.ii. Oversight Checklists~~

The PROC developed oversight checklists which serve to document the members' findings and conclusions after specific oversight activity. Members submit the completed checklists to the CBA for future reference.

The following new checklist ~~is being developed~~ ~~was created~~ to track oversight activities:

- ~~Summary of Compliance Assurance Committee Meeting~~

Checklists previously developed include:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training Course
- Peer Review Board Meeting Checklist
- Peer Review Program Provider Checklist
- Summary of Oversight of Out-of-State Peer Review Administering Entity (~~Appendix C~~)

The checklists are part of the PROC Procedures Manual. Additional checklists will be developed if deemed necessary.

~~iv.iii. Approval of Board-recognized Peer Review Program Providers~~

At such time that the CBA receives an Application to Become a Board-recognized Peer Review Program Provider, the PROC will review the application and documentation and determine if the program meets the requirements outlined in Title 16, CCR section 48. Based on the review, the PROC will provide a recommendation to the CBA that the application be approved or denied.

The Peer Review Program Provider Checklist is used to evaluate applications.

~~v.iv. Withdrawal of Board Recognition of a Peer Review Program Provider~~

The PROC has not made any recommendations to the CBA concerning the withdrawal of Board recognition of a peer review program provider.

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b. Program Oversight

The PROC is charged with providing oversight of all Board-recognized peer review program providers to ensure that peer reviews are being administered in accordance with the standards adopted by the CBA.

During ~~2014~~~~2013~~, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and its administering entities in California, the CalCPA and the NPRC.

i. AICPA

A. AICPA Peer Review Board

The AICPA PRB is responsible for maintaining, furthering and governing the activities of the Program, including the issuance of peer review standards, and peer review guidance, while being mindful of the profession's covenant to serve the public interest with integrity and objectivity. The PRB holds four meetings per year.

During ~~2014~~~~2013~~, ~~one to two~~ PROC members observed ~~all of the three of the four~~ PRB meetings:

- January ~~30, 2014 – conference call~~ ~~25, 2013 – in-person~~
- May ~~13, 2014~~ ~~7, 2013~~ – conference call
- ~~August 6, 2014~~ ~~14, 2013~~ – conference call
- ~~September 10, 2014 – conference call~~
- ~~November 14, 2014 – conference call~~

B. AICPA Peer Review Program Annual Report on Oversight

The AICPA Annual Report on Oversight provides a general overview, statistics and information; the results of the various oversight procedures performed on the AICPA Peer Review Program; and concludes on whether the objectives of the oversight process were met.

The PROC reviewed the report issued on September 27, 2013, for the calendar year 2012. Based on the oversight procedures performed, the AICPA Oversight Task Force concluded that in all material respects (1) the administering entities were complying with the administrative procedures established by the Peer Review Board, (2) the reviews were being conducted and reported upon in accordance with standards, (3) the results of the reviews were being evaluated on a consistent basis by all administering entities and peer review committees, and (4) the information provided via the Internet or other media by administering entities was accurate and timely.

ii. CalCPA

A. Peer Review Committee

The CalCPA Peer Review Committee (PRC) is responsible for ensuring that the peer review program is performed in accordance with the standards and guidance issued by the AICPA's PRB. The PRC meets in person twice a year. PROC members observe how the PRC executes its duties in the meeting to determine whether or not this aspect of the peer review process is operating effectively in the State of California.

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During ~~2014-2013~~, ~~two~~ PROC members attended each of the following PRC meetings:

- May ~~22-23, 2014~~ ~~9-10, 2013~~ – ~~Dana Point San Diego~~
- November ~~20-21, 2014~~ ~~21-22, 2013~~ – Yountville

B. Report Acceptance Body (RAB)

The CalCPA holds multiple RAB meetings per year. The RAB meetings generally occur via conference call. RAB members review and present the peer review reports subject to discussion on a general call. PROC members observe how the RAB executes its duties in the meeting to determine whether the peer review process is operating effectively in the state of California.

During ~~2014-2013~~, ~~one to two~~ PROC members observed each of the following RAB meetings via teleconference or in person:

- ~~February 25, 2014, - conference call~~ ~~May 9, 2013 – in person~~
- ~~March 19, 2014, August 21, 2013~~ – conference call
- ~~May 22, 2014 – in person~~
- September ~~23, 2014~~ ~~24, 2013~~ – conference call
- November ~~20, 2014~~ ~~22, 2013~~ – in person

C. Administrative Site Visit

The PROC is charged with conducting, at a minimum, an annual Administrative Site Visit of each Provider to determine if the Provider is administering peer reviews in accordance with the standards adopted by the CBA.

On ~~July 29, 2014~~ ~~May 15-16, 2013~~, the PROC reviewed the CalCPA's administration of the AICPA's Peer Review Program as part of the oversight program for the CBA. As an administering entity, CalCPA is responsible for administering the AICPA Peer Review Program in compliance with the AICPA *Standards for Performing and Reporting on Peer Reviews*, interpretations, and other guidance established by the board. The PROC's responsibility is to determine whether the peer review program complies with the Minimum Requirements for a Peer Review Program, pursuant to Title 16, CCR, section 48.

The following procedures were performed as part of the PROC's oversight responsibilities:

- Reviewed policies and procedures utilized by CalCPA to govern its peer review program process;
- Read correspondence and other available documentation from other oversight activities performed at CalCPA;
- Reviewed the Report Acceptance Body assignment binder;
- Selected a sample of peer review reports and associated files for review;
- Discussed the peer review committee member and individual peer reviewer qualifications process with CalCPA personnel and select a sample for inspection of resumes and other documentation.

Based on the results of the procedures performed, the PROC concluded that the CalCPA has complied with the Minimum Requirements for a Peer Review Program.

D. Sample Reviews

This oversight activity was completed on ~~July 29, 2014~~ ~~May 15-16, 2013~~, in conjunction with the administrative site visit.

E. Peer Reviewer Training

The PROC is responsible for ensuring that peer review providers develop a training program designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

The CalCPA Education Foundation offers two types of peer reviewer trainings. A two-day course for new peer reviewers and a one-day refresher course are offered each year.

During ~~2014~~ ~~2013~~, PROC members attended the one-day training course *AICPA's Advanced Workshop: Practical Guidance for Peer Reviewers- AICPA Peer Review Program Advanced Course* on May ~~21, 2014~~ ~~8, 2013~~ and ~~July 25, 2013~~. ~~A PROC member attended the two-day training course *How to Conduct a Review Under The AICPA Practice Monitoring Program* on June 26-27, 2014.~~

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F. CalCPA Annual Report on Oversight

The AICPA requires that each administering entity perform oversight of their peer review program every other year, alternating with the year that AICPA conducts its oversight visit. CalCPA's Peer Review Administrative Committee (PRAC) monitors the oversight process. Each member of the PRAC has been approved by the Council of CalCPA and has current audit experience.

The PROC reviewed the CalCPA Peer Review Program Annual Report on Oversight for Calendar Year ~~2014~~. The oversight report summarizes the results of the mandated oversight of ~~two percent~~ ~~2%~~ of all reviews processed during the year, and verification of the resumes and continuing professional education of one third of peer reviewers. For peer reviews conducted in ~~2014~~, ~~1913~~ system reviews and ~~2142~~ engagement reviews were subject to the oversight process. ~~Fifty-four~~ ~~Sixty-one~~ of ~~156~~ ~~129~~ peer reviewer's resumes were verified by CalCPA.

G. AICPA Oversight Visit Report of CalCPA

~~In years when the AICPA Peer Review Board does not perform oversight of the CalCPA, a member of the CalCPA Peer Review Committee performs an administrative oversight.~~

~~The PROC reviewed the report of the Administrative Oversight Visit to the CalCPA conducted by PRC Chair David E. Vaughn, CPA on December 3, 2013. The report had no findings or recommendations for the administration of the program.~~

~~The AICPA conducted an oversight visit of CalCPA on November 14-16, 2012. The AICPA Oversight Visit Report was issued on November 16, 2012, and accepted by the AICPA PRB Oversight Task Force on May 6, 2013. The next oversight visit will be conducted in 2014.~~

~~The PROC reviewed the report which concluded that CalCPA has complied with the administrative procedures and standards in all material respects as established by the board.~~

iii. NPREC

A. Third-Party Administrative Oversight Visit

The PROC reviewed the report of the third-party Administrative Oversight Visit to the NPREC conducted by the accounting firm of Ray, Foley, Hensley & Company, PLLC, on September 25-26, 2012. The purpose of the administrative oversight visit is to ensure that the AICPA Peer Review Program is being administered in accordance with guidance as issued by the AICPA Peer Review Board. The PROC also reviewed the AICPA's written response to the oversight visit report.

B.A. Compliance Assurance Committee (CAC)

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. The NASBA CAC provides oversight of the NPREC.

The PROC has continued to work with the CAC to develop a process to provide oversight to the NPREC, including participation in CAC conference calls.

The CAC agreed to provide the PROC with a copy of its second Annual Oversight Report, and the Annual Oversight Report on the AICPA Peer Review Program for the NPREC. The PROC will review these reports once they are received from the CAC. The CAC is also exploring options for allowing PROC members to observe CAC meetings.

The PROC reviewed a summary of the CAC meeting held on June 26, 2014 and two PROC members observed the September 10, 2014 CAC meeting via teleconference.

B. NASBA CAC Report on the AICPA NPREC

The PROC reviewed the NASBA CAC Report on the AICPA NPREC dated March 31, 2014. During the period November 1, 2011 through October 31, 2012 two former state board members sat as members on the NPREC. These members participated in 18 of the 25 RAB meetings held during this time period which represented 72 percent of the total RABs.

Based on the oral reports provided at each CAC meeting by the NASBA representatives serving as members on the NPREC, as well as reviewing the comprehensive oversight report prepared by the NPREC and the administrative oversight report issued by a third party on October 26, 2012, the CAC is satisfied and can report that the NPREC has operated appropriately for the period of November 1, 2011 to October 31, 2013.

iv. Other State Societies

Most California-licensed firms use CalCPA or NPREC to administer their peer reviews. There are some California-licensed firms that have their peer reviews administered by AICPA administering entities other than CalCPA and NPREC, meaning out-of-state CPA societies.

The PROC will review the AICPA oversight visit report and the state PROC's annual report, if available, for a selection of out-of-state administrative entities each year. All AICPA

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Oversight Visit Reports are reviewed and accepted by the AICPA PRB Oversight Task Force (OTF)

c. Other Activities

i. NASBA PROC Summit

The PROC Summit is a conference held by the NASBA CAC every other year to support and promote Peer Review Oversight as a critical and valuable practice for all Boards of Accountancy. The conference is intended to assist Boards in learning how to establish a new PROC and also share experiences among existing PROCs to help each Board be more effective with Peer Review Oversight. Sessions and content are formed based on the most requested information by Accountancy Board Members and PROC Members considering the goals and objectives of the CAC. A PROC Summit was not held in 2014. The first NASBA PROC Summit was held in 2011. The PROC did not participate in the NASBA PROC Summit due to out-of-state travel restrictions.

The second NASBA PROC Summit was held on July 10, 2013 in Nashville, TN. The PROC Vice-Chair participated via webcast. Additionally, the PROC submitted an issue paper on how failed peer reviews are treated by the CBA and submitted 13 questions for consideration and discussion by the CAC and participants of the Summit.

X. Findings

Based on PROC members' attendance at the various peer review bodies' meetings cited in this report, the PROC offers the following findings to the CBA.

AICPA

The PROC found the AICPA PRB to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. Members found the agenda items for the meetings to be relevant and appropriate, and PRB members to execute their duties in a knowledgeable and professional manner understanding the importance of the peer review program to the accounting profession and the public that it serves. have well-prepared materials, and good communication of meeting expectations as well as administration of peer review standards and processes. The PRB is a very high level technical group that is extremely knowledgeable and focused in dealing with peer review issues.

In 2014, the U.S. Department of Labor (DOL) requested that the AICPA verify that all public accounting firms conducting audits of pension plans under the Employee Retirement Income Security Act (ERISA) were enrolled in peer review. The AICPA conducted a matching program and determined that some firms may not have appropriately identified the performance of ERISA pension plan audits prior to the completion of the firm's peer review. As such, these types of engagements may not have been reviewed during the peer review.

The AICPA was found to be responsive to the DOL's concerns. The AICPA PRB approved new guidance requiring that an administrative entity "recall its acceptance letter when notified by staff that the peer review report is not correct in all material respects. The peer review information and peer review documents must be removed from view on Facilitated State Board Access, and the administering entity must notify the application state board(s) of accountancy of information allowed by the guidance."

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CalCPA

The PROC found the CalCPA PRC met expectations concerning knowledge of peer review acceptance procedures and corrective/monitoring actions.

Through participation in ~~five~~ four RAB meetings, the PROC ~~found~~ was impressed with how RAB members ~~met expectations concerning knowledge of~~ discussed the issues and came to conclusions. It was also noted that RAB members commented on technical and procedural matters for further discussion at the semi-annual PRC meetings.

NPRC

In ~~2014~~ 2013, the PROC ~~was successful in working with the CAC to develop a process for providing an appropriate level of oversight to the NPRC.~~ Beginning in 2014, the PROC will began participating in CAC meetings and reviewing summaries of CAC meetings not open to PROC members. in addition to reviewing annual oversight and administrative sight visit reports prepared by the AICPA and the CAC.

XI. Conclusions

Based on its oversight activities, the PROC concluded that the AICPA Peer Review Program, including its administering entities, CalCPA and NPRC, function effectively. The PROC recommends that the CBA continue to recognize the American Institute of Certified Public Accountants as a peer review program provider.



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PROC Item V.B.
December 10, 2014

Discussion Regarding the CAC PROC Resources Webpage Including the Review of Checklists and Templates

Presented by: Rafael Ixta, Enforcement Chief

Date: November 26, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) members with information on the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) PROC Resources webpage.

Action(s) Needed

This agenda item is informational in nature; however, it is requested that the PROC review the information provided on NASBA's CAC PROC Resources webpage in advance of the meeting to determine if any of the material would be beneficial to the California PROC.

Background

The CAC established the PROC Resources webpage to promote the peer review program by offering a central location for reports, training, and peer review implementation tools and guidelines.

Comments

The PROC Resources webpage is located on the NASBA website at: <http://nasba.org/mc/committees/complianceassurance/peerreviewoversightcommitteeresources/>. The webpage has links to the following items:

- Annual State PROC Reports
 - 2013 Reports: California, Arizona, Oklahoma and Virginia and Minnesota
 - 2012 Reports: California, Minnesota, Texas, Kansas, New York, Virginia, Oregon, and Oklahoma
- Training Modules
 - The NASBA Guide to Developing a PROC (three modules) and the NASBA Guide to Operating a PROC (two modules) are available. The modules provide the steps and guidance necessary for setting up a PROC, as well as recommendations, tips and tools for operating and managing the process.

Discussion Regarding the CAC PROC Resources Webpage Including the Review of Checklists and Templates

Page 2 of 2

- Peer Review Process Video
 - Jim Brackens, Vice President of Ethics and Practice Quality, American Institute of Certified Public Accountants, and Janice Gray, Chair, CAC, provide an oversight of the peer review process and why it is important to State Board members.
- Survey and Lists
 - The State PROC Directory for 2012-13, includes emails, telephone numbers, and term expiration dates for PROC members nationwide.
 - The 2009 PROC Survey Responses (**Attachment 1**).
 - The 2012 PROC Survey Responses (**Attachment 2**).
- Checklists and Templates
 - Summary of Peer Review Committee Meeting: CBA staff has verified that the PROC's Summary of Peer Review Committee Meeting checklist is more extensive than the CAC template checklist.
 - Summary of Report Acceptance Body Meeting: CBA staff has verified that the template checklist (**Attachment 3**) is more extensive than the PROCs checklist (**Attachment 4**). Members are encouraged to review the CAC template checklist to determine if updates should be made to the PROC's checklist.
- CAC Meeting Summaries
 - The summary of the June 26, 2014 CAC meeting is available. This summary was provided to the PROC at its August 22, 2014 meeting.
- Various Oversight Reports
 - 2012 AICPA Peer Review Program Annual Report on Oversight.
 - 2013 AICPA Peer Review Program Annual Report on Oversight.
 - CAC's 2011-13 Report on AICPA NPRC.

The PROC has been provided with and discussed these reports at past meetings.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachments

1. 2009 PROC Survey Responses
2. 2012 PROC Survey Responses
3. CAC Template Checklist – Summary of Report Acceptance Body Meeting
4. PROC Summary of Peer Review Subcommittee Meeting

2009
PROC
Survey
Responses

NASBA

- ✓ IDAHO
 - ✓ KANSAS
 - ✓ LOUISIANA
 - ✓ MISSISSIPPI
 - ✓ MISSOURI
 - ✓ OHIO
 - ✓ OKLAHOMA
 - ✓ OREGON
 - ✓ SOUTH CAROLINA
 - ✓ TENNESSEE
 - ✓ TEXAS
 - ✓ WASHINGTON
-

IDAHO

- All members are practicing CPA's with active licenses, with firms that undergo PR.
- Two are former State Board members and have peer review experience.
- Current state board members cannot serve on the PROC.
- ~~PROC convenes once~~ a year and members do not regularly attend Society PR Committee or RAB Sessions.
- PROC reviews all modified and adverse PR's and monitors the follow-up actions.
- Each member performs 11 to 20 hours per year service.
- Volunteers - no compensation. Expenses are reimbursed.
- Annual total costs to the board, approx. \$2,000.
- No annual report is issued by the PROC to the State Board.
- No confidentiality agreement entered into.
- No alternative practice monitoring program for firms not enrolled in the AICPA's PR program.
- State Board staff liaison: Sue Lenon

IDAHO COMMITTEE MEMBERS

Scott Dockins, CPA (chair) <i>Member since 7/01/98</i> Term: 7/01/07 through 6/30/10	Presnell Gage 609 S. Washington, Ste 202 Moscow, ID 83843	Phone: (208) 882-2211
Leonard Hodge, CPA <i>Member since 9/29/05</i> Term: 7/01/05 through 6/30/09	Magnuson McHugh & Co. P.O. Box 1379 Coeur D'Alene, ID 83816	Phone: (208) 765-9500
Cheryl Guiddy, CPA <i>Member since 10/1/03</i> Term: 7/01/06 through 6/30/09	Harris & Co., PA 2424 Bank Dr. Boise, ID 83705-2584	Phone: (208) 333-8965
Jerry Tarter, LPA <i>Member since 7/01/98</i> Term: 7/01/07 through 6/30/10	Tarter and Assoc. P.O. Box 15588 Boise, ID 83715	Phone: (208) 336-9449
Daniel Fox, CPA <i>Member since 7/01/08</i> Term: 7/01/08 through 6/30/13	1008 N 20 th St. Boise, ID 83702	Phone: (208) 407-8120
Gary H. Teuscher, CPA <i>Member since 7/01/08</i> Term: 7/01/08 through 6/30/13	110 N 8 th Montpelier, ID 83254-1479	Phone: (208) 847-2601
Tom Jones, CPA <i>Member since 12/11/02</i> Term: 7/01/08 through 6/30/13	Jones Frances Basterrechea Brush 714 Main St Gooding, ID 83330.	Phone: (208) 934-8411
Board Liaison: Charles W Clark, CPA Term: 7/01/08 through 6/30/13	Deaton & Co CHTD 215 N 9th Ste A Pocatello, ID 83201	Phone: (208) 232-5825

KANSAS

- One licensed CPA in public practice with a working knowledge of peer review.
- He attends all phone conferences and one in person conference of the Society's Peer Review Committee. Issues a written report to the board annually stating specific areas reviewed including procedures covering administration of the program, qualifications of the technical reviewer and report acceptance body (RAB) members, minutes of RAB meetings and correspondence files.
- No compensation for the service. Expense reimbursement totals approximately \$250 per year.
- State Board staff liaison: Susan Somers

KANSAS COMMITTEE MEMBER

James (Jay) Cooper, CPA	Kirkpatrick, Sprecker & Co311 S Hillside Wichita, KS 67211-2195	Phone: (316) 685-1411
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LOUISIANA

- Two licensed CPA's retired from public practice, without peer review experience.
- Cannot be a current state board member, member of the AICPA or Society's Peer Review or Professional Conduct committees.
- Attend all phone conferences and one in person conference of the Society's Peer Review Committee.
- Each member performs 11 to 40 hours per year service.
Compensation: \$150 per hour plus expense reimbursement totals approximately \$6,000 per year
- No formal work program document.
- Issue a written report to the board annually. Summarizes PRC/RAB activities, states PRC members are proficient and program was conducted pursuant to PR Standards.
- Sign confidentiality agreements.
- No alternative practice monitoring program.
- State Board staff liaison: position is currently vacant / Michael Henderson, CPA

LOUISIANA COMMITTEE MEMBERS

Ronald Updegraff, CPA (ch)	147 Chateau Saint Michel Dr Kenner, LA 70065	Phone: (504) 466-3122
George Lewis, CPA	P O Box 61400 Lafayette, LA 70596	Phone: (337) 988-4930

MISSISSIPPI

- Three licensed CPA's with peer review experience. Maximum term of six years.
- Cannot be a current state board member, member of the AICPA or Society's Peer Review or Professional Conduct committees.
- Attend meetings of Society's Peer Review Committee.
- Each member performs 11 to 40 hours per year service.
- Compensation \$60 per hour (max \$2,400 per member) plus expense reimbursement.
- Formal work program document. Perform a detailed review of a small random sample (6) of peer reviews, after acceptance by the PR Committee.
- Issue an 18 page report to the board annually.
 - Statistical Summary of reviews on Mississippi firms
 - Describes:
 - AICPA oversight applied to MS PR Committee & staff
 - AICPA desk review process and that three MS reviews were selected and completed with no noted deficiencies
 - MSCPA PR Committee structure and their internal oversight procedures & conclusions
 - PROC's random sample of reviews
 - PROC's meeting with coordinator to review admin processes
 - Conclusion – “..can be relied upon..” and that reviews are being conducted and reported upon in accordance with *Standards*.
- Sign confidentiality agreements.
- No alternative practice monitoring program.
- State Board staff liaison: Cylinda Brown

MISSISSIPPI COMMITTEE MEMBERS

Darrell Galey, CPA (ch)	Piltz, Williams, LaRosa & Co P O Box 231 Biloxi, MS 39533-0231	Phone: (228) 374-4141
Lee Murphy, CPA	Horne, LLP P O Box 656 Grenada, MS 38902-0656	Phone: (601) 226-6779
Cecil Harper, CPA	Harper, Rains, Knight & Co 1052 Highland Colony Pkwy #100 Ridgeland, MS 39157	Phone: (601) 948-0784

MISSOURI

- Five licensed CPA's, some with peer review experience. No current state board service allowed. Have 5 yrs supervisory exp. in accounting & auditing with a firm receiving an unmodified report on its peer review.
- 3 Yr terms, maximum of 10 years.
- Simultaneous service on PROC and the Society's Peer Review Committee is allowed.
- Attend meetings of Society's Peer Review Committee.
- Relies upon the oversight processes conducted by Society PRC and the Peer Review Board, PROC does not perform additional oversight
- Provide the State Board with an accounting of annual verifications from firms that:
 - Members have met requisite competency requirements
 - Resident managers in MO of multi-office firms state they follow the same QC Policies of the firm that has been subjected to a PR
- Each member performs 11 to 40 hours per year service.
- Volunteers - no compensation. Expenses are reimbursed.
- Issue a written report to the board. No formal work program, responsibilities provided in board rules.
- Sign confidentiality agreements.
- No alternative practice monitoring program.
- State Board staff liaison: James O'Hallaron

MISSOURI COMMITTEE MEMBERS

Anthony Lynn, CPA	Davis, Lynn & Moots 3828 S. Avenue Springfield, MO 65807	Phone: (417) 882-0904
Eddie T Cato, CPA	Riley, Stubbs & Cato, LLC 304 N Walnut Dexter, MO 63841	Phone: (573) 624-5941
Stephen C Smith, CPA	Williams Keepers, LLC 2005 W Broadway #100 Columbia MO 65203	Phone: (573) 499-6809
Andy Lear, CPA	BKD, LLP PO Box 1190 Springfield, MO 65801	Phone: (417) 865-8701
Linda M Hill, CPA	Ernst & Young 190 Carondelet Plaza #1300 Clayton, MO 63105	Phone: (314) 290-1000

OHIO

- Two members; both are licensees, one is retired, one is a current member of the Ohio State Board and the other is a past member.
- Board staff attends meetings of Society's Peer Review Committee, PROC attends once a year. The Ohio SBA is proactive in making inquiries of firms after their 2nd modified or first adverse peer review.
- Each member performs 11 to 20 hours per year service.
- Ohio governor barred funding for all ancillary committees in a cost cutting measure. Current State Board member serving on the PROC receives \$20 per hour for his service, plus expense reimbursement. Volunteer participant cannot receive any compensation or expense reimbursement.
- Annual cost to the board is less than \$2,000.
- No annual report is issued by the PROC to the State Board, just verbal comments to the board concerning PR administration.
- Confidentiality agreement entered into.
- No alternative practice monitoring program for firms not enrolled in the AICPA's PR program.
- State Board staff liaison: Robert Joseph, Phd, CPA

OHIO COMMITTEE MEMBERS

Mark LaPlace, CPA (chair)	GBQ Holdings LLC 500 S Front Street #700 Columbus OH 43215	Phone: (614) 947-5258
Thomas Mulligan, CPA	1273 Carbone Drive Columbus, OH 43215	Phone: (614) 267-9142

OKLAHOMA

- Three CPA's, not all in public practice. Staggered three year terms. Responsibilities provided in board rules.
- Cannot be a current state board member, member of the AICPA or Society's Peer Review or Professional Conduct committees.
- Attend meetings of Society's Peer Review Committee.
- Each member performs 11 to 40 hours per year service.
- Compensation \$150 per hour.
- Issue a quarterly written report to the board.
 - Statistical information:
 - # of Modified reports and general comments of remedial acts imposed
 - On each adverse a specific evaluation of the remedial acts is presented
- Sign confidentiality agreements.
- No alternative practice monitoring program.
- State Board staff liaison: Colin Auten

OKLAHOMA COMMITTEE MEMBERS

Ann Fields, CPA (ch)	Heatherington & Fields 1515 E 71st Street #205 Tulsa, OK 74136-5039	Phone: (918) 496-1248
Jim Williamson	City of Oklahoma City 2000 E Post Oak Road Norman OK 73072-8519	Phone: (405) 297-2297
Tom McGuire, CPA	McGuire & Co P O Box 1605 Ardmore OK 73402-1605	Phone: (580) 223-8438

OREGON

- Six members currently. One member may be non-licensed, but with extensive exp. in preparing and/or using financial statements. PROC member's firm must be in good standing with an approved PR program. Three consecutive two-year terms, maximum.
- Cannot be a current state board member, member of the AICPA or Society's Peer Review or Professional Conduct committees.
- Attend some, but not all meetings of Society's Peer Review Committee, no advance documents received for review.
- Each member performs 11 to 40 hours per year service.
- Volunteers - no compensation. Expenses are reimbursed. Annual cost to the board is approx \$1,000.
- Issue a report to the board. No formal work program, responsibilities in board rules. Recommend approval/continuation based on the fact nothing has come to our attention
- Sign confidentiality agreements.
- No alternative practice monitoring program.
- State Board staff liaison: Joyce Everts
- One current board member, Jessie Bridgham, CPA is designated as liaison with the PROC.

OREGON COMMITTEE MEMBERS

Gerald Burns, CPA (ch)	835 E Main Street #C Medford OR 97504	Phone: (541) 840-0226
Donald New, PA	Dickey & Tremper LLP P O Box 1533 Pendleton OR 97801	Phone: (541) 276-6862
Bradley Bingenheimer, CPA	Boldt, Carlisle & Smith 480 Church Street SE Salem OR 97301	Phone: (503) 585-7751
Scott Daniels, CPA	AKT Limited Liab Ptrship 1011 Comercial St NE # 120 Salem OR 97301-1085	Phone: (503) 585-7774
Michael J Gavaza, CPA	Thompson Kessler Wiest & Broquist 111 SW Columbia 72 nd Ave Portland OR 97201	Phone: (503) 225-1612
Roy Rogers, CPA	Pauly Rogers & Company 12700 SW 72 nd Avenue Tigard OR 97223	Phone: (503) 620-2632

SOUTH CAROLINA

- One member, currently with prior peer review and RAB experience. Cannot be a current state board member or member of the State Society's Peer Review committee.
- Attend meetings of Society's Peer Review Committee with emphasis on consistent treatment of "state mandated" (non-members) firms' peer reviews.
- Member performs 30 to 40 hours per year service.
- Receives compensation of \$75 per hour, with a cap of \$5,000 per year. Expenses are reimbursed.
- No formal work program. Annual report issued to the board.
- Sign a confidentiality agreement.
- No alternative practice monitoring program, PR is in addition to the Board's Positive Enforcement program that conducts a review of audits of some public-interest entities.
- State Board staff liaison: Michael Teague

SOUTH CAROLINA COMMITTEE MEMBER

Jim M. Holloway, CPA	1420 Henderson Street Columbia SC 29201-3426	Phone: (803) 799-1890
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TENNESSEE

- Three members with peer review experience. Two are former SBA members. Two are current members of the TN Society's Report Acceptance Body (RAB).
- Attend meetings of Society's Peer Review Committee.
- Each member performs 11 to 40 hours per year service.
- Receive compensation of \$125 per hour with a maximum of \$5,000 per year. Expenses are reimbursed.
- Currently no formal work program or report issued to the board, but developing both.
- No alternative practice monitoring program (as of 1/1/09).
- State Board staff liaison: Gail York

TENNESSEE COMMITTEE MEMBERS

Art Sparks, CPA (ch)	Alexander Thompson Arnold 624 Reelfoot Ave Union City TN 37217	Phone: (731) 885-3661
Jim Michie, CPA.	2108 B Westwood Ave. Nashville TN 37212	Phone: (615) 383-8806
Charlie Millsaps, CPA.	1067 Constitution Dr Chattanooga TN 37405-4246	Phone (423) 756-2462

TEXAS

- Three members are licensed CPA's with peer review experience. None are former SBA members and cannot be current members of the AICPA or Society's Peer Review or Professional Conduct committees. Member's firm must have achieved a rating of Pass or unmodified from its last peer review.
- Attend meetings of the two approved sponsoring organizations.
- New checklists have been designed in 2009.
- Receive compensation of \$225 per hour, plus expenses are reimbursed. Estimated annual cost of \$40,000 +.
- Written report is issued to the board, annually.
- Sign a confidentiality agreement.
- Texas Board rules call for this oversight body to make an annual recommendation as to the qualifications of an approved sponsoring organization to continue as such. Oversight conducted on both programs administered by the Texas Society and NCCPAP. They conduct detailed reviews of 10% of all peer reviews administered by the Texas Society of CPA's and substantially all reviews of Texas firms that are conducted by NCCPAP.
 - Report describes sample selection criteria
 - Concludes the programs comply with *Standards* & recommends their continuation
- State Board staff liaison: Jean Keith

TEXAS COMMITTEE MEMBERS

J Mason Andres, CPA (ch)	Thomas & Thomas 701 Arkansas Blvd Texarkana TX 75502	Phone: (903) 831-3477
Gary Hoffman, CPA	1818 35th Street Galveston TX 77550	
Rebecca Teague, CPA	Vink Teague & Associates 550 JBJ Freeway #650 Dallas TX 75240-6217	Phone: (972)788-5315

WASHINGTON

- Three members, one with peer review experience. Current members are licensees, but not a requirement. One year terms, but no maximum stated.
- None are former SBA members. Members cannot be current members of the AICPA or the Society's Peer Review or Professional Conduct committees
- Attend meetings of Society's Peer Review Committee.
- Member performs 11 to 40 hours per year service.
- Receive compensation of \$120 per hour. Expenses are reimbursed. Expected total cost to board of \$7,500 annually.
- Formal work program and annual report (patterned after the ones from Mississippi).
- Sign a confidentiality agreement.
- A Quality Assurance Review program (QAR) remains as an alternative practice monitoring program but reduce it for compilation & review - only firms.
- State Board staff liaison: Jennifer Sciba

WASHINGTON COMMITTEE MEMBERS

Fred Shanafelt, CPA (ch)	21414 NE 67 th Redmond WA 98053	Phone: (425) 868-1489
Christine A. Bogard, CPA	2806 179 th Ave NE Redmond WA 98052	Phone: (425) 828-9420
Nina L. Gerbic, CPA	Dawson & Gerbic, LLP 2208 NW Market St #405 Seattle WA 98107	Phone: (206) 781-5095

2012 PROC Survey Responses

NASBA

- | | |
|-------------|----------------|
| 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

_____ Board of
Accountancy
Peer Review Oversight Committee

Summary of Report Acceptance Body Meeting

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Report Acceptance Body (RAB) meetings as further described in the PROC's operating guidelines. The RAB meetings generally occur via conference call. RAB members *are* provided with the materials needed to review and present the peer reports subject to discussion on a general call. The objective of this aspect of PROC oversight is to observe how the RAB executes its duties in the meeting and determine whether or not this aspect of the peer review program is operating effectively in the state of _____. These matters are then summarized and reported to the _____ Board of Accountancy as part of the PROC reporting.

Date of Meeting: _____

Number of reports discussed at the meeting: _____

EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION	YES	NO	N/A	COMMENTS
1. Do the RAB members appear knowledgeable about their responsibilities?				
2. Do the RAB members resolve inconsistencies and disagreements before accepting the reports?				
3. If inconsistencies and disagreements are not resolved, are alternative courses of action agreed to (including but not limited to further research of the unresolved matters with discussion planned to occur at a future meeting)?				

4. Are RAB members knowledgeable about:				
a. The technical aspects of their reviews, both peer review standards as well as general audit and accounting standards?				
b. Critical peer review issues and risk considerations (focus matters)?				
c. Industry specific issues (i.e. Requirements of ERISA, Government Audit standards/Regulations, etc.)?				
d. The differences in matters, findings, deficiencies and significant deficiencies?				
e. Appropriate types of reports?				
f. Circumstances for requiring revisions to review documents?				
g. Appropriateness of recommended corrective or monitoring actions?				
5. Are technical reviewers available during the meeting to address issues as they arise?				
6. Do technical reviewers appear knowledgeable about their function and responsibilities?				
7. Are technical reviews performed sufficiently timely after the review documents are submitted to the Peer Review Program?				

8. Are technical reviewers knowledgeable about:			
a. Treatment of engagements that fail to meet professional standards and implications for reporting?			
b. Review scope and (for system reviews) risk assessments?			
c. Appropriate forms and content of reports and response letters?			
d. Proper completion of MFC and FFC forms?			
e. Revisions to Peer Review documents?			
9. Were any specific problems or issues discussed?			
10. Does it appear that appropriate decisions were made regarding:			
a. Corrective or monitoring actions?			
b. Scope of the review?			
c. Revisions to review documents?			
d. Requests for extensions?			
e. Conclusions on any problem reviews?			

11. Based on your observations, were the RAB's discussions and their conclusions on the reviews presented reasonable?				
12. When performance issues are identified, does the RAB provide adequate feedback to Team Captains that aid in improving the peer review program?				
13. Comment regarding the overall evaluation of the technical aspects of the meeting content and discussion.				
EVALUATION OF THE GENERAL RAB MEETING PROCESS	YES	NO	N/A	COMMENTS
14. Was sufficient time allowed for discussion of each report or matter?				
15. Were there a required minimum number of committee members present?				
16. Was the nature of the discussion appropriate and were recommendations for courses of action reasonable for the reports discussed? (consider recommendations for education, discipline, etc.)				
17. Do members appear to have a good rapport with one another and openly/candidly provide feedback for the report discussion?				
18. Were any specific problems or issues discussed?				

19. Comments regarding the overall evaluation of general meeting process:
CONCLUSION
20. At the conclusion of the meeting, discuss our observations with the individual leading the RAB Committee Meeting. Matters discussed:
21. Rate the meeting as to its effectiveness for its role in the peer review process: <input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations (requires a comment below)
22. Other comments, if any:

The above checklist was prepared by:

Print Name

Signature



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Peer Review Oversight Committee

Summary of Peer Review Subcommittee Meeting

(Report Acceptance Body Meeting)

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Report Acceptance Body (RAB) meetings as further described in the PROC's operating guidelines. The RAB meetings generally occur via conference call. RAB members are provided with the materials needed to review and present the peer reports subject to discussion on a general call; however, given the oversight nature of the PROC, such materials are not distributed to PROC members. Rather, the objective of this aspect of PROC oversight is to observe how the RAB executes its duties in the meeting and determine whether or not this aspect of the peer review process is operating effectively in the state of California. These matters are then summarized and reported to the California Board of Accountancy as part of the PROC reporting.

Date of Meeting: _____

Name of Peer Review Program Provider: _____

Number of reports discussed at the meeting: _____

EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION	YES	NO	N/A
1. Do the RAB members appear knowledgeable about their responsibilities?			
2. Do the RAB members resolve inconsistencies and disagreements before accepting the reports?			
3. If inconsistencies and disagreements are not resolved, are alternative courses of action agreed to (including but not limited to further research of the unresolved matters with discussion planned to occur at a future meeting)?			
4. Are RAB members knowledgeable about:			
The technical aspects of their reviews, both peer review standards as well as general audit and accounting standards.			
Critical peer review issues and risk considerations (focus matters).			
Industry specific issues (i.e. requirements of ERISA, Governmental Standards/Regulations, etc.)			
The differences in matters, findings, deficiencies and significant deficiencies.			
Appropriate types of reports.			
Circumstances for requiring revisions to review documents.			

EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION (cont)	YES	NO	N/A
Appropriateness of recommended corrective or monitoring actions.			
5. Based upon your observations, were the Committee's discussions and their conclusions on the reviews presented reasonable?			
6. Comments regarding the overall evaluation of the technical aspects of the meeting content and discussion:			
EVALUATION OF THE GENERAL MEETING PROCESS	YES	NO	N/A
7. Was sufficient time allowed for discussion of each report or matter?			
8. Were there a required minimum number of committee members present?			
9. Was the nature of the discussion appropriate and were recommendations for courses of action reasonable for the reports discussed? (consider recommendations for education, discipline, etc.)			
10. Do members appear to have a good rapport with one another and openly/candidly provide feedback for the report discussions?			
11. Were any specific problems or issues discussed?			
12. Comments regarding the overall evaluation of general meeting process:			
CONCLUSION			
13. Rate the meeting as to its effectiveness for its role in the peer review process: <input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations*			
14. Other comments, if any:			

The above checklist was prepared by:

Print Name

Signature

* A rating of "No" or "Does Not Meet Expectations" requires a comment.



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PROC Item V.C.
December 10, 2014

**Discussion Regarding the Development of an Oversight Checklist
for NASBA CAC Meetings**

Presented by: Rafael Ixta, Enforcement Chief
Date: November 18, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) members with a starting point to develop an oversight checklist to use when participating in teleconference meetings of the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) meetings.

Action(s) Needed

It is requested that members discuss the elements of the CAC meeting that occurred on September 10, 2014, and make recommendations for the development of a new checklist, if needed.

Background

The PROC has developed several checklists to document its oversight activities of Board-recognized peer review program providers.

On September 10, 2014, two PROC members participated in the first open meeting of the CAC via teleconference. Members used the existing Summary of Peer Review Committee Meeting checklist to document participation. Subsequent to the meeting, both members reported that the meeting was predominately informational to explain what the CAC does and benefits of attending the biennial National PROC Conference.

Staff has made preliminary edits to the existing Summary of Peer Review Committee Meeting checklist (**Attachment**) based on comments from the PROC members that attended the September 10, 2014 meeting.

Comments

Once the checklist is completed and approved, it will be added to the PROC Procedures Manual.

Fiscal/Economic Impact Considerations

None

Recommendation

None

Attachment

Summary of Peer Review Committee Meeting checklist with edits



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Peer Review Oversight Committee

ATTACHMENT

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**Summary of ~~Peer Review Committee Meeting~~
 Compliance Assurance Committee Meeting**

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected open meetings of the National Association of State Boards of Accountancy Compliance Assurance Committee (CAC) Peer Review Committee (PRC) meetings as further described in the PROC's operating guidelines. The CAC PRC open meetings occur several times a year. ~~PRC members are provided with the agenda and other meeting materials subject to discussion at the meeting and often cover appropriate handling of issues observed or encountered during peer reviews, to ensure consistency of treatment amongst peer reviewers.~~ The objective of this aspect of PROC oversight is to observe how the CAC provides oversight to the National Peer Review Committee (NPRC) PRC executes its duties in the meeting and determine whether or not this aspect of the peer review process is operating effectively in the state of California. These matters are then summarized and reported to the California Board of Accountancy (CBA) as part of the PROC reporting.

Please note, PRC meetings generally include break-out sessions for 3 or 4 separate Report Acceptance Body (RAB) meetings; in these instances, the PROC member should refer to the Subcommittee Meeting checklist.

Date of Meeting: _____

Name of Peer Review Program Provider: _____

Evaluation of General Meeting Process	YES	NO	N/A
1. Does it appear that the meeting has been adequately planned? Have members been provided an agenda and supporting materials in sufficient time to review and contribute to the meeting?			
2. Do the members appear prepared for the meeting? Does it appear that the members have reviewed the materials provided prior to attending the meeting?			
3. Are there a required minimum number of committee members present?			
4-3. Do the members appear knowledgeable about their responsibilities?			
5-4. Are technical reviewers available during the meeting to address issues as they arise?			
6-5. Do technical reviewers appear knowledgeable about their responsibilities?			
7-6. Were any specific problems or issues discussed?			
8. When issues arise in RAB meetings that cannot be resolved by the RAB, are all PRC members asked to discuss their position?			
9-7. Do the members consider how <u>state Peer Review Groups</u> the AICPA National Peer Review Group or how other states handle the issues being discussed?			
10-8. Does it appear that appropriate decisions made regarding:			
Monitoring issues.			

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Scope of the review.			
Revisions to review documents.			
Evaluation of General Meeting Process (cont)	YES	NO	N/A
Corrective or monitoring actions.			
Requests for extension.			
Conclusions on problem review.			
EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION	YES	NO	N/A
44-9. Does the Committee consider technical reviewers' recommendations and then come to its own decision?			
42-10. Has the Committee agreed to take any action on the problems or issues raised?			
13. Please comment on the Committee's knowledge of acceptance procedures and corrective/monitoring actions:			
<input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations*			
44-11. Does the Committee discuss the performance of Team Captains?			
45-12. Does the Committee provide adequate feedback to Team Captains when performance issues are identified?			
46-13. Does the Committee's feedback to Team Captains aid in improving the peer review program?			
47-14. Do the Committee members believe sufficient guidance is provided by the program and the various manuals and procedure documents?			
48-15. In what areas do committee members believe additional guidance is needed:			
49-16. Has the Committee demonstrated improvement from any prior oversight visit report?			
20-17. At the conclusion of the meeting discuss your findings with the organization's Peer Review Committee CAC Chair and Program Director :			
<input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations*			
24-18. Comments:			

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The above checklist was prepared by:

Print Name

Signature

* A rating of "No" or "Does Not Meet Expectations" requires a comment.