

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee Meeting Agenda

NYS Education Department
80 Wolf Road, Albany, NY

Other Locations:

45 Bryant Woods North, Amherst, NY 14228
360 Madison Avenue, New York, NY 10017
21 Greatwater Avenue, Massapequa, NY 11758
28 E Main Street, Suite 1000, Rochester, NY 14614
410 Upland Road, Ithaca, NY 14850

October 24, 2023

9:00 a.m. Public Session

• Review and Approval of Minutes from the August 9, 2023 meeting	Pages 2 - 4
• Future PROC Meetings: <ul style="list-style-type: none">○ February 8, 2024, 9:00 a.m. - Video Conference	
• AICPA Peer Review Board Open Meetings <ul style="list-style-type: none">○ September 7th Cancelled○ Future Peer Review Board Open Meetings in 2023:<ul style="list-style-type: none">▪ November 16th○ Future Peer Review Board Open Meetings in 2024:<ul style="list-style-type: none">▪ February 7th▪ May 15th▪ September 11th▪ November 6th	Page 5
• PROC Procedures	Pages 6 - 7
• New Business - NA	Page NA

10:00 a.m. Executive Session

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August 9, 2023

The following members were present:

Frank S. Venezia, CPA, Chair
Andy Neyman, CPA
Mitchell Mertz, CPA

David Iles, CPA, Vice Chair
David Pitcher, CPA
Grace G. Singer, 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

Call to Order: Mr. Venezia moved the Committee to public session at 9:03 a.m.

Minutes: Based on a motion made by Mr. Neyman, seconded by Mr. Mertz, the Committee approved the May 17, 2023, meeting minutes.

Mr. Venezia reviewed the outstanding items from the prior meeting. Ms. Winters reported that firms can elect to provide additional information to the Board, such as, the Report Acceptance Body (RAB) meeting presentation date. However, the AICPA's Peer Review Standards paragraph 146 still outlines the minimum information that is released and they will not provide the additional information on their own to the Board.

PROC Member Update: Mr. Venezia announced that Mr. Iles is now officially the Vice Chair of the Committee.

PICPA Peer Review Committee and Report Acceptance Body Meeting Oversight: Ms. Singer attended the May 23rd PRC meeting. Ms. Singer reports that the meeting was run well and followed protocols. It was noted that if the Administering Entity were able to communicate with the PROC, the problems with bad actors hold them accountable and/or remove them from the program could be beneficial to both parties. However, again, the AICPA's standards prevent the PICPA from providing any information that would work to enhance the public protection efforts of the Committee.

Mr. Pitcher attended the RAB meeting in 7/20/2023. Mr. Pitcher reports that it was well organized, and one committee member did not appear to be very well prepared. There was a fair amount of second guessing which slowed the meeting down.

Mr. Mertz will attend an upcoming RAB meeting.

AICPA Peer Review Conference

Mr. Pitcher, Mr. Iles, and Ms. Singer attended the August 2, 2023 AICPA's Peer Review Conference. Ms. Singer notes that the Employee Benefit Plan update included the U.S. Department of Labor reviewing the same issues with no solutions on why practitioners are not getting it. There will be a survey to help figure out what the issues are. Ms. Singer noted that they are starting to implement a peer review mentoring system which she believes will be beneficial to the newer peer reviewers.

Mr. Pitcher stated firms that use the PPC Smart Product tool for peer review, can lead to the wrong answer in the survey tools. There was a discussion that the materials need to be worded better and simplified. The number of practitioners that have been referred for ethics violations has increased.

Mr. Iles reported that he has seen the issue with PPC risk assessment which led to the firms having issues as well. This does not seem to just be a small firm issue, but instead an industry wide issue. There did not seem to be a very strong message at this conference like there had been in the past.

Future Committee Meetings: Ms. Winters noted that future meetings via WebEx Video Conference. Ms. Winters reminded the Committee Members that we must list the individual member's address of where they will be attending on the agenda and these locations must be open to the public. The Committee has scheduled the following future meetings:

- October 24, 2023, 9:00 a.m. - Video Conference
- February 8, 2024, 9:00 a.m. - Video Conference

AICPA Peer Review Board Open Meetings: NA

Future AICPA Peer Review Committee Open Meetings: Ms. Winters and Mr. Cordell will attend the meetings:

2023 - September 7th and November 16th

2024 – February 7th, May 15th, September 11th, and November 6th

PROC Annual Report for 2022: Mr. Venezia noted that the report to the State Board for Public Accountancy on July 26th went well and the Board asked several questions related to the program.

New Business: Ms. Winters reported the PCAOB released a report indicating that the number of audits with deficiencies rose to 40% in 2022. The Committee members had reviewed the report. The concern is that there continues to be a significant number of errors in the findings. Ms. Singer stated that PCAOB does try to educate the reviewers to resolve the errors and prevent future errors from happening.

Ms. Winters reported that the non-CPA ownership passed both houses of the legislature; however, it has not been sent to the Governor's office.

Public Session: On a motion by Mr. Mertz and seconded by Ms. Singer, the Committee voted unanimously in favor of adjourning the public session at 9:38 a.m.

Executive Session: On a motion by Ms. Singer and seconded by Mr. Mertz, the Committee voted unanimously to enter executive session at 9:38 a.m.

On a motion by Ms. Singer and seconded by Mr. Mertz, the Committee unanimously agreed to close executive session and end the meeting at 11:30 a.m.

Respectfully submitted,

Jennifer Winters, CPA
Executive Secretary

DRAFT

Thomas Cordell

To: Jennifer Winters
Subject: Cancelling previously planned September Peer Review Board meeting

From: Gloria Harewood <Gloria.Harewood@aicpa-cima.com>
Sent: Wednesday, August 30, 2023 12:47 PM
Subject: Cancelling previously planned September Peer Review Board meeting

Dear Peer Review Stakeholders:

We wanted to let you know that we are cancelling our previously planned AICPA Peer Review Board open session on Thursday, September 7, 2023, as we do not have any topics with significant impact to discuss. If you would like a copy of the reports submitted for the meeting, please email me.

Our next open session will be held Thursday, November 16, from 1-3pm ET – click [here](#) to register.

If you have any questions, please let me know.

Sincerely,
 Gloria

Gloria A. Harewood
 Administrative Assistant - Peer Review Communications — Public Accounting
[AICPA & CIMA](#)
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 220 Leigh Farm Road
 Durham, NC 27707
 Contact Peer Review Support: 919.402.4502 or prsupport@aicpa.org
 Contact the [Global Engagement Center](#)



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PROC Procedures

Firms Dropping Out of the Peer Review Program

Staff sends out initial letter requesting that the firm take an action within 30 Days:

- 1) Re-enroll into the PR program or
- 2) Stop offering attest services (Files a Form 6PR).
- 3) Staff will send an additional 30-day letter (mail) if no response to the initial 30-day letter.
- 4) If no response to the 2nd 30-day letter a 10 Day is sent.
- 5) If no response to the 10-day letter, staff sends to OPD.

PROC Reviews the:

- Name of the firm.
- Peer Reviewer (determine if a PROC member needs to abstain).
- Reason code.

PROC notes the response (if any):

- Re-enrolled – Remove from monitoring
- No Longer Performing Attest Services (includes closed firms)– Remove from monitoring
- No Response to 30-day and/or 10-day letter –
 - If there is still time left for the firm to respond – Keep monitoring
 - If there has been ample time to respond and the firm has not, and the firm has not already been referred to OPD, consider all factors and determine whether to refer to OPD. Other actions may include contacting the firm for additional information/correspondence.

Firms Terminated from the Peer Review Program

Staff sends referral directly to OPD. Typically, the firm has previously been either dropped or on the adverse report.

PROC Reviews the:

- Name of the firm and any duplicate status i.e. adverse report and/or dropped (determine if a PROC member needs to abstain).

Adverse System Review Reports (same for NPRC firms)

Staff sends out the initial letter requesting that the firm respond within 30 Days regarding the status of the corrective actions. Staff will send an additional 30 day letter (mail) followed by a 10-day email if no response to the 2nd 30-day letter.

PROC Reviews the:

- Name of the firm.

- Peer Reviewer (determine if a PROC member needs to abstain).
- Number of times presented to PROC.
- Due date of last pending corrective action due.
- Response (and timing) from firm to PROC inquiry, if any.

Determine cutoff date for “stay on the list” (aka continue to monitor) or no action (usually 3-4 months prior to PROC meeting) due to the timing of Staff gathering information for the PROC meeting, posting of information in the Facilitated State Board Access System, and leeway for firm responses and acceptance by the Administering Entity.

For example: August PROC meeting use an April 30th cutoff date.

- If a pending correction action is due after April 30th, the firm stays on the list for PROC to continue to monitor.
- If pending action due date is prior to the cutoff date and no information from the firm, send PROC 30-day status of the corrective action inquiry letter. The firm stays on the list for the PROC to continue to monitor.
- If no response from the firm to PROC 30-day letter, send an additional 30 day letter (mail) followed by a 10-day email.. The firm stays on the list for the PROC to continue to monitor.
- If no response from the firm to PROC 10-day letter, consider referral to OPD.
 - Firm may need a special letter (depends on factors). The firm stays on the list for the PROC to continue to monitor
 - Firms referred to OPD for issues concerning the peer review– Removed from the monitoring list.
- If the response does not contain credible or accurate information, consider referral to OPD. Removed from the monitoring list.

Adverse Engagement Review Reports

Follows the same processes/steps as System Review Reports