Attachment 1

CALIFORNIA BOARD OF ACCOUNTANCY

PEER REVIEW OVERSIGHT COMMITTEE

2011 Annual Report

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I. Message from the Committee Chair

I am pleased to present the Peer Review Oversight Committee's (PROC) 2011 Annual Report. We have made significant progress on our assignment to establish a peer review oversight process with the ultimate goal of making recommendations to the California Board of Accountancy (CBA) to ensure the effectiveness of mandatory peer review.

Since my initial planning session with CBA staff in October 2010 and the first committee meeting held in November 2010, I have reported our activities to you at each CBA meeting. Our first few meetings focused on understanding the administration of the peer review process, the various bodies involved in the process, including the program provider and the administering entity, and our roles and responsibilities. This process was necessary in order to gain a foothold and establish ourselves as an operating committee.

In 2011, members provided oversight at sixteen peer review events, including peer review board and committee meetings, report acceptance body meetings, and a peer reviewer training course all directed by the program provider and administering entity. In order to document these activities, the committee developed checklists for event monitoring. The checklists we developed were created using information gathered from states with active oversight committees, which we revised to meet California's unique needs. The checklists we have developed have received praise from the National Association of State Boards of Accountancy and are being used as templates to create and improve oversight materials nation-wide.

The PROC has also provided input to the CBA on three American Institute of Certified Public Accountants' (AICPA) exposure drafts, and developed a PROC Procedures Manual which outlines the roles and responsibilities of the committee and defines how and when oversight activities are to be performed.

While the majority of 2011 was spent acquainting ourselves with the process, we have already faced challenges and identified several potential future issues to address. The matter concerning the conflicts of interest involving committee members has been largely resolved, whereas work is still being done on the oversight of the National Peer Review Committee (NPRC) and the ability to access peer review documents. These issues are discussed in more detail in the report.

Although we still have work ahead of us, we believe we are progressing well to achieve the CBA objectives for our Committee, as you will see presented within this report.

In closing, I want to thank the CBA members for their vision and guidance which enabled the PROC to accomplish so much in its first year. I would also like to thank PROC members for their contributions to our Committee's accomplishments. I also want to add that the PROC has enjoyed an excellent working relationship with the CBA staff, and that they have been a tremendous support to the committee and our goals and objectives.

Nancy J. Corrigan, 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. At the time the legislation passed, 41 other jurisdictions had already implemented a peer review requirement.

On January 1, 2010, emergency regulations became effective to implement, interpret and make specific peer review requirements. On June 30, 2010, Division 1, Title 16, California Code of Regulations (CCR), Article 6, Sections 39 through 48.6, were adopted as permanent peer review regulations.

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 Section 5076.1 of the Business and Professions Code (B&P). The PROC is comprised of seven CPAs of this state who maintain a license in good standing and who are authorized to practice public accountancy. 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 CBA, at its January 2008 meeting, adopted the following roles and responsibilities for the PROC:

- Oversee the activities of Board-recognized peer review program providers (Providers) related to how peer reviews are processed and evaluated
- Ensure Providers are administering peer reviews in accordance with the standards adopted by the CBA
- Ensure that peer reviewers are properly qualified
- Ensure that peer reviews are being accepted in a consistent manner by Providers
- Conduct site visits of Providers and their peer review committees
- Review a sample of peer review reports
- Represent the CBA at Providers' peer review meetings
- Evaluate organizations that apply to become Board-recognized Providers

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.

Current members:	Term Expiration Date:
Nancy Corrigan, CPA, Chair	August 13, 2012
Katherine Allanson, CPA	August 31, 2012
Gary Bong, CPA	July 28, 2012
T. Ki Lam, CPA	August 19, 2012
Robert Lee, CPA	July 28, 2012
Sherry McCoy, CPA	August 19, 2012
Seid Sadat, CPA	July 28, 2012

V. Legislation and Regulations

On October 3, 2011, Senate Bill (SB) 543 made the following changes to B&P Code Sections 5076 and 5076.1:

- Removed the January 1, 2014 sunset date, making mandatory peer review and the PROC permanent.
- Changed the date of the report that is due to the Governor and Legislature regarding peer review requirements to January 1, 2015.
- Added additional reporting requirements in the report to the Governor and Legislature. A detailed list of the items to be included in the report can be found in Section VII – Peer Review Voluntary Survey.

These changes were operative on January 1, 2012.

On January 20, 2011, the CBA adopted regulations adding Sections 38, 47, and 48.4 to Article 6, Title 16, CCR. These sections address the purpose of the Article, further defined the PROC, and provide an appeal process for peer review program provider applicants who are denied Board recognition.

On May 25, 2011, the CBA adopted regulations modifying Section 48.3 which requires a Board-recognized peer review program provider to provide the CBA with copies of substandard peer review reports issued to California licensed firms within 60 days from the acceptance date.

VI. Reporting Requirements

Pursuant to B&P Code, Section 5076(n)(1), as amended on October 3, 2011 by SB 543, 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.

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(1/10)) to the CBA. Licensees with a license number ending in 01-33 had a reporting date of July 1, 2011, licensees with a license number ending in 34-66 have a reporting date of July 1, 2012, and licensees with a license number ending in 67-00 have a reporting date of July 1, 2013.

Using information collected on the Peer Review Reporting Form, the following table illustrates the number of firms required to undergo a peer review, firms not required to undergo peer review, and licensees that do not operate as firms.

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	2,099	4,105	15,014	21,218	1,701
34-66	July 1, 2012	591	1,848	6,846	9,285	10,884
Total		**2,690**	**5,953**	**21,860**	**30,503**	**12,585**

* Data as of January 9, 2012.

The data in the following table reflects the number of peer review reports accepted by the California Society of Certified Public Accountants (CalCPA) in 2010 and 2011.

Peer Review Reports Accepted by the CalCPA*			
Type of Review	2010	2011	Total
System	413	406	819
Engagement	535	870	1,405
Total	**948**	**1,276**	**2,224**

*Data received from CalCPA as of February 21, 2012.

VIII. Peer Review Voluntary Survey

In order gather information on the impact of mandatory peer review, the CBA developed a voluntary survey for firms to complete as they submit their Online Peer Review Reporting Form. The survey went live on the CBA website on December 9, 2010. The PROC will continue to use the results of this ongoing survey to ensure the effectiveness of mandatory peer review.

For the purpose of analysis, preliminary survey results **(Appendix A)** were divided into two groups: (1) firms that have not undergone a peer review in the past, and (2) firms that have previously been peer reviewed. Although not all licensees answered all the survey questions, between 1,025 and 1,150 responses were received for each question. In general, the results revealed:

- CORRECTIVE ACTION ORDERED
  Less than 25% of the firms were required to take corrective action, with the most common action being continuing professional education.
- VOLUNTARY ACTION TAKEN
  Approximately half of the firms responding made voluntary changes to improve their processes.

- FEES
  Fewer than 10% of the firms increased fees to offset the cost of undergoing a peer review. The average increase for firms that raised fees was 12%.
- OCBOA
  A large majority of the firms have workload consisting of 25% or less OCBOA engagements.
- IMPROVED SERVICES
  70% of the firms believe that undergoing a peer review has helped improve service to clients.
- CLIENT NOTIFICATION
  50% of the firms intend to notify clients that they have undergone a peer review.
- MARKETING
  31% of the firms will use peer review as a marketing tool.
- CESSATION OF SERVICES:
  8% of the firms will cease providing accounting and auditing services to eliminate the need for a future peer review.

Of the 174 general comments received as part of the survey, 30% were supportive of mandatory peer review whereas 52% were not supportive.

IX. Board-recognized Peer Review Program Providers

a. American Institute of CPAs (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 organizations authorized to administer the AICPA Peer Review Program. At present, there are 42 administering entities. The PROC has the authority to request information and materials from all organizations; however, its 2011 oversight responsibilities focused on the CalCPA.

The AICPA's Peer Review Board (PRB) is responsible for maintaining, furthering and governing the activities of the AICPA's Peer Review 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 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. California Society of CPAs (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. The PRC delegates a portion of the report acceptance function to Report Acceptance Bodies (RABs).

ii. National Peer Review Committee

The AICPA also administers a peer review program through the National Peer Review Committee for 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.

X. Activities and Accomplishments

The PROC held its first meeting in November 2010. This being the inaugural year of operations of the PROC, there were many challenges that the PROC faced. Despite those challenges, the PROC had a very productive year. Following are the salient activities and accomplishments during the inaugural year.

a. 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 eight meetings as follows:

- November 9, 2010 – Sacramento
- January 20, 2011 – San Jose
- March 4, 2011 – Ontario
- May 6, 2011 – Oakland
- July 8, 2011 – Sacramento
- August 30, 2011 – Los Angeles
- October 27, 2011 – San Jose
- December 9, 2011 – Irvine

The PROC Chair has attended all CBA meetings to report on PROC activities.

b. Administrative Functions

i. PROC Procedures Manual

The PROC developed the PROC Procedures Manual **(Appendix B)** which outlines specific procedures and processes to fulfill its duties.

ii. Oversight Checklists

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

The following checklists were created to track oversight activities:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training

The checklists are part of the PROC Procedures Manual **(Appendix B)**.

Additional checklists will be developed if deemed necessary.

iii. Exposure Drafts

The PROC has reviewed and prepared responses on behalf of the CBA for the following AICPA Exposure Drafts:

- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Education (CPE) Programs, June 1, 2010
- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19, January 31, 2011
- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Reviews of Quality Control Materials, August 22, 2011

c. 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.

From November 2010 through December 2011, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and the CalCPA as the administering entity and report acceptance body.

i. Meetings

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. Two to three PROC members participated in each of the following PRB meetings via teleconference:

- January 21, 2011
- May 3, 2011
- August 10, 2011
- October 6, 2011

B. CalCPA Peer Review Committee

The CalCPA Peer Review Committee 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.

Two PROC members attended each of the following PRC meetings:

- June 2-3, 2011 – Laguna Beach
- October 20-21, 2011 – Desert Springs

C. CalCPA Report Acceptance Body

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.

One to three PROC members participated in each of the following RAB meetings via teleconference:

- February 23, 2011
- June 2, 2011

- June 15, 2011
- July 7, 2011
- July 26, 2011
- August 25, 2011
- September 20, 2011
- October 20, 2011
- December 13, 2011

D. National Association of State Boards of Accountancy PROC Summit

The National Association of State Boards of Accountancy (NASBA) held a Peer Review Oversight Committee Summit in North Carolina on August 16, 2011. The purpose of the Summit was to promote peer review oversight and assist peer review committees from state boards of accountancy.

Due to travel restrictions, the PROC Chair did not receive approval from the Department of Consumer Affairs to attend the Summit. At NASBA's request, the PROC sent its draft oversight checklists to be shared with other states' committees. At the Summit, California's PROC was complimented on the materials it has developed.

The PROC sent a follow-up letter to NASBA suggesting that future Summits be held on a regular basis and be available via teleconference and webcast.

ii. Administrative Site Visit

The PROC is charged with conducting, at a minimum, an annual Administrative Site visit of all Providers. The visit will be to determine if the provider is administering peer reviews in accordance with the standards adopted by the CBA.

Two PROC members have conducted a preliminary visit of the CalCPA's administrative office to document processes and procedures. The official administrative visit is scheduled for February 16, 2012.

iii. Peer Reviewer Training

The PROC is responsible for ensuring that 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 peer reviewer trainings per year. A two-day course for new peer reviewers and a one-day refresher course are each offered once a year. Three PROC members attended the two-day training course *How to Conduct a Review Under the AICPA Practice-Monitoring Program* on July 18-19, 2011 in Los Angeles.

iv. Sample Reviews

The PROC is in the process of developing a system for sampling peer review reports. The first review will be completed in February 16, 2012 in conjunction with the administrative site visit.

v. 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.

vi. 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.

XI. 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 Peer Review Board

The PROC found the AICPA PRB meetings to be informative, efficient and structured. PROC members were invited to participate at regular intervals throughout the meetings. The PRB was diligent with regard to their responsibility for the peer review process and ensuring that the process is integrated with changes to professional standards. The PRB appears devoted to the quality of peer reviewers and how the AICPA could enhance this quality for the overall good of CPA firms.

CalCPA Peer Review Committee

PROC members were impressed with the CalCPA PRC members' technical expertise. The PRC deals with issues such as interpreting standards and applying consistency as the standards change and evolve. The PRC maintains a running list of recurring peer review deficiencies that they monitor and gauge, as well as monitoring the performance of peer reviewers.

CalCPA Report Acceptance Body

Through participation in nine RAB meetings, PROC members found RAB members professional and able to effectively discuss issues and arrive at well thought out conclusions.

CalCPA Peer Reviewer Training

PROC members found the course to be informative and effective. The presenter had a practical approach and spent an ample amount of time going through specific cases and explaining why certain decisions were made. It was noted that, although the course is marketed to new peer reviewers, the course seemed to be designed for more experienced peer reviewers. Although the presenter used advanced terminology, she was always willing to answer questions and provide further explanation.

XII. Conclusions and Recommendations

Based on its oversight activities, the PROC concluded that the American Institute of CPAs and its administering entity, the California Society of CPAs, function effectively as a peer review program provider. The PROC recommends that the CBA continue to recognize the American Institute of Certified Public Accountants as a peer review program provider.

Notwithstanding, the PROC offers the following recommendations to improve the program and facilitate future oversight efforts:

a. As a result of the 2010 requirement for mandatory peer review, the demand on existing qualified peer reviewers has increased dramatically. As a result, there is a significant need to increase the number of qualified peer reviewers.

   We recommend that the CBA continue to promote and encourage CPAs to consider developing the skills required to become peer reviewers in support of our profession and the benefit of the public.

b. Currently, the CBA's record retention policies for enforcement matters require documents to be retained for six to twelve years. Our understanding is that this requirement extends to records that the PROC might obtain during its monitoring activities, including reports and client files submitted to RABs for review. The AICPA Peer Review Program, as administered by the CalCPA, requires that all client and peer review records be destroyed within 120 days for purposes of client confidentiality. Consequently, the CBA document retention policy prevents the PROC from monitoring the peer review report acceptance process to the level currently desired.

   We recommend that the CBA review its document retention policy to determine if it would be appropriate to assign a 120 day document retention period to RAB meeting documents for purposes of PROC oversight.

XIII. Future Considerations

a. National Peer Review Committee

The NPRC is one of the forty two administering entities of the AICPA Peer Review Program. It administers peer reviews for AICPA firms required to be registered with and inspected by the PCAOB, or performing audits of non-SEC issuers pursuant to the standards of the PCAOB.

The NASBA's Compliance Assurance Committee (CAC) is charged with exploring, developing and implementing opportunities for state boards to become uniformly involved in standard setting and oversight of mandatory peer review or other compliance assurance review programs. The CAC is currently developing a report to state boards on the process of oversight for the NPRC.

Upon receipt of the CAC's report, the PROC will determine how best the PROC will provide oversight to the NPRC.

b. Length of Peer Review Process

The CalCPA currently estimates the length of time to complete the entire peer review process at 2-7 months. The PROC intends to study the process to determine if the duration can be reduced.

California Board of Accountancy
Peer Review Survey Results
December 9, 2010 - December 28, 2011

Was your recent peer review the first time you have undergone a peer review?			
	ENG	SYS	Total
Yes (1st Time Peer Reviewed)	222	77	299
No (Previously Peer Reviewed)	535	316	851
Total	757	393	1150

Was you firm required to take any corrective action as a result of undergoing peer review?			
	Yes	No	Total
1st Time Peer Reviewed	67	223	290
Previously Peer Reviwed	109	721	830
Total	176	944	1120

Type of Correction Ordered	1st Time Peer Reviewed	Previously Peer Reviewed
CPE	32	45
Acclerated Review	2	0
Additional Inspections/Reviews	10	18
Update Library	12	13
Strengthen Staff	7	13
Submission of Additional Materials	6	18
Other	16	17

Has your firm voluntarily made any changes that improved its processess as a result of undergoing a peer review?			
	Yes	No	Total
1st Time Peer Reviewed	151	128	279
Previously Peer Reviwed	398	388	786
Total	549	516	1065

Voluntary Changes Made	1st Time Peer Reviewed	Previously Peer Reviwed
CPE	35	121
Update Library	42	114
Strengthen Staff	22	130
Other	44	103

Did you raise your fees to offset the cost of your peer review?				
	Yes	No	Total	Average Increase
1st Time Peer Reviewed	42	235	277	15%
Previously Peer Reviewed	39	729	768	10%
Total	81	964	1045	

Do you believe that undergoing peer review has helped to improve your overall service to your clients?			
	Yes	No	Total
1st Time Peer Reviewed	164	103	267
Previously Peer Reeviewed	541	221	762
Total	705	324	1029

Do you, or will you, voluntarily notify clients that you have undergone peer review?			
	Yes	No	Total
1st Time Peer Reviewed	135	131	266
Previously Peer Reeviewed	380	381	761
Total	515	512	1027

Do you, or will you, use peer review as a marketing tool to potential clients?			
	Yes	No	Total
1st Time Peer Reviewed	65	207	272
Previously Peer Reeviewed	260	510	770
Total	325	717	1042

To eliminate the need for a future peer review, will you cease providing the services which trigger a mandatory peer review under the law?			
	Yes	No	Total
1st Time Peer Reviewed	39	230	269
Previously Peer Reeviewed	47	709	756
Total	86	939	1025

What percentage of your workload during the three years encompassing your recent peer review was spent on compilations without disclosure using other comprehensive basis of accounting (OCBOA)?						
	0%	1-25%	26-50%	51-75%	76-99%	100%
1st Time Peer Reviewed	83	128	11	8	10	13
Percentage	33%	50%	4%	3%	4%	5%
Previously Peer Reviewed	160	460	50	16	24	8
Percentage	22%	64%	7%	2%	3%	1%

What percentage of your workload during the three years encompassing your recent peer review was spent on compilations without disclosure using other comprehensive basis of accounting (OCBOA)?							
	0%	1-25%	26-50%	51-75%	76-99%	100%	Total
1st Time Peer Reviewed	83	128	11	8	10	13	253
Percentage	33%	50%	4%	3%	4%	5%	
Previously Peer Reviewed	160	460	50	16	24	8	718
Percentage	22%	64%	7%	2%	3%	1%	

CALIFORNIA BOARD OF ACCOUNTANCY

PEER REVIEW OVERSIGHT COMMITTEE PROCEDURES MANUAL

December 2011

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SECTION I - INTRODUCTION

This procedure manual contains guidance assembled by the California Board of Accountancy's (CBA) Peer Review Oversight Committee (PROC) to be used by the PROC and the CBA in its peer review oversight roles and responsibilities as described herein. The peer review process utilizes a significant number of terms and acronyms which have been presented in a glossary (APPENDIX A). In addition, to provide a visual aid for the PROC's place in the peer review process, an organizational structure chart is included (APPENDIX B).

A. AUTHORITY

The PROC derives its authority from Section 5076.1 of the Business and Professions Code (B&P) as follows: The CBA shall appoint a peer review oversight committee of certified public accountants of this state who maintain a license in good standing and who are authorized to practice public accountancy 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 composition and function of the PROC is further defined in Title 16 California Code of Regulations (CCR) Section 47.

B. PURPOSE

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. (B&P §5076.1)

C. MEMBERSHIP

The PROC shall be comprised of not more than seven (7) licensees. The licensees shall maintain a valid and active license to practice public accounting in California issued by the CBA. No member of the committee shall be a current member or employee of the CBA. (B&P §5076.1(a), CCR §47)

All members of the PROC, at a minimum, must:

- Be a California-licensed CPA with an active license to practice in good standing in this state, with the authority to sign attest reports.
- Be currently active in the practice of public accounting in the accounting and auditing function of a firm enrolled in the AICPA Peer Review Program as a partner of the firm, or as a manager or person with equivalent supervisory responsibilities.
- Regularly sign attest reports and have extensive experience in performing accounting and auditing engagements.
- Have completed the 24-hour Accounting and Auditing and eight-hour Fraud continuing education requirements for license renewal, as prescribed by Section 87 of the Accountancy Regulations.
- Be associated with a firm, or all firms if associated with multiple firms, that received a report with the peer review rating of pass for its most recent peer review.
- Have extensive knowledge of the AICPA's *Standards for Performing and Reporting on Peer Reviews*.

D. TENURE

PROC members shall be appointed to two-year terms and may serve a maximum of four (4) consecutive terms. (B&P §5076.1)

E. CONFIDENTIALITY

All PROC members shall sign a confidentiality letter.

Any information obtained by the PROC in conjunction with its review of peer review program providers shall not be a public record, and shall be exempt from public disclosure, provided, however, this information may be disclosed under any of the following circumstances:

- In connection with disciplinary proceedings of the CBA
- In connection with legal proceedings in which the CBA is a party
- In response to an official inquiry by a federal or state governmental regulatory agency
- In compliance with a subpoena or summons enforceable by court order
- As otherwise specifically required by law

All PROC members are required to sign a confidentiality letter (APPENDIX C).

F. CONFLICTS OF INTEREST

PROC members shall not participate in any discussions with respect to a reviewed firm when the member lacks independence as defined by Title 16 California Code of Regulations Section 65 or has a conflict of interest.

PROC members are allowed to conduct peer reviews as self-employed individuals, employees of a firm, or as an owner/partner of a firm. However, if any decisions involving the peer reviewed firm come before the PROC, the PROC member would have to disqualify himself/herself from all of the issues/decisions before the PROC.

Member are required to file the Fair Political Practices Commission's Form 700 upon appointment, annually, and upon leaving office. Members of the PROC are designated as Disclosure Category 4, which means that they must report:

> All interests in real property and investments and business positions in, and any income, including gifts, loans and travel payments from, a business entity, professional association or individual where the business entity, professional association or individual's profession is regulated by or offers programs or courses qualifying for licensing or continuing education credit by the official's or employee's license agency.

If any PROC member receives any income, gifts, loans, or travel payments from any person or entity (as defined by the Act) regulated by the CBA, he or she must disclose the financial interest on the Form 700. This would be true even if such person or entity is not regulated in any manner by the PROC since Disclosure Category 4 requires disclosure when the regulation stems from the "official's or employee's licensing agency." A PROC member would be deemed to have a financial interest in a decision if certain financial limits are met.

G. TRAVEL REIMBURSEMENT

Each PROC member shall be reimbursed for traveling and other reasonable expenses necessarily incurred in the performance of duties. (B&P §103)

General guidelines for travel reimbursement will be provided at the time of appointment.

H. COMPENSATION

Each PROC member shall receive a per diem of one hundred dollars ($100) for each day actually spent in the discharge of official duties. (B&P §103)

SECTION II – GENERAL COMMITTEE MEETING INFORMATION

A. MEETINGS

The PROC shall hold meetings as necessary in order to conduct business and shall report to the CBA regarding the effectiveness of mandatory peer review. This shall include the PROC Chair attending CBA meetings to report on the activities of the PROC. The PROC shall also prepare an annual report to the CBA regarding the results of its oversight, and shall include the scope of work, findings, and conclusions regarding its oversight. (CCR §47(c))

B. OPEN/CLOSED SESSION

PROC meetings may include both open and closed sessions.

C. QUORUM

Before any action may be taken on agenda items, a quorum must be present at the meeting. Therefore, attendance by PROC members is critical. A majority of the PROC membership shall constitute a quorum.

D. ATTENDANCE BY MEMBERS

PROC members are expected to attend all regularly scheduled meetings of the PROC as well as assigned meetings of peer review program providers. A member who is absent from two consecutive PROC meetings will be subject to review by the Chair. Upon recommendation to the CBA, the member may be dismissed.

E. ATTENDANCE BY OTHERS

PROC meetings may be attended by CBA members as well as the general public. Members of the general public are only allowed to attend the open session portion of the meeting.

To ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

F. STAFF

CBA staff will be available prior to and during all PROC meetings to provide the following:

- Meeting room arrangements
- Travel arrangements
- Coordination of meeting materials
- Record meeting proceedings
- General support to members

SECTION III – ROLES AND RESPONSIBILITIES

A. ROLES & RESPONSIBILITIES

The PROC shall evaluate the responsibilities adopted for the PROC by the CBA to determine if the responsibilities are sufficient for the PROC to fulfill its purpose. Any recommendations for changes to the PROC's responsibilities shall be presented to the CBA for consideration and approval. Broadly stated, the PROC shall have the following roles and responsibilities (the specific oversight duty(ies) used to accomplish these goals are listed below each item):

- Oversee the activities of Board-recognized peer review program providers (Provider) related to how peer reviews are processed and evaluated
  - Administrative Site Visits
  - Peer Review Committee Meetings
  - Peer Review Subcommittee Meetings
- Ensure the Provider is administering peer reviews in accordance with the standards adopted by the CBA
  - Administrative Site Visits
  - Peer Review Committee Meetings
  - Peer Review Subcommittee Meetings
- Ensure that peer reviewers are properly qualified
  - Administrative Site Visits
  - Peer Review Committee Meetings
  - Peer Review Subcommittee Meetings
  - Peer Reviewer Training
- Ensure that peer reviews are being accepted in a consistent manner by the Provider
  - Peer Review Subcommittee Meetings
- Conduct site visits of the Provider and their peer review committees
  - Administrative Site Visit
  - Peer Review Committee Meetings
  - Peer Review Subcommittee Meetings
- Review sampling of peer review reports
  - Review Sampling of Peer Reviews
- Represent the CBA at Provider's peer review meetings
  - Administrative Site Visit
  - Peer Review Committee Meetings
  - Peer Review Subcommittee Meetings
- Evaluate organizations outside the AICPA structure that desire to administer peer reviews in California.
  - Evaluation of Board-Recognized Peer Review Program Providers

The PROC shall develop a more detailed plan for performing and completing the above roles and responsibilities as outlined in the manual. This plan shall be reviewed with the CBA on a routine basis and updated as appropriate to enable the PROC to fulfill its purpose. Documents resulting from the PROC's program shall be considered drafts until approved as final by the PROC and the CBA. Final documents shall be subject to the retention schedule in place at the CBA.

SECTION IV – PROC FUNCTIONS

The PROC oversight duties will include the following.

A. OVERSIGHT OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS

1. Administrative Site Visits

   The PROC shall conduct, at a minimum, an annual administrative site visit of all Providers. The visit will be to determine if the Provider is administering peer reviews in accordance with the standards adopted by the CBA.

   Each PROC member performing an administrative site visit shall complete a "Summary of Administrative Site Visit" checklist (APPENDIX D) and submit to the CBA office within thirty (30) days of the administrative site visit.

2. Peer Review Committee Meetings

   The PROC shall attend all peer review committee meetings conducted by a Provider to monitor that the Provider is adhering to the minimum standards set forth by the CBA.

   Each PROC member attending a peer review committee meeting shall complete a "Summary of Peer Review Committee Meeting" checklist (APPENDIX E) and submit to the CBA office within thirty (30) days of the peer review committee meeting.

3. Peer Review Subcommittee Meetings (Report Acceptance Bodies)

   The PROC shall attend at least four meetings per year of any peer review subcommittee created by a Provider for the purposes of accepting peer review reports. These meetings are commonly referred to as "Report Acceptance Body (RAB)" meetings. The PROC will monitor to ensure that peer reviews are performed and reported on in accordance with the Provider's established standards.

   Each PROC member attending a subcommittee meeting shall complete a "Summary of Peer Review Subcommittee Meeting" checklist (APPENDIX F) and submit to the CBA office within thirty (30) days of the peer review subcommittee meeting.

4. Sample Reviews

   The PROC shall conduct reviews of peer reviews accepted by a Provider on a sample basis. The review may include, but is not limited to, the peer review report; reviewers' working papers prepared or reviewed by the Provider's peer review committee in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.

   Sample reviews may be conducted during the Administrative Site Visit.

   Each PROC member conducting a sample review of peer reviews shall complete a "Summary of Sample Reviews" checklist (APPENDIX G) and submit to the CBA office within thirty (30) days of the completion of the review.

5. Peer Reviewer Training

   The PROC shall attend, on a regular basis, peer review training courses offered by a Provider. The PROC shall monitor the Provider's training program to ensure that the program is designed to maintain or increase peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

   Each PROC member attending a subcommittee meeting shall complete a "Summary of Peer Reviewer Training" checklist (APPENDIX H) and submit to the CBA office within thirty (30) days of the peer reviewer training course.

6. Statistics

   The PROC shall collect statistical monitoring and reporting data on a regular basis; such data should be in a mutually agreed upon format to be prepared by the Provider, and shall include, but not be limited to, the following:

   - Types (system vs. engagement) and numbers of reviews in process
   - Types (system vs. engagement) and numbers of reviews completed by month, and cumulatively for the annual reporting period
   - Types (system vs. engagement) and numbers of reviews receiving a pass, pass with deficiencies, or fail rating
   - Extensions requested and status (granted, denied, and completed)
   - Corrective action matters (various types: overdue peer review reports, disagreements pending resolution, etc.)
   - Delinquent reviews
   - Firms expelled from the program

   If not included in the statistical data reports, the PROC shall obtain a written outline of the administering entity's risk assessment process in conducting its peer review program activities.

B. EVALUATION OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS

   The PROC shall review any *Application to Become A Board-Recognized Peer Review Program Provider (01/10)* (APPENDIX I) received by the CBA. The PROC shall recommend approval or denial to the CBA based on the applicant's evidence that its peer review program is comprised of a set of standards for performing, reporting on, and administering peer reviews and contain all the components outlined in Title 16, California Code of Regulations Section 48.

C. WITHDRAWAL OF BOARD RECOGNITION OF A PEER REVIEW PROGRAM PROVIDER

   The PROC is authorized to request from a Provider those materials necessary to perform its review. The PROC shall refer to the CBA any Board-recognized peer review program provider that fails to respond to any request.

D. ANNUAL REPORT TO THE CALIFORNIA BOARD OF ACCOUNTANCY

The PROC shall report to the CBA regarding the effectiveness of mandatory peer review. This shall include an annual report to the CBA regarding the results of its oversight, and shall include the scope of work, findings, and conclusions regarding its oversight.

E. DOCUMENTATION OF OVERSIGHT ACTIVITIES

All PROC members shall document their attendance at or participation in peer review oversight activities using the following checklists:

1. Summary of Administrative Site Visit
2. Summary of Peer Review Committee Meeting
3. Summary of Report Acceptance Body Meeting
4. Summary of Random Sampling of Peer Reviews
5. Summary of Peer Reviewer Training

All checklists should be signed by the PROC member and submitted to the CBA office within thirty (30) days of the oversight activity.

Checklists will be maintained by the CBA office in accordance with the Records Retention Policy.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS

A

Accountants' Database	Former AICPA Library database covering 1974-1991 literature which as was merged into the Accounting and Tax Database in 1992.
Accountants' Index	Index to the accounting literature, including books and journal articles, published by the AICPA Library Services Team from 1920-1991. Reprints are available from UMI (University Microfilms Inc.).
Accounting & Tax Database	An online database covering the accounting literature produced by UMI and available since 1992 on the Knight-Ridder Dialog service, File 485. It includes the AICPA Library's Accountants Database and AICPA Library catalog records from 1992-1999 for books and pamphlets added to the AICPA Library.
Accounting and Review Services Committee (ARSC)	AICPA committee whose objective is to develop, on a continuing basis, procedures and standards of reporting by CPAs on the types of accounting and review services a CPA may render in connection with unaudited financial statements, as well as unaudited financial information of an entity that is not required to file financial statements with a regulatory agency in connection with the sale or trading of its securities in a public market.
Accounting Principles Board (APB)	Standards-setting body for accounting principles that issued its opinions from November 1962 to June 1973. Succeeded by Financial Accounting Standards Board.
Accounting Standards Executive Committee (AcSEC)	AICPA committee whose objective is to determine Institute technical policies regarding financial accounting and reporting standards. As a senior technical committee, it is authorized to make public statements, without clearance from Council or the Board of Directors, on matters related to its area of practice.
Accredited in Business Valuation (ABV)	Credential in business valuation awarded by the AICPA to those who have met prescribed requirements and passed an examination.
Adverse Opinion	Auditor's opinion which states that financial statements do not fairly present the financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.
Agreed Upon Procedures	Specific procedures agreed to by a CPA, a client and (usually) a specified third party. The report states what was done and what was found. Additionally, the use of the report is restricted to only those parties who agreed to the procedures.
AICPA Board of Directors	Executive Committee of Council which directs Institute activities between Council meetings. It is comprises of 23 members.
AICPA Council	AICPA governing body which determines Institute procedures and policies. It comprises of approximately 260 members representing every state and four U.S. territories.

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AICPA InfoBytes	Online library of CPE materials developed by the AICPA as a subscription service. Provides members with more than 1200 hours of continuing profession courses for an annual fee.
AICPA On Line	The AICPA's Web site on the Internet. The Web address is http://www.aicpa.org.
AICPA Personal Liability Umbrella Security Plan (AICPA PLUS)	AICPA insurance plan which provides members and their families with up to $5 million personal liability coverage.
American Accounting Association (AAA)	National professional association for those involved in accounting education in higher education.
Association to Advance Collegiate Business Schools (AACBS)	Recognized agency that accredits academic programs. The Website address is: http://www.aacsb.edu/
American Society of Association Executives (ASAE)	National organization of managers of all types of trade and professional associations.
American Taxation Association (ATA)	This is the national professional association for tax professors in higher education.
American Tort Reform Association (ATRA)	Coalition of associations, nonprofit organization, consumer advocates, businesses, and professionals whose purpose is to restore fairness, balance, and predictability to the nation's civil justice system.
Analytical Review Procedures	Substantive tests of financial information made by a study and comparison of relationships among data.
Application Service Provider (ASP)	An entity that provides software functionality across the Internet or private networks on a rental, leased or pay-as-you-go basis.
Association for Accounting Administration	Founded on January 1, 1984, to enable accounting firm administrators to communicate with one another and provide each other with the benefits to everyone's experiences in what was a new and emerging profession.
Association of Government Accountants (AGA)	National organization of CPAs and others involved in governmental accounting and auditing at all levels.
Assurance Services	Services which improve the quality of information, or its context, for decision-makers.
Assurance Services Executive Committee	This committee is responsible for identifying, developing, and communicating new assurance opportunities for the membership.

(ASEC)	Moreover, if measurement criteria or more detailed performance guidance is required to deliver a particular service, the Committee, or one of its task forces, will develop such criteria or guidance, working cooperatively with other senior technical committees or bodies with specialized expertise in the subject area as necessary and appropriate.
Attestation Standards (AT)	The attestation standards enable practitioners to examine or review non-financial statement information and to perform and report on the results of those engagements in accordance with professional standards.
Audit and Accounting Guides	Materials which provide CPAs with authoritative guidance regarding accounting and auditing of entities in specialized industries or other specialized areas.
Audit Risk	The risk that an auditor will unknowingly fail to appropriately modify his/her opinion on financial statements that are materially misstated.
Audit Risk Alerts	Annual updates alerting auditors to current economic, regulatory, and professional developments in various industries. These include *Compilation and Review Alerts*, and approximately 18 industry-specific alerts.
Audit Sampling	The application of an audit procedure to less than 100 percent of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class.
Auditing Committee Effectiveness Center (AudCommCtr)	A key element in the corporate governance process of any organization is its audit committee. As its role expands, making the audit committee as effective and efficient as possible becomes critical. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors and the public interest. Guidance and tools are presented to make audit committee best practices actionable.
Audit Committee Matching System (ACMS)	This system was built for two reasons— for our members to provide them with opportunities to serve on boards of directors, and as a public service to provide a list of qualified, credentialed candidates to serve on boards of directors and presumably the audit committees of those boards
Auditing Procedure Studies (APS)	Studies which inform practitioners of developments and advances in auditing procedures to provide practical assistance regarding auditing procedures.
Auditing Standards Board (ASB)	Board authorized by the AICPA to promulgate auditing and attest standards, quality control standards procedures, and implementation guidance for AICPA members performing such services. It comprises of 19 members. As a senior technical committee, it is authorized to make public statements, without clearance from Council or the Board of Directors, on matters related to its area of practice.

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B

Beta Alpha Psi (BAP)	The premier professional accounting and business information fraternity which recognizes academic excellence and complements members' formal education by providing for interaction among students, faculty and professionals.
Big Four	Traditionally, the four largest CPA firms in the world. They are: PricewaterhouseCoopers; Deloitte & Touche LLP; Ernst & Young LLP; and KPMG.
Board of Examiners (BOE)	An executive committee of the AICPA with overall responsibility for preparing and grading the Uniform CPA examination.
Business and Industry Executive Committee (BIEC)	The AICPA committee charged with representing and advocating the needs of members in business and industry.
Business Valuation (BV)	Refers to the discipline involving a process by which a supportable opinion is derived about the worth of a business or individual assets or liabilities.

C

Canadian Institute of Chartered Accountants (CICA)	The national membership organization of Chartered Accountants of Canada, which works closely with the AICPA on several initiatives of common interest, including, but not limited to WebTrust, SysTrust, Eldercare, Performance Views and Continuous Assurance.
Cascade	The cascade of Sarbanes-Oxley Act (SOX) is the extension of provisions contained in SOX that apply only to SEC registrants and their auditors to private companies and not for profit organizations and their CPA firms.
Center for Investment Advisory Services (CIAS)	A center developed by the AICPA to provide tools and helps to train our members and enable them to provide investment advisory services to their clients.
Center for Public Company Audit Firms (CPCAF)	A center developed by the AICPA to provide support to member firms that audit or are interested in auditing public companies with education, communication, representation and other means. Succeeded by Public Company Auditors Forum effective January 1, 2006.
Center for Public Company Audit Firms Peer Review Committee (PRC)	AICPA committee whose objective is to enhance the quality of accounting and auditing engagements by enrolled AICPA firms by conducting and administering a peer review program for firms' non-SEC issuer practices to co-exist with the Public Company Accounting Oversight Board's inspection of firms' SEC issuer practices.

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Certified Association Executive (CAE)	Designation conferred by the American Society of Association Executives following a course of study designed to enhance all around competency in the field of association management. Several AICPA staff members hold the designation.
Certified Information System Auditor (CISA)	A professional credential offered by Information Systems Audit and Control Association (ISACA) certifying expertise in information system auditing. The CISA is earned through a combination of experience and successful completion of an exam, offered annually in 11 languages.
Certified Information Security Manager (CISM)	A credential specifically geared toward experienced information security managers and those who have information security management responsibilities. CISM is designed to provide executive management with assurance that those earning the designation have the required knowledge and ability to provide effective security management and consulting. It is business-oriented and focuses on information risk management while addressing management, design and technical security issues at a conceptual level. While its central focus is security management, all those in the IS profession with security experience will certainly find value in CISM.
Certified Information Technology Professional (CITP)	Credential in information technology awarded by the AICPA to CPAs who have met experience, life long learning and examination requirements. CITPs are involved in information strategic planning, implementation, management, and business strategies for information systems.
Certified Internal Auditor (CIA)	An international certification awarded by the Institute of Internal Auditors (IIA) that reflects competence in the principles and practices of internal auditing.
Certified Management Accountant (CMA)	Title bestowed by the Institute of Management Accountants (IMA) on persons meeting certain basic requirements, principally an examination covering economic theory, financial management, cost accounting, etc.
Certified Public Accountant (CPA)	A credential conferred by a state or similar governmental jurisdiction that authorized the holder to practice as a certified public accountant in that jurisdiction.
Certified Public Accountants' Society Executives Association (CPA/SEA)	Independent organization of state CPA society chief executive officers.
Chief Financial Officer (CFO)	The individual in an organization with overall responsibility for accounting, treasury, financial management, financial reporting, finance and related functions. This position reports to the CEO and depending on the size of the organization, it could have many additional responsibilities. The CFO should be the right hand of the CEO, collaborating on strategy and business growth, while at the same

	time bringing ensuring compliance and conservatism. Sometimes called the VP-Finance or similar title.
CFO Act	The Chief Financial Officers' Act of 1990 which created chief financial officer positions in the major federal department and agencies to oversee the government's management of funds and improve its federal financial responsibility.
Chartered Accountant (CA)	Professional accounting designation used in the United Kingdom, Canada and several other countries.
Committee-Appointed Review Team (CART)	A team appointed by the entity administering the AICPA Peer Review Program (Program) to conduct a CPA firms' peer review engagement or repeat review. CART reviews are not available for systems reviews or for firms in the Center for Public Company Audit Firms Peer Review Program.
Competency Self-Assessment Tool (CAT)	A Web-based tool designed to allow CPAs and other users to assess their knowledge, skills and abilities in four broad competency categories: Leadership Qualities, Personal Attributes, Broad Business Perspective and Functional Expertise, and then develop a learning plan to close any competency gaps identified.
Compilation	Information presented in the form of financial statements that is the representation of management without the accountant undertaking to express any assurance on the statements.
Computer based Test (CBT)	Term sometimes used to refer to the Uniform CPA Examination. The Uniform CPA Examination is delivered in a computerized format, almost year-round, at test centers across the United States. Go to www.cpa-exam.org for information about the CPA Examination, applying, and scheduling.
Computerized Accounting Tool Services (CASTA)	Series of software tools for CPAs used in providing accounting and auditing services to clients.
Congressional Budget Office (CBO)	Federal government agency responsible for providing Congress with basic budget data and analysis of alternative fiscal, budgetary, and programmatic policy issues. It was established by the Congressional Budget Act of 1974.
Congressional Record (Cong. Rec.)	The written record of the daily proceedings of the U.S. Senate and House of Representatives. It is published whenever either Chamber of Congress is in session, or it includes the debates in both chambers on legislation before those bodies, a list of bills introduced and any comments regarding those measures, and a list of committee hearings.
Congressional Research Services (CRS)	The research branch of Congress, working out of the Library of congress.

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Consulting Services (CS)	Consulting Services provided by CPA firms in addition to the traditional audit, accounting, and tax services (e.g. systems work, production planning). The AICPA CS Team provides educational and technical guidance to firms and private sector employees who offer consulting services to clients or employers.
Continuing Professional Education (CPE) Advisory Committee	CPE Advisory Committee aids the AICPA by providing experience and observations of AICPA members as they relate to education, training, professional transformation and career enhancement. Committee lends expertise in strategic planning, feedback on major decisions and forward-looking suggestions.
Continuing Professional Education (CPE) Now called Professional Development	An integral part of the life-long learning required for the CPA to provide competent service to the public. The set of activities that enables accounting professionals to maintain and increase their professional competence.
Core Competency Framework for Entry into the Accounting Profession	This Framework is an online resource that educators can utilize to develop or reform curricula to support the development of a set of competencies, consistent with the findings of the CPA Vision. It defines core functional, personal and broad business perspective competencies that all students are expected to have upon entry into the broadly envisioned accounting profession. Soon to be incorporated into the Framework is a database of learning strategies that academics can utilize to develop requisite competencies. In addition, the Framework will provide an automated evaluation process that academics can follow to establish academic goals and priorities regarding competency development and to design and assess circular effectiveness.
Cost Accounting Standards Board (CASB)	The five-member federal government body responsible for setting cost accounting standards for all government contractors.
CPA2Biz	Accounting profession's vertical portal to provide tools, support and opportunities, online & offline, to enable CPAs to enhance customer relationships & expand their portfolio of product and service offerings.
CPA iPack	A package of materials designed to introduce high school/college students to accounting concepts and career opportunities in the profession. The package includes the award winning Takin' Care of Business video, the Education Handbook of lesson plans, a career guide and related materials.
CPE Wizard	In MSP, this is the web application that allows members to manage their CPE credits earned. This application is a tool that allows members to track CPE registered for and attended (group study, online, other self-study, etc). It tracks course information, credit earned, and sponsor.

Customer Relationship Management (CRM)	A business management system that involves all aspects of interaction an organization has with its customer or member, including all marketing, communications, sales and service related activities. The overall objective of CRM effort is to develop a 360 degree view of a member/customer.

D

Dialog	Owned by Thomson, Dialog is a comprehensive service with over 450 databases from a broad range of disciplines.
Disclaimer of Opinion	Auditor's statement in which he (she) does not express an opinion on financial statements.
Disclosure	The material matters relating to the form, arrangement, and content of financial statements that are "disclosed" during the presentation of financial statements in accordance with generally accepted accounting principles, or, if applicable with OCBOA.
Discussion Leader's Guide (DLG)	For use by CPE instructors, this guide provides the necessary written information for a successful presentation.
Discussion Memorandum (DM)	Document sometimes issued for public comment to assist an authoritative body in formulating an exposure draft.

E

Educational Competency Assessment Site (ECAS)	A web-based tool to help accounting educators and program administrators integrate the skills-based competencies defined in the AICPA Core Competency Framework for Entry into the Accounting Profession.
ElderCare Services	A host of financial and non-financial services targeted at older adults and their family members to help those older adults maintain their independence for as long as possible and to provide peace of mind for their family members.
Elijah Watt Sells Award	Award presented to those CPA candidates who take all four sections of the Uniform CPA Examination at one time and receive the three highest combined grades.
Emerging Issues Task Force	The EITF was designed to promulgate implementation guidance within the framework of existing authoritative literature to reduce diversity in practice on a timely basis. The EITF was designed to minimize the need for the FASB to spend time and effort addressing narrow implementation, application, or other emerging issues that can be analyzed within existing GAAP.

Employee Benefit Plan Audit Quality Center (EBP AQC)	An AICPA firm membership Center with the objective of enhancing the quality of audits of employee benefit plans subject to ERISA.
Employee Retirement Income Security Act of 1974 (ERISA)	A federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans. ERISA requires plans to provide participants with plan information including important information about plan features and funding; and requires plans to prepare financial reports and have annual audits generally for plans with more than 100 participants.
Engagement Reviews under the AICPA Peer Review Program	Peer review for firms that only perform services under SSARS and/or services under the SSAEs not included in system reviews have peer reviews called engagement reviews. The objectives of an engagement review are to provide the reviewer with a reasonable basis for expressing limited assurance that: a. the financial statements or information and the related accountant's report on the accounting and review engagements and attestation engagements submitted for review conform in all material respects with the requirements of professional standards in all material respects and b. the reviewed firm's documentation conforms with the requirements of SSARS and the SSAEs applicable to those engagements in all material respects.
Enhanced Business Reporting (EBR)	Enhanced Business Reporting is comprised of voluntary, globally recognized guidelines for providing richer disclosure of business information, allowing companies to better communicate current and expected performance while giving the investment community and other stakeholders the information they need to make better decisions. This includes financial statements, key performance indicators based on industry-specific definitions, and company-specific information about strategy, plans, opportunities and risks.
Enrolled Agent	A tax practitioner who, by passing an examination given by the U.S. Treasury Department, can represent taxpayers before the Internal Revenue Service.
Enterprise Resource Planning (ERP)	A business management system that integrates all facets of the business to the related financial reporting functionality. Software applications have emerged to help business managers implement ERP in business activities such a planning, manufacturing, sales, marketing, inventory control, order tracking, and finance. ERP attempts to integrate all departments and functions across a company to create a single software program that runs off one database.
Evaluation Task Force (ETF)	Peer Review Committee members from the Center for Public Company Audit Firms Peer Review Committee that discuss and accept peer review reports and other peer review related documents for firms enrolled in the Center for Public Company Audit Firms Peer Review Program.

Evidential Matter	Audit materials supporting the financial statements consisting of the underlying accounting data and all corroborating information available to the auditor.
Examinations Committee (EC)	A standing committee of NASBA which investigates and makes recommendations to boards of accountancy regarding all aspects of the Uniform CPA Examination.
Examinations Review Board (ERB)	A standing committee of NASBA which provides a comprehensive audit of the preparation, grading, security, and administration of the exam.
Exposure Draft (ED)	Document issued by the AICPA, Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), Federal Accounting Standards Advisory Board (FASAB), or other authority to invite public comment before a final accounting, auditing, or administrative standard, policy or procedure pronouncement is issued.
Extensible Business Reporting Language (XBRL)	Formerly code named XFRML, XBRL is a freely available electronic language for financial reporting. It is an XML-based framework that provides the financial community a standards-based method to prepare, publish in a variety of formats, reliably extract and automatically exchange financial statements of publicly held companies and the information they contain. XBRL is not about establishing new accounting standards but enhancing the usability of the ones that we have through the digital language of business. XBRL will not require additional disclosure from companies to outside audiences.

F

Federal Accounting Standards Advisory Board (FASAB)	Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to federal government entities.
Federal Deposit Insurance Corporation (FDIC)	Independent agency that provides insurance coverage for deposits in both banks (through the Bank Insurance Fund) and savings institutions (through the Savings Association Insurance Fund) and conducts periodic examinations of state-chartered banks that are not members of the Federal Reserve System.
Federal Register (F.R.)	The principal document containing administrative agency law, including proposed and final regulations. It is issued daily.
Federal Reserve System – Board of Governors	Regulates state member banks, bank holding companies and financial services companies.

(Fed or FRB)	
Federal Trade Commission (FTC)	Regulates the profession with regard to privacy for tax preparers, tax planners, and financial planners.
Federation of Schools of Accountancy (FSA)	The organization of accredited accounting graduate programs that is dedicated to enhancing, through collegiate education, the capabilities and performance of those entering the accounting profession.
Financial Accounting Foundation (FAF)	Independent, private-sector organization whose trustees appoint the members, provide funds, and exercise general oversight of the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), and their respective advisory councils.
Financial Accounting Standards (FAS)	Official promulgations by the Financial Accounting Standards Board and, if not superseded, part of generally accepted accounting principles.
Financial Accounting Standards Advisory Council (FASAC)	The primary function of FASAC is to advise the Board on issues related to projects on the Board's agenda, possible new agenda items, project priorities, procedural matters that may require the attention of the FASB, and other matters as requested by the chairman of the FASB. FASAC meetings provide the Board with an opportunity to obtain and discuss the views of a very diverse group of individuals from varied business and professional backgrounds.
Financial Accounting Standards Board (FASB)	Independent, private, non-government group which is authorized by the accounting profession to establish generally accepted accounting principles in the U.S.
Financial Executives International (FEI)	Professional association for financial executives whose objective is to maintain a position of national leadership on issues affecting corporate financial management, and to provide those services that will best meet the professional needs of its members.
Financial Planning Association (FPA)	The membership organization for the financial planning community, created when the Institute of Certified Financial Planners (ICFP) and the International Association for Financial Planning (IAFP) unified on January 1, 2000. Members include individuals and companies who have contributed to building the financial planning profession and all those who champion the financial planning process.
Financial Statements	The presentation of financial data, including accompanying notes derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with a comprehensive basis of accounting.
Firm-on-Firm Team Review (FOF)	A peer review team formed by a CPA firm engaged to conduct the peer review of another CPA firm.

Flexible Life Insurance	Term Life Insurance issued through AICPA Insurance Trust. Includes Group Variable Universal Life options.

G

Government Accountability Office (GAO)	Independent, non-partisan agency which assists Congress in investigating and reporting on government's effectiveness in using public funds.
Generally Accepted Accounting Principles (GAAP)	Uniform minimum standards of and guidelines to financial accounting and reporting. Currently, the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory are authorized to establish these principles.
Generally Accepted Auditing Standards (GAAS)	Standards governing the conduct of external audits by CPAs, as determined by the Auditing Standards Board (ASB) of the AICPA.
Generation Skipping Transfer Tax (GSTT)	This is a tax on estate tax transfers, generally through trusts that are intended to avoid estate taxes. There is a $1 million exemption, but the taxpayer has to elect to allocate it to a transfer, and this is hard to do when it is uncertain what the future value of the transfer will be. The result has been liability for practitioners for failing to elect to allocate some of the exemption to the transfer.
Government Audit Quality Center (GAQC)	An AICPA firm membership Center with objective of enhancing the quality of audits of entities subject to GAGAS.
Government Auditing Standards, a.k.a Generally Accepted Government Auditing Standards (GAGAS)	Commonly referred to as the "Yellow Book," it contains standards for audits of government organizations, programs, activities, and functions, and of governmental funds received by contractors, nonprofit organizations, and other non-government organizations. Revisions are issued as required by the Comptroller General of the U.S.
Government Finance Officers Association (GFOA)	Private, nonprofit organization which has actively supported the advancement of governmental accounting, auditing, and financial reporting since 1906.
Governmental Accounting Standards (GAS)	Official promulgations by the Governmental Accounting Standards Board (GASB) and, if not superseded, part of generally accepted accounting principles applicable to state and local governmental entities.
Governmental Accounting Standards	Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to state and local

Board (GASB)	governmental entities.
Governmental Performance and Accountability Committee (GPAC)	The AICPA Government Performance and Accountability Committee (GPAC) represents CPAs working in all levels of federal, state and local government. It also serves the public who depend on CPAs to help ensure government accountability. The mission of the GPAC is to 1) promote greater government accountability and the integrity of government operations, information and information systems, 2) promote and encourage increased participation and involvement by CPAs in government within the AICPA, 3) enhance the professional image and value of CPAs in government, 4) provide advice and counsel to the Institute on the needs of CPAs in government, and 5) serve as a conduit for communications among CPAs in government, the Institute and other professional organizations.

I

Independence Standards Board (ISB)	Independent standard setter which was formed by the AICPA and the SEC to revise, interpret, and maintain the independence standards that apply to public company auditors. Existed from 1998 to 2001.
In-depth Interview Guide (IDI)	Provides Team AICPA employees with a tool to use in obtaining comparable, first-hand data on their member constituents' needs.
Information Systems Audit and Control Association (ISACA)	An international organization that aspires to global leadership in IT governance, control and assurance by providing its constituents education, a technical/managerial journal, professional certification, conferences, standards and original research.
Information Technology Executive Committee (ITEC)	An AICPA committee organized to research, monitor, assess, educate, and communicate the impact of technology developments on business solutions; to enhance the quality of information technology services provided by members; to achieve recognition that the CPA is the preeminent trusted professional to provide business solutions by applying information technology; and to enable all members to provide value to their clients and their employers through effective application of current, emerging and future information technologies.
Information Technology Membership Section	Voluntary AICPA membership section for CPA specialist in information technology.
Inspector General (IG)	Individuals charged with conducting and supervising audits and investigations relating to the programs and operations of their departments or agencies, and reporting on these semiannually to Congress and the chief executive of their department or agency. Such offices were established in most federal cabinet-level departments and larger agencies by the Inspector General Act of 1978.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS

Institute of Internal Auditors (IIA)	An international organization that provides certification, education, research, and technological guidance for internal audit practitioners.
Institute of Management Accountants (IMA)	National membership organization of CPAs and others involved in accounting, financial and data processing work for industry, commerce and government. Issues the designation Certified Management Accountant (CMA).
Instructor Dependent (ID)	CPE group-study courses led by faculty scheduled by the AICPA.
Interactive Data Extraction and Analysis (IDEA)	EDP audit tool that allows the transfer and analysis of information from other computers.
Internal Revenue Bulletin (IRB)	Authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the IRS, and for publishing Treasury decisions, executive orders, tax conventions, legislation, court decisions, and other items of general interest. It is published weekly.
International Accounting Standards Board (IASB)	An organization whose members represent 153 accounting bodies in 112 countries. The group is dedicated to bringing about the harmonization of international accounting standards.
International Association for Financial Planning (IAFP)	Trade association for individual financial planners and product sponsors.
International Auditing and Assurance Standards Board (IAASB)	The committee authorized by the IFAC to issue International Standards on Auditing (ISAs) and guidance.
International Federation of Accountants (IFAC)	Global organization for the accountancy profession representing 158 accounting organizations in 118 countries. Encourages high-quality practices by the worlds' accountants. Sponsors World Congress of Accountants every five years.
International Innovation Network (IIN)	A group of Institutes located in 17 different countries meeting to exchange ideas and best practices related to innovation. These areas (or "innovation") include new service lines, new products, new education, etc. Countries involved in this network include the US (AICPA), Canada, England and Wales, Ireland, Scotland, France, Germany, Argentina, Israel, Japan, Netherlands, Denmark, Sweden, Hong Kong, Australia, New Zealand, Spain, Italy and others.

International Organization of Securities Commissions (IOSCO)	Currently has 135 member agencies working to ensure better regulation of the markets on the domestic and international level.
International Public Sector Accounting Standards (IPSAS)	Issued by the International Public Sector Accounting Standards Board, these standards set out the requirements for financial reporting by governments and others in public sector organizations.
International Public Sector Accounting Standards Board (IPSASB)	This Board focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance, conducting educational and research programs, and facilitating the exchange of information among accountants and those who work in the public sector or rely on its work.
International Qualification Examination (IQEX)	Examination prepared by the AICPA for use by state boards of accountancy to measure the professional competence, in a U.S. context, of Canadian and Australian Chartered Accountants, Australian CPAs and Mexican Contadores Publicos Certificados who desire a CPA certificate. Only a limited number of states use IQEX.
Issuer	The term "issuer" means an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C.78c)). The securities of which are registered under section 12 of that Act (15 U.S.C.78l), or that is required to file reports under section 15(d) (15 U.S.C 78o (d)), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a et seq.) and that it has not withdrawn.
Issues Papers	Materials which provide information on financial accounting and reporting issues that the Institute believes the Financial Accounting Standards Board (FASB) or Governmental Accounting Standards Board (GASB) should consider and on which those organizations should provide guidance.

J

Joint Ethics Enforcement Program (JEEP)	Program of cooperation between the AICPA and the state CPA societies in the enforcement of the Code of Professional Conduct.
Joint Trial Board (JTB)	An AICPA Board, which provides for uniform enforcement of professional standards by adjudicating disciplinary charges against AICPA and state society members. It comprises of at least 36 members.

K

Knowledge Management (KM)	The process of connecting people to people and people to information to create competitive advantage.
KnowledgeNET (K-Net)	The AICPA's Web-based technology platform for information and knowledge sharing.

L

Letters of Comment (LOC)– Peer Review	For system reviews within the AICPA Peer Review Program, comments and recommendations issued by the review team if there are matters that the review team believes resulted in conditions being created in which there was more than a remote possibility that the firm would not conform with professional standards on accounting and auditing engagements in all material respects, but were not of such significance to cause the report to be modified or adverse. For engagement reviews within the AICPA Peer Review Program, comments and recommendation issued by the review team if there are departures from professional standards that are not deemed to be significant but that should be considered by the reviewed firm in evaluating the quality control policies and procedures over its accounting practice.
Letters of Response (LOR) – Peer Review	A written response from the reviewed firm addressed to the entity administering the Peer Review Program which describes the actions taken or planned by the reviewed firm with respect to each matter in the letter of comments.
LEXIS	Computer-assisted legal research service which offers access to several other services, including the National Accounting Automated Research System (NAARS) and NEXIS.
Limited Liability Company (LLC)	A form of organization that may be treated as a partnership for federal tax purposes and that has limited liability protection for the owners at the state level. The entity may be subject to state franchise tax as a corporation.
Limited Liability Partnership (LLP)	A form of organization in which the individual partners are protected from the liabilities of the other partners. These entities are considered partnerships for both federal and state tax purposes.
Litigation Services (LS)	Any professional guidance non-lawyers provide to lawyers in the litigation process. Such assistance may include the quantification of damages, analysis of business facts and the provision of expert testimony.

M

Management of an Accounting Practice (MAP)	AICPA team that assists small firms and sole proprietors in improving the management and administration of their practices.
Member Solutions Partnership (MSP)	A system that encompasses the development and deployment of functionality for enterprise resource planning (ERP), association and customer/member relationship management (CRM) features, and human resource management (HRMS) utilizing Oracle E-Business Suite 11i system.
Minority Initiatives Committee	The AICPA committee that works to actively integrate minorities into the accounting profession to become CPAs and enhance their upward mobility.

N

National Association of State Auditors, Comptrollers and Treasurers (NASACT)	An organization for state officials who deal with the financial management of state government. NASACT's membership is comprised of officials who have been elected or appointed to the office of state auditor, state comptroller or state treasurer in the fifty states, the District of Columbia, and U.S. territories.
National Accreditation Commission (NAC)	Senior AICPA committee that recommends and implements specialization/certification programs for CPAs and oversees existing accreditation programs.
National Association of State Boards of Accountancy (NASBA)	National organization representing the 54 state licensing boards/agencies which regulate the CPA profession in all states and four U.S. territories.
National Automated Accounting Research System (NAARS)	Computerized database for researching annual reports of corporations and governmental entities, and authoritative and semi-authoritative accounting and auditing promulgation's of the AICPA, Financial Accounting Standards Board (FASB), Securities and Exchange Commission (SEC), etc.
National Council of Governmental Accounting (NCGA)	Private sector standard-setting body for governmental accounting, auditing, and financial reporting from 1968 until 1984, when the Governmental Accounting Standards Board (GASB) was established.
National Credit Union Administration (NCUA)	Regulates all credit unions and insures credit union deposits up to $100,000.

National Society of Accountants (Formerly known as National Society of Public Accountants)	National association for individuals with an interest in the accounting profession. Although membership is open to CPAs, the majority of this organization's members are licensed public accountants and unlicensed accountants.
Negative Assurance	An accountant's statement which says that as a result of specified procedures, nothing came to his (her) attention that caused him (her) to believe that specified matters did not meet a specified standard.
NEXIS	Full-text research and information service with a database of more than 160 U.S. and overseas general, business, and news information sources.
Nonissuer	Entities not subject to the Sarbanes-Oxley Act of 2002 or the rules of the SEC.
North American Securities Administrators Association (NASAA)	National association of individuals who administer securities laws of the states and the Canadian provinces.

O

Office of Management and Budget (OMB)	Federal government agency responsible for assisting the President in preparing the budget and formulating the fiscal program of the U.S. government, among other things. Also responsible for overseeing audits performed under single audit set and OMB circular A-133, audits of states, local governments and non-profits organizations.
Office of the Comptroller of the Currency (OCC)	A bureau of the U.S. Treasury Department designed to safeguard bank operations and the public interest through its general supervision over the operations of national banks.
Office of Thrift Supervision (OTS)	A bureau of the Department of the Treasury that charters federal savings institutions and serves as primary regulator for federal and state chartered savings institutions that belong to the Savings Institutions Insurance Fund (SIIF).
Organization for Economic Cooperation and Development (OCED)	An organization of major industrialized countries to advance economic development around the world through cooperation and sharing of information.
Other Comprehensive Basis of Accounting (OCBOA)	A basis of accounting, other than GAAP, that an entity uses to report its assets, liabilities, equity, revenues and expenses. Examples of OCBOA include income tax basis and cash basis of accounting.

P

Peer Review	An evaluation of whether a CPA firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality controls standards established by the AICPA and whether the CPA firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming with professional standards or a review of the firms' accounting reports and financial statements to determine conformity with professional standards, applicable to those engagements in all material respects. Peer reviews are performed in accordance with standards established by the AICPA Peer Review Board for firms enrolled in the AICPA Peer Review Program, and by the Center for Public Company Audit Firms Peer Review Committee for firms enrolled in the Center for Public Company Audit Firms Peer Review Program. Also see Engagement, Report and System Reviews (under the AICPA Peer Review Program) and Peer Reviews under the Center for Public Company Audit Firms Peer Review Program.
Peer Review Board (PRB)	The executive committee having senior status with authority to establish, conduct and administer the AICPA Peer Review Program in

	cooperation with administering entities. Its objective is to enhance the quality of accounting and auditing engagements by CPA firms by establishing and conducting, in cooperation with the state CPA societies, a peer review program for AICPA and state CPA society members engaged in the practice of public accounting.
Peer Review Committees (PRC)	AICPA committees (both the Private Companies Practice Section and the Securities and Exchange Commission Practice Section have this committee) responsible for ensuring that member firms of the Division for CPA Firms maintain their practices in conformity with quality control standards of the AICPA and comply with Division membership requirements.
Peer Review Programs (PRP)	Practice monitoring programs in which peer reviews are conducted. The AICPA has two peer review programs: the AICPA Peer Review Program and the Center for Public Audit Firms Peer Review Program (CPCAF PRP).
Peer Reviews Under the Center for Public Company Audit Firms Peer Review Program	A system and compliance oriented peer review with the objectives of evaluating whether; 1) The reviewed firm's system of quality control for its accounting and auditing practice applicable to private companies non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA, 2) the reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards. A firm's accounting and auditing practice applicable to public companies SEC issuers is not reviewed in a Center for Public Company Audit Firms peer review since the Public Company Accounting Oversight Board is responsible for inspecting that portion of a firm's accounting and auditing practice in accordance with PCAOB requirements.
Performance View	This service identifies critical success factors that lead to measures that can be tracked over time. These measures are then used to assess progress in achieving specific targets linked to an entity's vision and performance.
Personal Financial Planning (PFP)	Process of addressing a client's financial concerns in the context of his (her) overall financial situation. The AICPA PFP Team provides support to members with a special interest in advising clients on the planning and management of their personal finances.
Personal Financial Planning Section	Voluntary AICPA membership section for CPA specialists in personal financial planning.
Personal Financial Specialist (PFS)	Credential in personal financial planning awarded by AICPA to those who have met practice requirements and passed an examination.
Political Action Committee (PAC)	Group of individuals with common interests and political goals that is organized to provide information and financial support to candidates for elective offices. For the Institute, this is called the AICPA PAC.

Practice Bulletin	Information communicating the views of the Accounting Standards Executive Committee on certain narrow accounting issues.
Pre-certification Education Executive Committee (PcEEC)	The AICPA committee that recommends education policy to the Board and provides assistance to the academic community in preparing students for entry into the profession and supports the recruitment of talented students into the profession.
Private Company Financial Reporting	An initiative of the AICPA to determine if, and where, privately-held companies have a need for different accounting standards than publicly-traded companies, and if so, to work to create those standards. This initiative is currently focused on working collaboratively with the FASB to meet the needs of companies, users of financial reporting and the CPAs who serve these clients.
Private Companies Practice Section (PCPS)	One of two sections of the AICPA Division for CPA Firms that primarily serves local and regional CPA firms with non-public clients.
Professional Accountants in Business Committee (PAIB)	The Professional Accountants in Business (PAIB) Committee serves IFAC member bodies and the more than one million professional accountants worldwide who work in commerce, industry, the public sector, education, and the not-for-profit sector. Its aim is to enhance the profession by encouraging and facilitating the global development and exchange of knowledge and best practices. It also works to build public awareness of the value of professional accountants. The PAIB Committee was formerly called the Financial and Management Accounting Committee.
Professional Ethics Executive Committee (PEEC)	To develop standards of ethics, promote understanding and voluntary compliance with such standards, establish and present charges of violations of the standards and the AICPA's bylaws to the Joint Trial Board for disciplinary action in cooperation with State Societies under the Joint Ethics Enforcement Program (JEEP), improve the profession's enforcement procedures, coordinate the subcommittees of the Professional Ethics Division, and promote the efficiency and effectiveness of JEEP Program.
Public Company Accounting Oversight Board (PCAOB)	The PCAOB is a private-sector, non-profit corporation, created by the Sarbanes-Oxley Act of 2002, to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports.
Public Company Auditors' Forum	Technical and educational resource and public policy voice for U.S. audit firms that are registered with PCAOB.
Public Accountant (PA)	Generic term for persons/firms which practice public accounting but are not CPAs. Some states license public accountants.
Public Entity	Any entity that: (a) trades securities in a public market either on a stock exchange or in the over-the-counter market; (b) makes a filing

	with a regulatory agency in preparation for the sale of any classes of its securities in a public market; (c) is a subsidiary, corporate joint venture, or other entity controlled by either (a) or (b).

Q

Qualified Opinion	Auditor's opinion which states that, except for the effects of the matter to which a qualification relates, the financial statements fairly present financial position, results of operations, cash flows in conformity with generally accepted accounting principles.

R

Racketeer Influenced and Corrupt Organizations Act (RICO)	Congressional statute enacted in 1970 to deal with organized crime's infiltration of legitimate business. Some states also have RICO statutes.
Registered Investment Adviser (RIA)	According to the Securities and Exchange Commission, an individual registered under the Investment Advisers Act of 1940, who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.
Regulatory Accounting Principles (RAP)	The term regulatory accounting principles denotes the requirements or methods of accounting and reporting specified by regulatory agencies for supervisory reporting purposes. The AICPA encourages consistency between GAAP and RAP.
Report Acceptance Body (RAB)	Peer Review Committee members from approved state CPA society administering entities that discuss and accept peer review reports and other peer review related documents for firms enrolled in the AICPA Peer Review Program.
Report Reviews Under the AICPA Peer Review Program	A peer review where the objective is to enable the reviewed firm to enhance the overall quality of its compilation engagements that omit substantially all disclosure. To accomplish this objective, the reviewer provides comments and recommendations based on whether the submitted financial statements and related accountant's reports appear to conform with the requirements of professional standards in all material respects. A report review does not provide the reviewer with a basis for expressing an opinion on the firm's system of quality control for its accounting practice.
Revenue Procedure	A published official statement of the IRS regarding a matter of federal tax procedure, published by the National Office of the IRS.

Revenue Ruling	A published official interpretation of the tax law by the National Office of the IRS. Rulings are often based on replies to request for rulings by taxpayers.
Review	Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with GAAP or, if applicable, with OCBOA.
Risk Advisory Services	Services designed to identify, assess and manage risks of an entity and measure and monitor the risk management strategies implemented by that entity.

S

Securities and Exchange Commission (SEC)	Agency of the federal government that regulates the public trading of securities. The SEC has the authority to establish accounting and auditing regulations but defers to the Financial Accounting Standards Board and the Public Company Accounting Oversight Board.
Senior Technical Committee	Any AICPA committee authorized to make public statements on matters relating to its area of practice without having to get clearance from AICPA Council or the Board of Directors. (See pages 1-2 for a list of AICPA senior technical committees).
Shared Services LLC	A joint venture between the AICPA and the State Society Network Inc. to take advantage of operational cost efficiencies among the similar organizations that serve CPAs.
Statement of Position (SOP)	Statements which provide guidance on practice or industry financial accounting or reporting problems until the Financial Accounting Standards Board or Governmental Accounting Standards Board provides standards in those areas. They are also intended to influence the establishment of such standards, and to update, revise, or clarify audit and accounting guides or provide freestanding guidance.
Statements of Federal Financial Accounting Standards (SFFAS)	Official promulgations by the Federal Accounting Standards Advisory Board (FASAB) and, if not superseded, part of generally accepted accounting principles applicable to federal governmental entities.
Statements of Tax Policy	Statements which present the thinking of the AICPA's Taxation Team on questions of broad tax policy and are designed to aid in the development of federal tax legislation.
Statements on Auditing Standards (SAS)	Statements issued by the Auditing Standards Board to provide CPAs with guidance regarding the application of Generally Accepted Auditing Standards (GAAS).

Statements on Standards for Accountants' Services on Prospective Financial Information (SSASPFI)	Statements issued by the Auditing Standards Board to provide guidance to accountants concerning performance and reporting for engagements to examine, compile, or apply agreed-upon procedures to prospective financial statements.
Statements on Standards for Accounting and Review Services (SSARS)	Statements issued by the Accounting and Review Services Committee to provide CPAs with guidance regarding reporting on the unaudited financial statements or other unaudited financial information of nonpublic entities.
Statements on Standards for Attestation Engagements (SSAE)	Statements issued by the Auditing Standards Board, Accounting and Review Services Committee, or the Management Advisory Services Executive Committee to provide guidance to CPAs engaged to perform attest services.
Statements on Standards for Consulting Services (SSCS)	Statements which provides behavioral standards for the conduct of consulting services. The SSCS includes the General Standards found in Rule 201 of the AICPA Code of Professional Conduct plus three additional standards found in Rule 203, including Client Interest, Understanding with the Client and Communication with the Client.
Statements on Standards for Tax Services (SSTS)	Tax behavioral standards that are binding under the AICPA Code of Professional Conduct.
Substantial Equivalency	Substantial Equivalency is a concept that provides greater ease of mobility across state lines for CPAs both in person and electronically. Under this concept, if a CPA has a license in good standing from a state that utilizes CPA certification criteria that are essentially those outlined in the UAA, then the CPA would be qualified to practice in that state without a reciprocal license.
Successor Auditor	An auditor who has accepted an engagement or an auditor who has been invited to make a proposal for an engagement from an entity changing auditors.
System Reviews Under the AICPA Peer Review Program	Peer review for firms that perform engagements under the SASs Government Auditing Standards or examinations of prospective financial statements under the SSAEs have peer reviews called system reviews. A system review is intended to provide the reviewer with a reasonable basis for expressing an opinion on whether, during the year under review: a) the reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards established by the AICPA and b) the reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming with professional standards.

SysTrust	Service to provide assurance on the reliability of a system. The service results in an examination level report on whether an entity's system meets the SysTrust principles of Availability, Maintainability, Integrity and Security and their underlying criteria.

T

Tax Executive Committee	AICPA senior technical committee responsible for formulating and articulating technical and policy positions of the AICPA in tax matters.
Team Captain (TC)	The individual responsible for supervising and conducting a system peer review, communicating the review team's findings to the reviewed firm and to the entity administering the peer review, and preparing the report and, if applicable, the letter of comment on the system review.
Team Member (TM)	Members of a peer review team in addition to the team captain.
Technical Bulletin (TB)	Information issued by the Financial Accounting Standards Board which provides timely guidance on certain financial accounting and reporting problems.
Technical Hotline	Toll-free telephone service for use by AICPA members that provides non-authoritative technical assistance on accounting and financial reporting issues, and auditing, attestation, review, and compilation engagements.
Technical Information for Practitioners Series (TIPS)	Non-authoritative practice aids provided for CPAs.
Technical Issues Committee (TIC)	AICPA committee of the PCPS whose objective is to monitor technical developments that could have a significant effect on private companies and the CPA firms that serve them and, when necessary, submit comments and recommendations in support of the interest of these firms.
Technical Resource Panels (TRPs)	Member groups that are smaller than committees and that are charged with watching specific technical areas. When an issue arises, the panel forms a task force to do the actual work.
Transaction Trail	Chains of evidence provided through coding, cross references, and documentation connecting accounting balances and other summary results with original transactions and calculations.
Trend Monitoring System	Operation by the Strategic Planning Team that identifies emerging issues and trends with potential impact on the Institute and the profession.

U

Uniform Accountancy Act (UAA)	The Uniform Accountancy Act is a single comprehensive piece of model legislation that seeks to eliminate differing requirements on issues including CPA certification, reciprocity, and temporary practice by promoting uniformity in state accountancy licensing laws. Uniformity would be achieved by adopting the UAA in place of existing laws in the 55 American licensing jurisdictions. The AICPA and the National Association of State Boards of Accountancy (NASBA) published the first joint model bill, later renamed the Uniform Accountancy Act (UAA), in 1984.
Unqualified Opinion	An auditor's opinion which states that the financial statements present fairly, in all material respects, financial position, results of operations, cash flows in conformity with generally accepted accounting principles.

V

Vision	CPAs are the trusted professionals who enable people and organizations to shape their future. Combining insight with integrity, CPAs deliver value by communicating the total picture with clarity and objectivity, translating complex information into critical knowledge, anticipating and creating opportunities, and designing pathways that transform vision into reality.
Vision Team	Internal staff cross-functional team that studied profession's visions and recommended organizational charges within the AICPA based on its view of future.
Virtual Grassroots Panel (VGP)	The VGP is an online group of diverse members from various segments of the profession who provide input and feedback – via online polls – to the Institute's leadership, its Strategic Planning Committee, state societies and others regarding current events in the accounting profession, AICPA initiatives, emerging opportunities and threats, and most importantly, "forward-looking" items for the profession.

W

WebTrust	Services to provide assurance on online businesses. These services result in examination level attestation reports on whether an entity meets applicable WebTrust Principles and Criteria. The Principles and Criteria address matters such as privacy, security, availability, confidentiality, consumer redress for complaints, and business practices.
Work/Life and Women's Initiatives Executive	This executive committee of the AICPA promotes within the accounting profession a work environment that provides opportunities for the

Committee (WLWIEC) successful integration of personal and professional lives and the advancement of women to positions of leadership.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS

QUICK REFERENCE OF ACRONYMS AND ABBREVIATIONS

A

AAA	American Accounting Association
AAA	Association of Accounting Administrators
AAA-CPA	American Association of Attorney-Certified Public Accountants
AACBS	Association to Advance Collegiate Business Schools
AAFI	Associated Accounting Firms International
AAHCPA	American Association of Hispanic CPAs
ABA	American Bar Association
ABV	Accredited in Business Valuation
ACA	Accreditation Council for Accountancy
AudCommCtr	Audit Committee Effectiveness Center
ACMS	Audit Committee Matching System
AcSEC	Accounting Standards Executive Committee
ADAPSO	Association of Data Processing Service Organizations
AECC	Accounting Education Change Commission
AFA	Accounting Firms Associated, Inc.
AGA	Association of Government Accountants
AGFM	Association of Government Financial Managers
AGI	Accounting Group International
AICPA	American Institute of Certified Public Accountants
AICPA PAC	AICPA Political Action Committee
AICPA PLUS	AICPA Personal Liability Umbrella Security Plan
AITF	Audit Issues Task Force
AMA	American Management Association
APB	Accounting Principles Board
APG	Audit Program Generator
APS	Auditing Procedure Studies
AR	Advance Reading
ARA	Accounting Research Association
ARAF	Association Regional Accounting Firms
ARIA	Accounting Researchers International Association
ARSC	Accounting and Review Services Committee
ASAE	American Society of Association Executives
ASB	Auditing Standards Board
ASEC	Assurance Services Executive Committee
ASP	Application Service Provider
ASWA	American Society of Women Accountants
AT	Attestation Standards
ATA	American Taxation Association
ATB	Accountants Trial Balance
ATRA	American Tort Reform Association
AWSCPA	American Woman's Society of Certified Public Accountants

B

BAP	Beta Alpha Psi
BIEC	Business and Industry Executive Committee
BOE	Board of Examiners
BV	Business Valuation

C

CA	Chartered Accountants
CAE	Certified Association Executive
CAI	Computer-Assisted Instruction
CAPA	Federation of Accounting Institutions in East Asia
CART	Committee-Appointed Review Team
CASB	Cost Accounting Standards Board
CAT	Competency Self-Assessment Tool
CATS	Computerized Accounting Tool Series
CBO	Congressional Budget Office
CBT	Computer Based Testing
CCH	Commerce Clearing House
CD	Certificate of Deposit
CFP	Certified Financial Planner
CGFM	Certified Government Financial Manager
CIA	Certified Internal Auditor
CIAS	Center for Investment Advisory Services
CICA	Canadian Institute of Chartered Accountants
CISA	Certified Information System Auditor
CISM	Certified Information Security Manager from ISACA
CITP	Certified Information Technology Professional
CMA	Certified Management Accountant
CPA	Certified Public Accountant
CPA/SEA	Certified Public Accountants' Society Executives Association
CPA2BIZ	Profession's Vertical Portal
CPE	Continuing Professional Education
CRS	Congressional Research Service
CSI	Computer Security Institute

D

D & T	Deloitte & Touche LLP
DCAA	Defense Contract Audit Agency
DLG	Discussion Leader's Guide
DM	Discussion Memorandum

E

E&Y	Ernst & Young LLP

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS

EA	Enrolled Agent
EBP AQC	Employee Benefit Plan Audit Quality Center
EBR	Enhanced Business Reporting
EC	Examination Committee
ECAS	Educational Competency Assessment Site
ECSAFA	Federation of Accounting Institutions in Africa
ED	Exposure Draft
EDMAX	Educational Management Exchange
EDPAA	EDP Auditors Association
EDPAF	EDP Auditors Foundation
EITF	Emerging Issues Task Force
ERB	Examination Review Board
ERISA	Employee Retirement Income Security Act of 1974
ESCORP	Examination Services Corporation
ETF	Evaluation Task Force

F

FAE	Foundation for Accounting Education
FAF	Financial Accounting Foundation
FAS	Financial Accounting Standards
FASAB	Federal Accounting Standards Advisory Board
FASAC	Financial Accounting Standards Advisory Council
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Fed	Federal Reserve System – Board of Governors
FEE	Federation of Accounting Institutions in Europe
FEI	Financial Executives International
FERF	Financial Executives Research Foundation
FGAA	Federal Government Accountant's Association
FICA	Federal Insurance Contributions Act
FOF	Firm-on-Firm Review
FPA	Financial Planning Association
FR	Federal Register
FSA	Federation of Schools of Accountancy
FTC	Federal Trade Commission

G

GAAFR	Governmental Accounting, Auditing, and Financial Reporting
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GAS	Governmental Accounting Standards
GASB	Governmental Accounting Standards Board
GASBOC	Governmental Accounting Standards Board Organizing Committee
GAQB	Government Audit Quality Center
GFOA	Government Finance Officers Association

GPAC	Governmental Performance and Accountability Committee
GSTT	Generation Skipping Transfer Tax

H

HFMA	Health Care Financial Management Association

I

IA	International Affiliation of Independent Accounting Firms
IAA	Inter-American Accounting Association
IAASB	International Auditing And Assurance Standards Board
IAFP	International Association for Financial Planning
IAG	International Auditing Guidelines
IAHA	International Association of Hospitality Accountants
IAI	Independent Accountants International
IAPC	International Auditing Practices Committee (is now IAASB)
IASB	International Accounting Standards Board
ICFP	Institute for Certified Financial Planners
ID	Instructor Dependent
IDEA	Interactive Data Extraction and Analysis
IDI	In-depth Interview
IFAC	International Federation of Accountants
IFAD	International Federation for Accountancy Development
IGAF	International Group of Accounting Firms
IGS	Inspector Generals
IIA	Institute of Internal Auditors
IMA	Institute of Management Accountants
INCFO	Institute of Newspaper Controllers and Finance Officers
IOSCO	International Organization of Securities Commission
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IQAB	International Qualifications Appraisal Board
IQEX	International Qualification Examination
IRB	Internal Revenue Bulletin
IRS	Internal Revenue Service
ISAs	International Standards on Auditing
ISACA	Information Systems Audit and Control Association
ISB	Independence Standards Board
ISC	International Steering Committee
ISC	International Strategy Committee
ITEC	Information Technology Executive Committee

J

JEEP	Joint Ethics Enforcement Plan
JTB	Joint Trial Board

K

KPMG	KPMG
KM	Knowledge Management
KNET	KnowledgeNet

L

LLC	Limited Liability Company
LLP	Limited Liability Partnership
LOC	Letters of Comment
LOR	Letters of Response
LPR	Business Law and Professional Responsibilities
LS	Litigation Services

M

MAP	Management of an Accounting Practice
MCS	Management Consulting Services
MSP	Member Solutions Partnership

N

NAAACPA	National Association of Asian American Certified Public Accountants
NAAI	National Association of Accountants in Insolvency's
NAARS	National Automated Accounting Research System
NABA	National Association of Black Accountants
NAC	National Accreditation Commission
NAFC	National Accounting and Finance Council
NASAA	North American Securities Administrators Association
NASACT	National Association of State Auditors, Comptrollers and Treasurers
NASBA	National Association of State Boards of Accountancy
NCCPAP	National Conference of CPA Practitioners
NCUA	National Credit Union Administration
NSA	National Society of Accountants
NSAC	National Society of Accountants for Cooperatives

O

OCBOA	Other Comprehensive Basis of Accounting
OCC	Office of the Comptroller of the Currency
OECD	Organization for Economic Cooperation and Development
OMB	Office of Management and Budget
OTS	Office of Thrift Supervision

P

PA	Public Accountant
PAC	Political Action Committee

PAIB	Professional Accountants in Business Committee of IFAC
PAR	Public Accounting Report
PCAF	Public Company Auditors' Forum
PCAOB	Public Company Accounting Oversight Board
PCAF	Public Company Auditors' Forum
PcEEC	Pre-certification Education Executive Committee
PCPS	Private Companies Practice Section
PEEC	Professional Ethics Executive Committee
PFP	Personal Financial Planning
PFS	Personal Financial Specialist
PM	Participant's Manual
POB	Public Oversight Board
PPI	Producers Price Index
PRB	Peer Review Board
PRC	Center for Public Company Audit Firms Peer Review Committee
PRP	Peer Review Programs
PRC	Peer Review Committee
PWC	PricewaterhouseCoopers

Q

QC	Quality Control

R

RAB	Report Acceptance Body
RAP	Regulatory Accounting Principles
RFP	Request for Proposal
RIA	Registered Investment Adviser
RICO	Racketeer Influenced and Corrupt Organizations Act

S

SAS	Statements on Auditing Standards
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SECPS*	Securities and Exchange Commission Practice Section (* no longer in existence)
SFFAS	Statements of Federal Financial Accounting Standards
SIA	Society of Insurance Accountants
SOP	Statement of Position
SS	State Society
SSAE	Statements on Standards for Attestation Engagements
SSARS	Statements on Standards for Accounting and Review Services
SSCS	Statements on Standards for Consulting Services
SSLLC	Shared Services LLC
SSMAS	Statements on Standards for Management Advisory Services
SSTS	Statements on Standards for Tax Services

T

TB	Technical Bulletin
TC	Team Captain
TIC	Technical Issues Committee
TIPS	Technical Information for Practitioners Series
TM	Team Member
TRPs	Technical Resource Panels

U

UAA	Uniform Accountancy Act
UEC	Union Europeene des Experts Comptables Economiques et Financiers
UMI	University Microfilms, Inc. Of Ann Arbor, MI
USTC	United States Tax Court

V

VAI	Video-Assisted Instruction
VGP	Virtual Grassroots Panel
VTPR	Voluntary Tax Practice Review

W

WLWIEC	Work/Life and Women's Initiatives Executive Committee

X

XBRL	Extensible Business Reporting Language

1-24-06

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Peer Review Oversight Committee

Summary of Administrative Site Visit

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) is charged with conducting, at a minimum, an annual administrative site visit of all Board-recognized peer review program providers. The visit will be to determine if the provider is administering peer reviews in accordance with the standards adopted by the California Board of Accountancy (CBA). The visit is then summarized and reported to the CBA as part of the PROC reporting.

Date of Visit: _____

Name of Peer Review Program Provider: _____

PROC Members Performing Visit:

_____

_____

1. List program staff interviewed as part of the oversight visits:			
Name:	Title:		
PEER REVIEW TYPES	**YES**	**NO**	**N/A**
1. Does the Provider have a review designed to test a firm's system of quality control for firms performing engagements under SASs, SSAEs, or audits of non-SEC issuers performed pursuant to the standards of the PCAOB?			
2. Does the Provider have a review designed to test a cross-section of a firm's engagements to assess whether they were performed in conformity with applicable professional standards for firms performing engagements under SSARS or SSAEs not encompassed in #1 above?			
Comments:			

PEER REVIEW REPORT ISSUANCE	YES	NO	N/A
1. For each type of review above, does the Provider issue the following type of peer review reports:			
a. Pass? System of quality control was suitably designed, or engagements were performed in conformity with applicable professional standards.			
b. Pass with Deficiencies? System of quality control was suitably designed with the exception of a certain deficiency, or engagements were performed in conformity with applicable professional standards with the exception of a certain deficiency.			
c. Substandard? System of control is not suitably designed, or engagements were not performed in conformity with applicable professional standards.			
Comments:			

PEER REVIEWER QUALIFICATIONS	YES	NO	N/A
1. Has the Provider established minimum qualifications for an individual to qualify as a peer reviewer, to include:			
a. Having a valid and active license in good standing to practice public accounting by this state or another state?			
b. Being actively involved in practicing at a supervisory level in a firm's accounting and auditing practice?			
c. Maintaining a currency of knowledge of the professional standards related to accounting and auditing, including those expressly related to the type or kind of practice to be reviewed?			
d. Furnishing his/her qualifications to be a reviewer, including recent industry experience?			
e. Association with a firm that has received a peer review report with a rating of pass or pass with deficiencies as part of the firm's last peer review?			
Comments:			

PLANNING AND PERFORMING PEER REVIEWS	YES	NO	N/A
1. For system reviews, does the Provider have minimum guidelines and/or standards to ensure that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in planning a peer review to include:			
a. Obtaining the results of a firm's prior peer review (if applicable)?			
b. Obtaining a sufficient understanding of the nature and extent of a firm's accounting and auditing practice?			
c. Obtaining a sufficient understanding of a firm's system of quality control and the manner in which the system is monitored by a firm?			
d. Selecting a representative cross-section of a firm's engagement?			
2. For engagement reviews, does the Provider have minimum guidelines and/or standards to ensure that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in planning a peer review to include:			
a. Selecting a representative cross-section of a firm's accounting and auditing engagements to include at a minimum one engagement for each partner, shareholder, owner, principal, or licensee authorized to issue reports?			
Comments:			

PLAN OF ADMINISTRATION AND ACCEPTING PEER REVIEWS	YES	NO	N/A
1. Does the Provider have the following:			
a. A Peer Review Committee?			
b. A Peer Review Subcommittee, if necessary?			
c. A knowledgeable staff for the operation of the program?			
2. Has the Provider established procedures/guidelines for:			
a. Ensuring that reviews are performed and reported in accordance with the program's established standards for performing and reporting on peer reviews?			
b. Communicating to firms participating in the peer review program the latest developments in peer review standards and the most common findings in peer reviews conducted by the provider?			
c. An adjudication process designed to resolve any disagreement(s) which may arise out of the performance of a peer review, and resolve matters which may lead to the dismissal of a firm from the provider?			
d. Prescribing remedial or corrective actions designed to assure correction of the deficiencies identified in the firm's peer review report?			

PLAN OF ADMINISTRATION AND ACCEPTING PEER REVIEWS (cont)	**YES**	**NO**	**N/A**
e. Ensuring adequate peer reviewers to perform peer reviews?			
f. Ensuring the pool of peer reviewers have a breadth of knowledge related to industry experience.			
g. Ensuring the qualifications of peer reviewers?			
h. Evaluating a peer reviewer's performance on peer reviews?			
3. Has the Provider established a training program(s) designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews?			
4. Does the Provider ensure that a firm requiring a peer review selects a peer reviewer with similar practice experience and industry knowledge, and the peer reviewer is performing a peer review for a firm with which the reviewer has similar practice experience and industry knowledge?			
5. Does the Provider require the maintenance of records of peer reviews conducted under the Program, including at minimum, written records of all firms enrolled in the peer review program and documents required for submission under Section 46, with these documents to be retained until the completion of a firm's subsequent peer review?			
Comments:			

COMPOSITION OF THE PEER REVIEW COMMITTEE (PRC)	**YES**	**NO**	**N/A**
1. Do the PRC members meet the peer reviewer qualification requirements as outlined in the Peer Reviewer Qualifications section above?			
2. In determining the size of the PRC, did the Provider consider the requirement for a broad industry experience and the likelihood that some members will need to recuse themselves from some reviews as a result of the member's close association to the firm or having performed the review?			
3. Is any PRC member currently serving as a member of the CBA?			
4. Do PRC members comply with all confidentiality requirements by annually signing a statement acknowledging their appointments and the responsibilities and obligations of their appointments?			
Comments:			

REPORTING RESPONSIBILITIES	YES	NO	N/A
1. Has the Provider made available, at a minimum, the following:			
a. Standards, procedures, guidelines, training materials, and similar documents prepared for the use of reviewers and reviewed firms?			
b. Information concerning the extent to which the Program has reviewed the quality of the reviewers' working papers in connection with the acceptance of reviews?			
c. Statistical data maintained by the Program related to its role in the administration of peer reviews?			
d. Information concerning the extent to which the Program has reviewed the qualifications of its reviewers?			
e. Sufficient documents to conduct sample reviews of peer reviews accepted by the Program? These may include, at minimum, the report; reviewer working papers prepared or reviewed by the Program's PRC in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.			
2. Has the Provider made available, in writing or electronically, the name of any California-licensed firm expelled from the peer review program and provided the reason for expulsion?			
a. If so, was the CBA notified within 30 days of notification of the firm's expulsion?			

Comments:

SUMMARY

1. Based upon a walkthrough, rate the administrative staff's knowledge of the Provider's program:
   ☐ Meets Expectations ☐ Does Not Meet Expectations

SUMMARY (cont)
2. Were any specific issues identified and discussed?
3. Has the Provider demonstrated improvement from any prior oversight visit?
4. Does the Provider administer peer reviews in accordance with the standards adopted by the CBA? ☐ Meets Expectations ☐ Does Not Meet Expectations*
Comments:

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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Peer Review Oversight Committee

Summary of Peer Review Committee Meeting

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Peer Review Committee (PRC) meetings as further described in the PROC's operating guidelines. The PRC 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 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. Do the members appear knowledgeable about their responsibilities?			
5. Are technical reviewers available during the meeting to address issues as they arise?			
6. Do technical reviewers appear knowledgeable about their responsibilities?			
7. 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. Do the members consider how the AICPA National Peer Review Group or how other states handle the issues being discussed?			
10. Does it appear that appropriate decisions made regarding:			
Monitoring issues.			
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**
11. Does the Committee consider technical reviewers' recommendations and then come to its own decision?			
12. 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: ☐ Meets Expectations ☐ Does Not Meet Expectations*			
14. Does the Committee discuss the performance of Team Captains?			
15. Does the Committee provide adequate feedback to Team Captains when performance issues are identified?			
16. Does the Committee's feedback to Team Captains aid in improving the peer review program?			
17. Do the Committee members believe sufficient guidance is provided by the program and the various manuals and procedure documents?			
18. In what areas do committee members believe additional guidance is needed:			
19. Has the Committee demonstrated improvement from any prior oversight visit report?			
20. At the conclusion of the meeting discuss your findings with the organization's Peer Review Committee Chair and Program Director: ☐ Meets Expectations ☐ Does Not Meet Expectations*			
21. Comments:			

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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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: ☐ Meets Expectations ☐ 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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PEER REVIEW PROGRAM PROVIDER CONTACT INFORMATION

Please provide all requested information listed below. The public contact information will be posted on the Board's Web site with the list of Board-recognized peer review program providers. Please send written notification to the Board if there are changes to any contact information.

PUBLIC CONTACT INFORMATION

Name of Organization: _____

Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Telephone Number: ( ) _____ **Fax Number:** ( ) _____

Toll-Free Number (if available)**:** ( ) _____

Web site address (if available)**:** _____

Name and title of contact person to be placed on approval list: _____

The information in the gray-shaded box below is for Board use only, and will not be placed on the Board's Web site.

Contact Information **Internal Use Only**

Name: _____

Telephone Number: ( ) _____ **E-mail Address:** _____

Address where correspondence should be sent: _____

City: _____ **State:** _____ **Zip Code:** _____

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PEER REVIEW PROGRAM PROVIDER CERTIFICATION AND COMPLIANCE AGREEMENT

This agreement must be signed and returned with all materials evidencing compliance with Section 48 of the California Board of Accountancy Regulations.

I certify that the statements, answers, and representations in this agreement, the application material, and any supplemental statements, are true and accurate, including the following:

1. I have read Article 6 of the California Board of Accountancy Regulations specifying the requirements for receiving Board recognition to administer peer reviews in California and agree to comply with requirements pertaining to providers, provider recognition and minimum requirements.

2. I authorize the California Board of Accountancy and its Peer Review Oversight Committee to review relevant records to ensure compliance with the requirements of Article 6.

3. I certify that the supplemental materials accompanying the application are designed in compliance with Section 48 of the California Board of Accountancy Regulations, and authorize the Board or its designee to review the materials to ensure compliance.

4. As the provider, I agree to be the responsible party for all administered peer reviews.

5. I agree to comply with the provisions of Section 17500 of the Business and Professions Code, Division 7, Part 3, Chapter 1, regarding false or misleading advertising.

6. I am the program provider representative authorized to sign this Certification and Compliance Agreement.

_____
Peer Review Program Provider

_____ _____
Authorized Signature ***Date***

_____ _____
Print or Type Name ***Position***

_____
Company