
CALIFORNIA BOARD OF ACCOUNTANCY



PEER REVIEW OVERSIGHT COMMITTEE

**ANNUAL REPORT
2015**

Table of Contents

I.	Message from the Committee Chair	1
II.	Background	2
III.	PROC Responsibilities	2
IV.	Committee Members	3
V.	Board-Recognized Peer Review Program Providers	3
	American Institute of Certified Public Accountants (AICPA)	3
	a. California Society of Certified Public Accountants (CalCPA)	4
	b. National Peer Review Committee (NPRC)	4
	c. Other State Societies	4
VI.	Activities and Accomplishments	5
	a. Administrative Functions	5
	i. Committee Meetings	5
	ii. Oversight Checklists	5
	iii. Approval of Board-Recognized Peer Review Program Providers	5
	iv. Withdrawal of Board Recognition of a Peer Review Program Provider	6
	b. Program Oversight	6
	i. AICPA	6
	A. AICPA Peer Review Board (PRB)	6
	B. AICPA Peer Review Program Annual Report on Oversight	6
	C. AICPA PRB Oversight Visit to CalCPA.....	7
	ii. CalCPA	7
	A. CalCPA Peer Review Committee (PRC)	7
	B. CalCPA Report Acceptance Body (RAB)	7
	C. CalCPA PRC Oversight Visit to CalCPA.....	7
	D. CalCPA Administrative Site Visit	8
	E. CalCPA Sample Reviews	8
	F. CalCPA Peer Reviewer Training	8
	G. CalCPA Annual Report on Oversight	9
	iii. NPRC	9
	A. NASBA CAC	9
	B. NASBA CAC Report on the AICPA NPRC.....	9
	iv. Other State Societies	10
	c. Other Activities	10
	i. NASBA Western Regional Meeting	10
	ii. NASBA 108 th Annual Meeting	10
	iii. NASBA PROC Summit	10
	iv. U.S. Department of Labor (DOL)	11
VII.	AICPA Exposure Draft on Standards for Performing and Reporting On Peer Reviews, <i>Improving Transparency and Effectiveness of Peer Review</i>	11
VIII.	Statistics	12
IX.	Observations	12
X.	Conclusion.....	13

I. Message from the Committee Chair

I am pleased to present to the CBA the Peer Review Oversight Committee's (PROC) 2015 Annual Report. I would like to thank the CBA for its continued trust in my leadership and stewardship of the PROC by re-appointing me as Chair. I would also like to extend my sincerest appreciation to Ms. Sherry McCoy, CPA, who served a two-year term as Vice-Chair of the PROC. Ms. McCoy has served on the PROC since its inception and continues to serve the CBA and consumers of California forthrightly and conscientiously. Mr. Jeffrey De Lyser, CPA, will now transition to the role of Vice-Chair.

This year also represents the first time in almost two years that the PROC has had its full complement of members. With the appointments by the CBA of Mr. Kevin Harper, CPA, and Ms. Renee Graves, CPA, the PROC now has all seven members. I look forward to working with Mr. Harper and Ms. Graves and the other valuable members of the PROC to continue to improve the work of the PROC.

Even with the new appointments, an eye towards the future must be maintained. Four of the original PROC members are set to reach their maximum eight-year term in July and September 2017. With this in mind, I will be working with Patti Bowers, CBA Executive Officer, and her staff on a transition plan which will be designed to minimize the loss of institutional knowledge and services of the PROC.

The PROC's presence as an active oversight body continues to flourish and grow. In addition to performing its routine oversight functions, including its annual oversight of the California Society of CPAs administration of peer reviews conducted using the American Institute of CPAs (AICPA) Peer Review Program, I had the opportunity to personally attend and actively participate in three National Association of State Boards of Accountancy (NASBA) sponsored events.

In July 2015, Governor Brown approved an out-of-state travel request for my attendance and participation at the NASBA PROC Summit. I participated in a panel session, including an active question and answer session. This provided me the opportunity to share with other states and NASBA the activities and practices used in California and to hear how other oversight committees perform their respective roles. Additionally, I was able to attend NASBA's Western Regional and Annual Meetings. At both meetings, discussions on changes to peer review and audit quality were discussed.

Based on the information gathered during the PROC activities and my attendance at the three NASBA events, the PROC is expecting the landscape for peer reviews to change dramatically over the next several years. The beginning of these changes can be seen in the launching of the AICPA Enhancing Audit Quality initiative in 2014 and the release of the AICPA 6-Point Plan of implementation in 2015. These changes are certain to affect all CPAs performing attest functions.

On a final note, an area that the PROC would like to bring to the CBA's attention is

the limited pool of qualified peer reviewers. Over the course of the PROC's oversight activities the topic of the population of peer reviewers, including the recruitment of new peer reviewers, has been a consistent point of discussion. The PROC expects that the new changes being implemented by the AICPA to the peer review program have the potential to further constrict the ability to attract new qualified peer reviewers. While the PROC is responsible for ensuring that administering entities adequately train and monitor peer reviewers, recruitment falls outside of its present scope of activities.

Ensuring an adequate population of qualified peer reviewers is of paramount importance to ensuring the effectiveness, thoroughness, and timeliness of peer reviews. The PROC stands ready to assist in this area as the CBA may see fit.

I look forward to another successful year and the opportunity to serve the CBA together with the highly qualified members of the PROC and CBA staff.

Respectfully,

Robert Lee, CPA

II. Background

In 2009, the CBA sponsored Assembly Bill (AB) 138 (Chapter 312, Statutes of 2009) implementing mandatory peer review. AB 138 was signed by Governor Arnold Schwarzenegger and became effective on January 1, 2010. AB 138 requires all California-licensed firms, including sole proprietorships, providing accounting and auditing services, to undergo a peer review once every three years as a condition of license renewal. Effective January 1, 2012, Senate Bill 543 (Chapter 448, Statutes of 2011) removed the sunset language included in the original enabling legislation, making mandatory peer review permanent in California. Peer review, as defined by Business and Professions Code (BPC) section 5076(b)(1), is a study, appraisal, or review conducted in accordance with professional standards of the professional work of a firm, and may include an evaluation of other factors in accordance with the requirements specified by the board in regulations. The peer review report shall be issued by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed.

III. PROC Responsibilities

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

The roles and responsibilities of the PROC, as defined by the CBA, are:

- Hold meetings as necessary in order to conduct business and report to the CBA

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

IV. Committee Members

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

<u>Current members</u>	<u>Term Expiration Date</u>	<u>Maximum Term Date</u>
Robert Lee, CPA, Chair	September 30, 2017	September 30, 2017
Sherry McCoy, CPA, Vice-Chair	July 31, 2017	July 31, 2017
Jeffrey De Lyser, CPA	March 31, 2017	March 31, 2021
Katherine Allanson, CPA	July 31, 2017	July 31, 2017
Kevin Harper, CPA	March 31, 2017	March 31, 2023
Nancy J. Corrigan, CPA	July 31, 2017	July 31, 2017
Renee Graves, CPA	November 19, 2017	November 30, 2023

At its November 19, 2015 meeting the CBA re-appointed Robert Lee, CPA, as Chair and appointed Jeff De Lyser, CPA, as Vice-Chair of the PROC. Additionally, the CBA appointed two new members to the PROC, Kevin Harper, CPA, and Renee Graves, CPA. The PROC is now fully staffed.

V. Board-Recognized Peer Review Program Providers

American Institute of Certified Public Accountants (AICPA)

The AICPA Peer Review Program is currently the only CBA-recognized Peer

Review Program Provider. Through regulation, the CBA established that the AICPA Peer Review Program meets the standards outlined in Title 16, CCR section 48. Further, the CBA accepts all AICPA-approved entities authorized to administer the AICPA Peer Review Program.

The AICPA 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.

a. California Society of Certified Public Accountants (CalCPA)

CalCPA administers the AICPA Peer Review Program in California. As an administering entity, CalCPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's Performing and Reporting on Peer Reviews (*Standards*). The CalCPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews. CalCPA administers the largest portion of peer reviews to California-licensed firms.

b. National Peer Review Committee (NPRC)

The National Peer Review Committee (NPRC) administers the AICPA peer review program for firms that meet any of the following three criteria:

1. The firm is required to be registered with and subject to permanent inspection by the Public Company Accounting Oversight Board (PCAOB).
2. The firm performs engagements under PCAOB standards.
3. The firm provides quality control materials (QCM), or is affiliated with a provider of QCM, that are used by firms that it peer reviews.

The NASBA Compliance Assurance Committee (CAC) provides oversight of the NPRC.

c. Other State Societies

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

VI. Activities and Accomplishments

Following are the activities and accomplishments of the PROC during 2015.

a. Administrative Functions

i. Committee Meetings

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

The PROC held the following meetings:

- January 30, 2015 – Berkeley, CA
- May 1, 2015 – Los Angeles, CA
- August 21, 2015 – Sacramento, CA
- December 9, 2015 – San Diego, CA

A representative of the PROC attended five CBA meetings and reported on PROC activities.

ii. Oversight Checklists

The PROC has developed oversight checklists which serve to document the members' findings and conclusions after performing specific oversight activities. The checklists, listed here-in, are included in the PROC Procedures Manual and additional checklists will be developed as necessary.

Present Checklists:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training Course
- Peer Review Board Meeting Checklist
- Peer Review Program Provider Checklist
- Summary of Oversight of Out-of-State Peer Review Administering Entity
- Summary of Compliance Assurance Committee Meeting

Members submit the completed checklists to staff for future reference to demonstrate PROC activities.

iii. Approval of CBA-Recognized Peer Review Program Providers

At such time that the CBA receives an Application to Become a CBA-recognized Peer Review Program Provider, the PROC will review the

application and documentation using the Peer Review Program Provider Checklist 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.

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

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

b. Program Oversight

The PROC is charged with providing oversight of all CBA-recognized peer review program providers to ensure that peer reviews are being administered in accordance with the standards adopted by the CBA. During 2015, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and its administering entities in California, the CalCPA and the NPRC.

i. AICPA

A. AICPA Peer Review Board (PRB)

The AICPA PRB is responsible for maintaining, furthering and governing the activities of the AICPA 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.

During 2015, PROC members observed each AICPA PRB meeting as part of the PROC oversight activity.

B. AICPA Peer Review Program Annual Report on Oversight

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

The PROC reviewed the AICPA Annual Report on Oversight issued on September 30, 2014, for the calendar year 2013, at its January 2015 meeting. Based on the oversight procedures performed, the AICPA Oversight Task Force concluded that in all material respects (1) the administering entities were complying with the administrative procedures established by the AICPA, (2) the reviews were being conducted and reported upon in accordance with standards, (3) the results of the reviews were being evaluated on a consistent basis by all administering entities

and peer review committees, and (4) the information provided via the Internet or other media by administering entities was accurate and timely.

C. AICPA PRB Oversight Visit to CalCPA

Biennially, the AICPA PRB performs an onsite oversight of CalCPA's administration of the AICPA Peer Review Program. A member from the AICPA PRB Oversight Task Force reviews files and interviews staff at the administrative office. In addition, the member attends a peer review committee meeting and observes the report acceptance process of the committee members.

In the year that the AICPA PRB is not performing oversight, a member of the California PRC performs an administrative oversight. A report is issued and approved by the AICPA PRB.

ii. CalCPA

A. CalCPA Peer Review Committee PRC

During 2015, PROC attended both CalCPA PRC meetings, which took place in May and November 2015.

B. CalCPA Report Acceptance Body (RAB)

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

During 2015, PROC members observed six RAB meetings.

C. CalCPA PRC Oversight Visit to CalCPA

In the year where the AICPA Peer Review Board is not performing oversight, a member of the California PRC performs an administrative oversight of CalCPA.

The PROC reviewed an AICPA PRB approved report issued on May 4, 2015 of an oversight visit to the CalCPA conducted by a member of the PRC on November 19-21, 2014. The report had no findings or recommendations for the administration of the program.

D. CalCPA Administrative Site Visit

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

On August 12, 2015, the PROC reviewed CalCPA's administration of the AICPA's Peer Review Program as part of the oversight program for the CBA. As an administering entity, CalCPA is responsible for administering the AICPA Peer Review Program in compliance with the AICPA Standards, interpretations, and other guidance established by the CBA. The PROC's responsibility is to determine whether the peer review program complies with the minimum requirements for a Peer Review Program, pursuant to Title 16, CCR, section 48.

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

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

E. CalCPA Sample Reviews

The PROC conducts 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.

This oversight activity was completed on August 12, 2015, in conjunction with the Administrative Site Visit.

F. CalCPA Peer Reviewer Training

The PROC is responsible for ensuring that peer review providers develop a training program designed to maintain or increase a peer reviewer's

currency of knowledge related to performing and reporting on peer reviews. The CalCPA Education Foundation offers two types of peer reviewer trainings. Each year, the CalCPA Education Foundation offers a two-day course for new peer reviewers and a one-day refresher course for existing peer reviewers.

During 2015, PROC members attended the one-day training course *AICPA Peer Review Program Advanced Course* on May 20, 2015.

G. CalCPA Annual Report on Oversight

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

The PROC reviewed the CalCPA Peer Review Program Annual Report on Oversight for Calendar Year 2013, issued October 17, 2014. The oversight report summarizes the results of the mandated oversight of two percent of all reviews processed during the year and verification of the resumes and continuing professional education of one third of peer reviewers.

iii. NPRC

A. NASBA CAC

The charge of the NASBA CAC is to promote effective oversight of compliance with professional standards by CPAs and their firms. As such, the focus of the NASBA CAC is to recommend a nationwide strategy promoting a mandatory program for compliance assurance acceptable to boards of accountancy – PROCs. The NASBA CAC provides oversight of the NPRC.

The PROC observed the NASBA CAC meeting held on May 13, 2015.

B. NASBA CAC Report on the AICPA NPRC

The PROC reviewed the NASBA CAC report on the AICPA NPRC dated June 15, 2015 at its August 2015 meeting. Based on the oral reports provided at each CAC meeting by the NASBA representatives serving as members on the AICPA NPRC, as well as reviewing the comprehensive oversight report prepared by the AICPA NPRC issued October 31, 2014 and the administrative oversight report issued by a third party on October 10, 2014, the NASBA CAC is satisfied and can report that the AICPA

NPRC has operated appropriately for the period of November 1, 2013 to October 31, 2014.

iv. Other State Societies

A. Other State Societies

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

The PROC reviews, on a sample basis, the AICPA oversight visit reports as part of the oversight activity of out-of-state administrative entities each year. All AICPA oversight visit reports are reviewed and accepted by the AICPA PRB Oversight Task Force. For 2015, the PROC reviewed the AICPA's oversight reports for Washington, New York, Florida and Texas.

c. Other Activities

i. NASBA Western Regional Meeting

PROC Chair, Robert Lee, CPA, attended the June 17-19, 2015 NASBA Western Regional Meeting in Coronado, California. The meeting primarily focused on consumer protection and provided a forum to receive and share information regarding various topics, including peer review compliancy, the Uniform Accountancy Act, Uniform CPA Examination, the Accountancy License Database, education, and continuing professional education standards.

ii. NASBA 108th Annual Meeting

PROC Chair, Robert Lee, CPA, attended the NASBA October 25-28, 2015 108th Annual Meeting in Dana Point, California. Panelists discussed key elements of the exposure draft for the next version of the Uniform CPA Examination; how schools and accreditors are recognizing changes in education; state boards' enforcement efforts and their response to the Department of Labor's findings; what state boards can do now to get the most out of the peer review program; ways to bring diversity into the profession; and updates on NASBA's activities.

iii. NASBA PROC Summit

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

to assist boards of accountancy in learning how to establish a new PROC and also share experiences among existing PROCs to help each board of accountancy be more effective with peer review oversight. Sessions and content are formed based on the most requested information by accountancy board members and PROC members considering the goals and objectives of the NASBA CAC.

PROC Chair, Robert Lee, CPA, received authorization to travel out-of-state to attend the NASBA PROC Summit held on July 10, 2015 in Nashville, Tennessee. He participated in a panel session and answered questions related to peer review. There were informational updates on the AICPA, release of a six-point plan to improve audit quality, the results of 90 surprise reviews, and a discussion about a May 1, 2016 reset of the educational material.

iv. U.S. Department of Labor (DOL)

The PROC reviewed, the Office of the Chief Accountant (OCA), Employee Benefit Security Administration (EBSA), U.S. DOL report titled, “Assessing the Quality of Employee Benefit Plan Audits,” released on May 2015. The report assessed the level and quality of audits performed by CPAs of the Employee Retirement Income Security Act (ERISA) covered employee benefit plans.

VII. AICPA Exposure Draft on Standards for Performing and Reporting on Peer Reviews, *Improving Transparency and Effectiveness of Peer Review*.

On November 10, 2015, the AICPA released an exposure draft titled, “*Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews, Improving Transparency and Effectiveness of Peer Review*” (AICPA Exposure Draft).

The proposed changes to the AICPA Standards issued by the PRB are as follows:

- Supplement the existing guidance for peer reviewer, reviewed firm, technical reviewer and RAB responsibilities for nonconforming engagements.
- Enhance the peer review of the firm’s system of quality control to better assist the team captain and firm in identifying systemic causes and appropriate remediation of nonconforming engagements and systemic weaknesses.
- Clarify the timing of when results of the peer review should be communicated to the firm to allow time for the firm to identify appropriate remediation.
- Clarify the guidance for drafting descriptions of findings, deficiencies, and significant deficiencies.
- Clarify the peer review report model and provide greater transparency on the results of the review.
- Clarify the required firm representations for System and Engagement Reviews.
- Clarify information the AICPA and administering entities may provide about a review to third parties.

At its December 9, 2015 meeting, the PROC discussed the AICPA Exposure Draft and made the following observations for presentation and consideration by the CBA at its January 2016 meeting:

- Places increased responsibility on firms being peer reviewed
- Offers information, including reforming future complementary and clarifying changes to come
- Shifts peer review to a more remedial environment

The PROC supports the clarifying changes presented in the AICPA Exposure Draft.

VIII. Statistics

The data in the following table reflects the number of peer reviews performed by the AICPA and CalCPA from 2011 through 2014 and provides perspective on the size of the peer review program in California. The table provides statistics based off the most recent approved CalCPA Peer Review Annual Report as of October 22, 2015 reporting data from 2014. The table does not include statistics for peer reviews accepted by the NPRC or out-of-state administering entities.

Results of Peer Reviews Performed During 2011-2014*				
Type of Review	2011	2012	2013	2014
System	612	595	507	582
Engagement	1,118	1,265	1,102	1,077
Total	1,730	1,860	1,609	1,659

*Data received from CalCPA as of October 22, 2015 for 2011-2014.

IX. Observations

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

AICPA

The PROC found the AICPA PRB to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. The PROC found the agenda items for the meetings to be relevant and appropriate, and AICPA PRB members to execute their duties in a knowledgeable and professional manner understanding the importance of the peer review program to the accounting profession and the public that it serves.

CaICPA

Through participation in PRC and RAB meetings, and the Administrative Site Visits the PROC found the CaICPA to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. The PROC found the agenda items for the meetings to be relevant and appropriate, and the CaICPA to execute their duties in a knowledgeable and professional manner under the importance of the peer review program to the accounting professions and the public that it serves.

NPRC

The PROC found the NPRC to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. The PROC found the agenda items for the meetings to be relevant and appropriate, and the NPRC to execute their duties in a knowledgeable and professional manner under the importance of the peer review program to the accounting profession and the public that it serves.

X. Conclusion

Based on its oversight activities, the PROC concluded that the AICPA Peer Review Program, including its administering entities, CaICPA and NPRC, function effectively. The PROC recommends that the CBA continue to recognize the AICPA Peer Review Program as a Board-recognized Peer Review Program Provider.