

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee

Meeting Agenda
NYS Education Department
WebEx Video Conference
February 9, 2022

The following members were present:

Frank S. Venezia, CPA, Chair
David Iles, CPA
Mitchell Mertz, CPA

Mary E. MacKrell, CPA, Vice Chair
Grace G. Singer, CPA

The following members were absent:

David Pitcher, CPA

Others in attendance:

Jennifer Winters, CPA, Executive Secretary, NYS Education Department
Thomas Cordell, Auditor 2, NYS Education Department
Philip Jesmonth, Auditor 1, NYS Education Department
Catherine Slattery, Prosecutor, NYS Education Department (left at 10:10 a.m.)
Eugene McTague, Auditor 2, NYS Education Department (left at 10:10 a.m.)
Amy Jun Yu, Auditor 1 NYS Education Department (left at 10:10 a.m.)

Call to Order: On a motion by Ms. MacKrell, seconded by Mr. Mertz, the Committee unanimously agreed to move to public session at 9:11 a.m.

Mandatory Peer Review Program:

Peer Review Discipline Cases - The Committee proceeded to introduce themselves to the Office of Professional Discipline (OPD) staff: Ms. Slattery, Mr. McTague and Ms. Yu. The Committee and OPD discussed the new rules regarding the referral of cases that are considered unprofessional conduct as it relates to the peer review program. A discussion regarding the termination of a firm from the Peer Review Program was noted and it would be an “automatic” referral without the PROC review as it is now defined as unprofessional conduct.

A discussion ensued regarding expulsion from the AICPA Peer Review Program, and it was noted that licensees may be barred from AICPA activities for up to two years. Licensees are not allowed to identify as members of the AICPA during that time. The Committee discussed the PROC’s role in monitoring expelled licensees.

The discussion included the type of disciplinary action against the licensee or firm and it may include: a fine, suspension, surrender, revocation, etc. Ms. Winters noted that the firm would no longer be able to provide attest or compilation services without a valid firm registration.

Additionally, a further discussion is needed to review the matters for firms that are dropped from the program and how their cases should be handled. The Committee discussed the possibility of developing a timeline on how long and much back and forth communication with the firm should be allowed. Ms. Winters noted it will depend on the facts and circumstances and some cases may take time to resolve the issues and the main goal is to get firms in compliance with NYS laws and regulations.

The Chair and Vice Chair will work with Ms. Winters on developing guidelines for the Committee and OPD. The PROC members noted they would be willing to assist the staff of OPD to understand the new rules and noting that they are precluded from participating in the disciplinary action itself as they are not board members. Ms. Slattery will inquire with the Director of the Office of Professional Discipline about this process. Ms. Slattery agreed we should reconvene when specific examples present themselves.

Minutes: Based on a motion made by Mr. Iles, seconded by Ms. Singer, the Committee approved the October 27, 2021 meeting minutes. Mr. Mertz abstains.

Future Meetings: The Committee has scheduled the following future meetings:

- May 18, 2022, 10:30 a.m. –80 Wolf Rd, Albany, NY
- August 3, 2022, 9:00 a.m. - TBD

AICPA Annual Report: Ms. Winters noted interesting statistics in the benchmark data with only 27 Administering Entities, there were three areas with a high percentage of non-compliance.

Ms. MacKrell noted that there is misapplication within the non-conforming engagements and a matter being a critical matter. In her experience, a slight finding makes something non-conforming, not just a critical error. It was noted that could be a reason for the increase in the number of engagements that are non-conforming.

AICPA Peer Review Board Open Meetings

February 2, 2022 – Additional handout. The highlight was the approved exposure draft with changes and the upcoming PRIMA changes.

Future AICPA Peer Review Committee Open Meetings in 2022:

May 4th, September 9th, November 16th - Ms. Winters and Mr. Cordell will attend the calls.

Mandatory Peer Review Program (continued):

Sponsoring Organizations – The Committee discussed an email from a firm wanting to know if the Chartered Accountants of British Columbia can be accepted in lieu of the AICPA Peer Review Program. The Committee decided that, when appropriate, it would ask NASBA to review this matter.

Mandatory Peer Review Website FAQs – Ms. Winters noted that firms who are subject to PCAOB inspection must also be enrolled in the Peer Review Program and provide an annual list of their engagements to ensure they are not required to have a peer review. This will be added to the FAQs.

Question number 15, page 54 – Mr. Mertz and Ms. MacKrell note the firm should not need an additional peer review. The Committee decided to have this FAQ removed.

Ms. Winters and Mr. Venezia will make final modifications to the FAQs and have them posted to the website. The finalized version will be provided to the Committee.

Peer Review Cycle – A discussion ensued regarding instances when firms take a substantial amount of time to complete a peer review and when should their next peer review period should occur. The law in NYS is that a firm must have a peer review every three years, however, the AICPA allows for adjustments to firms who take an abnormal amount of time to complete its peer review. AICPA regulations are superseded by NYS laws and regulations. Mr. Iles noted that another peer review cannot

be scheduled until the previous peer review is completed. This should be added to the FAQs on the NYSED website. The PROC cannot propose changes to the law that requires a peer review to be completed every three years. The discussion included the disciplinary problem for a firm if a peer review is not done in the three-year timeframe and the penalty of a fine for the firm for every year, they fail to have a peer review over the three-year period. The Committee will seek information regarding the disciplinary action to include restricting licensees from performing specific services, including attest services. Ms. Winters noted that it is possible, however the Board and PROC are not authorized to send cease and desist orders.

PICPA Oversight: Mr. Mertz attended the August 24, 2021, RAB meeting and noted the PICPA RAB members were reasonable in their meeting.” changed to “Mr. Mertz attended the August 24, 2021, RAB meeting and noted the PICPA RAB members were fair and unbiased in the conduct of their meeting.

Mr. Iles attended the January 20, 2022, PRC meeting and noted they were organized, well run, and dedicated to the Peer Review Program.

Ms. Singer attended the February 3, 2022, RAB meeting and noted it was a very smooth meeting and discussions went very well. A firm was found to have gone without a peer review for over nine years.

NASBA Peer Review Compliance Committee Survey – The survey results included in the packet was sent to the state boards to determine the level the State Boards participation in peer review.

New Business: Ms. Winters noted the website will be moving to a Drupal platform and will require the PROC Members Only site to be moved to a Sharepoint site. She is currently working with IT and is hopeful to have it in place by the next PROC meeting. Committee members will be receiving an email regarding this.

Public Session: A motion by Ms. MacKrell and seconded by Mr. Mertz, the Committee voted unanimously in favor of adjourning the public session at 11:19 a.m.

Executive Session: On a motion by Mr. Mertz and seconded by Ms. MacKrell, the Committee voted unanimously to enter executive session at 11:30 a.m.

On a motion by Mr. Iles and seconded by Mr. Mertz, the Committee unanimously agreed to close executive session and the meeting at 12:50 p.m.

Respectfully submitted,

Jennifer Winters, CPA
Executive Secretary