

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee

NYS Education Department
80 Wolf Road, Albany, NY

May 14, 2024

The following members were present:

David Iles, CPA, Chair
Grace G. Singer, CPA, Vice Chair
Andy Neyman, CPA
Mitchell Mertz, CPA
David Pitcher, CPA

Others in attendance:

Jennifer Winters, CPA, Executive Secretary, NYS Education Department
Thomas Cordell, Auditor 2, NYS Education Department

Call to Order: On a motion by Mr. Neyman, seconded by Mr. Mertz, the Committee unanimously agreed to move to public session at 10:05 a.m.

Minutes: Based on a motion made by Mr. Mertz, seconded by Mr. Pitcher, the Committee approved the February 8, 2024, meeting minutes.

Future Committee Meetings:

- August 13, 2024, 9:00 a.m. - Video Conference
- November 18, 2024, 9:00 a.m. - Video Conference
- February 5, 2025, 9:00 a.m. - Video Conference

AICPA Peer Review Board Open Meetings: February 7, 2024 Open Meeting – The Committee members noted that there was a lot of focus on volunteers and recruiting for the AICPA Peer Review program. In the materials there were 27 firms dropped during the time frame.

2023 Peer Reviewer Survey and Table Talk Findings - Ms. Singer informed the Committee members of her table talk session during the last Peer Review Conference that included the current issues with peer review, how to fix the program for the betterment of the profession and making the process less punitive. Risk based auditing is difficult to apply to small clients and the fraud session was a small portion of their discussions. They discussed mentoring new peer reviewers and how attract more peer reviewers.

Mr. Iles and Mr. Pitcher will both be remotely attending the upcoming AICPA Peer Review Conference in August. Mr. Neyman may also attend. They will provide an update to the Committee members at the upcoming PROC meeting in August.

The Committee discussed the looming fear of a continually decreasing peer reviewer pool with a high-volume reviewer nearing retirement. The Board Staff will obtain peer reviewer data changes over the last year to further monitor the problem. This will be an agenda item for the upcoming August PROC meeting.

Future AICPA Peer Review Committee Open Meetings: Ms. Winters and Mr. Cordell will attend the meetings: September 11th and November 6th.

NASBA Executive Director Conference: Ms. Winters presented in March at the NASBA Executive Director conference on the PROC and what it does for monitoring of firms participating in peer review. Ms. Winters noted that there was positive feedback with the presentation from her counterparts. The slides from the presentation will be included in the SharePoint reference materials for the PROC. The PROC was very happy with the slides as well as the outcome of the conference.

Ms. Winters noted that the AICPA peer review staff Jim Brackens was in attendance. As a result of the presentation, the AICPA contacted Ms. Winters to allow access to the letter when firms confirm to the AICPA that they are no longer providing attest services. Ms. Winters and Mr. Cordell discussed the matter with Beth Thoreson from the AICPA. It was noted that the FSBA will be reprogrammed to grant access to the letter in the future. Ms. Winters will report back when we have access to the letter in FSBA.

Non-Licensee Ownership of CPA Firms: The law passed in December of 2023; however, a chapter amendment was passed for an effective date of June 8, 2024. Ms. Winters and Mr. Cordell have been meeting with the Director of Professional licensing Services to review the CPA firm form changes. The Professional Corporations Unit will continue to be responsible for firm registration. There will be no regulation changes pertaining to the non-licensed owners. However, the fee splitting rule may be examined and that language may be changed. The revised CPA firm forms should be completed before June along with website guidance and updated FAQs. Ms. Winters noted other minor changes to the firm forms, including the services being provided by firms. There will be a \$900 fee for each non-licensed owner who has a principal place of business in NY.

New Business: Ms. Winters will contact PICPA for the RAB and PRC dates past June and will be added to the SharePoint site. Mr. Mertz announced to the Committee that he will be resigning later this year due to moving out of state. He plans on attending the August PROC meeting.

Public Session: On a motion by Ms. Singer and seconded by Mr. Neyman, the Committee voted unanimously in favor of adjourning the public session at 11:01 a.m.

Executive Session: On a motion by Ms. Singer and seconded by Mr. Mertz, the Committee voted unanimously to enter executive session at 11:07 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 12:24 p.m.

Respectfully submitted,

Jennifer Winters, CPA
Executive Secretary