

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee

NYS Education Department  
80 Wolf Road, Albany, NY

Other Locations:

410 Upland Road, Ithaca, NY 14850  
33 Lewis Road, Binghamton, NY 13905  
45 Bryant Woods North, Amherst, NY 14228  
709 Westchester Avenue, White Plains, NY 10604  
100 Meridian Center, Suite 200, Rochester NY 14618

August 13, 2024

The following members were present:

David Iles, CPA, Chair  
David Pitcher, CPA  
Jesse Wheeler, CPA

Grace G. Singer, CPA, Vice Chair  
Andy Neyman, CPA

The following members executive session only:

Mitchell Mertz, 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 Ms. Singer, seconded by Mr. Pitcher, the Committee agreed to move to public session at 9:11 a.m. Mr. Mertz abstains.

**Minutes:** Based on a motion made by Mr. Neyman, seconded by Mr. Pitcher, the Committee approved the May 14, 2024, meeting minutes. Mr. Mertz and Mr. Wheeler abstain.

**PROC Member Update:** The Committee introduced themselves to the newest member, Mr. Wheeler replacing Mr. Venezia, who retired. Mr. Wheeler was appointed in July by the Board of Regents with the effective date of August 1<sup>st</sup>. Mr. Mertz is also leaving the Committee with this being his last meeting as he is moving out of state. Ms. Winters is in the process of finding a replacement for Mr. Mertz and is currently in communication with a member from Mr. Venezia's old firm. Ms. Winters and the Committee thanked Mr. Mertz for his service with the PROC.

**Future Committee Meetings:**

- November 18, 2024, 9:00 a.m. - Video Conference
- February 5, 2025, 9:00 a.m. - Video Conference
- May 13, 2025, 10:00 a.m - 80 Wolf Rd, Albany, NY

**AICPA Peer Review Board Open Meetings:** May 15, 2024 Open Meeting – The oversight taskforce had a lot of information in the report as well as a verbal update with Gary Freundlich and Beth Thoresen. They want to ensure if any state changes or adopts rules, that state should work with the AICPA on those changes. The AICPA wants to make sure the state boards do not adopt rules that will interfere with the

AICPA's peer review system and the availability of information. The Peer Review Integrated Management Application (PRIMA) used by the public accountancy firms is a separate system from the Facilitated State Board Access (FSBA) system that is used by the State Boards and PROCs. Mr. Freundlich noted that FSBA must be programed individually based on the home state of each individual firm. They want to make sure any Board with additional requirements has the information made available to the State Board. There were several issues with firms not being able to allow information to the State Boards. This reprogramming will allow additional data points such as the RAB presentation date, to be shared with the State Boards, but only when the specific State Boards require the information, for example.

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

**AICPA Peer Review Conference:** Mr. Iles, Mr. Pitcher and Ms. Singer attended remotely. Ms. Singer said the meeting was very intense and jampacked causing a lot of information to be missed. She reported that the FSBA round up report was very consistent with what was discussed above regarding the updates to FSBA.

Ms. Singer noted that the AICPA wants to tack onto the PCAOB sanctions with the peer review process. This process will involve the peer reviewed firm's counsel regarding matters related to quality control. Mr. Pitcher noted that he recently completed a peer review with a sanction and noted that there was a discussion with the firm's counsel regarding the findings per the order. He noted that they were required to determine if it had an impact on quality control or the firm itself and indicated that this added an extra two or three months to the peer review process. At this time, there is not a checklist or rules governing this process. Legal counsel would not allow full access to the reports. The AICPA is currently developing a checklist for this process which will be similar to the DOL findings.

There will be a checklist coming for the alternative practice structures. Mr. Pitcher was disappointed during the breakout session due to the quality being dependent on the leader who clearly mislead the group with a couple of answers, but overall, reported that the conference was good. The AICPA did not seem dismissive to the peer reviewers. Mr. Iles stated the message was that they are in this together, but the peer reviewers need to do better.

There are new quality management standards coming out in December of 2025 that are anticipated to transform the peer review process. The AICPA believes the peer reviewer pool will be okay due to the number of firms decreasing. However, this is due to mergers of firms which will cause more demanding peer reviews due to complexity.

**RAB PRC Meetings:** Mr. Neyman, Ms. Singer, and Mr. Pitcher will all attend a RAB meeting before the next PROC meeting in November.

**New Business:** The Committee went over the Peer Review Committee Annual Report for 2023 and suggested the following changes/updates. This document is available on the PROC's SharePoint website to be further updated by the PROC members:

- Message from the Committee: Remove the COVID pandemic section; Leave the Chapter 3 part about PICPA; Modify the PROC tools paragraph; Keep PRIMA tickets and add FSBA; and Update the conclusion paragraph.
- Committee Members and Staff: Add another paragraph about Ms. MacKrell's tenure ending as well as Mr. Iles taking over as Vice Chair and the addition of Mr. Neyman.
- Statistics: The statistics page was already updated by Mr. Cordell.

- Meetings and accomplishments will need to be updated as well:
  - Change rules and regulations to guidance.
  - Remove QCM review.
  - Add PROC procedures to the SharePoint website.
  - Keep the conclusion relatively the same but add required by Education Law.

Mr. Iles pointed out that peer reviewers are not thinking about state laws concerning peer review cycles mandated in law or rules.

The Board staff will investigate being able to report on a peer review overdue statistic for firms.

Mr. Iles will brief the annual report to the State Board for Public Accountancy at their October Board meeting and report back to the PROC at its November meeting.

**Public Session:** On a motion by Ms. Singer and seconded by Mr. Pitcher, the Committee voted in favor of adjourning the public session at 10:42 a.m. Mr. Mertz abstains.

**Executive Session:** On a motion by Ms. Singer and seconded by Mr. Neyman, the Committee voted to enter executive session at 10:42 a.m.

On a motion by Mr. Mertz and seconded by Mr. Wheeler, the Committee unanimously agreed to close executive session and end the meeting at 11:31 a.m.

Respectfully submitted,

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Jennifer Winters, CPA  
Executive Secretary