

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee Meeting Agenda

NYS Education Department
89 Washington Ave, Room 211, Albany, NY

Other Locations:
410 Upland Road, Ithaca, NY 14850
33 Lewis Road, Binghamton, NY 13905
45 Bryant Woods North, Amherst, NY 14228
100 Meridian Center, Suite 200, Rochester NY 14618
1133 Westchester Avenue, 3rd Floor, White Plains, NY 10604

February 5, 2025

9:00 a.m. Public Session

• Review and Approval of Minutes from the November 18, 2024 meeting	Pages 2 - 4
• PROC Member Update	Pages NA
• Future PROC Meetings: <ul style="list-style-type: none">○ May 13, 2025, 10:00 a.m - 80 Wolf Rd, Albany, NY○ August 18, 2025, 9:00 a.m. – Video Conference○ November 17, 2025, 9:00 a.m. – Video Conference.	
• AICPA Peer Review Board Open Meetings <ul style="list-style-type: none">○ Future Peer Review Board Open Meetings in 2025:<ul style="list-style-type: none">▪ February 12th▪ May 14th▪ September 10th▪ November 13th	Pages NA
• Administering Entity Report Acceptance Body and Peer Review Committee Oversight	Page 5
• Proposed Website Changes	Page 6
• PICPA – Oversight of RAB and/or PRC	Pages NA
• New Business	NA

9:30 a.m. Executive Session

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100 Meridian Center, Suite 200, Rochester NY 14618
50 Rockefeller Plaza, New York, NY 10020

November 18, 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

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. Pitcher, seconded by Ms. Singer, the Committee agreed to move to public session at 9:03 a.m.

Minutes: Based on a motion made by Ms. Singer, seconded by Mr. Pitcher, the Committee approved the August 13, 2024, meeting minutes.

PROC Member Update: Ms. Winters provided an update that the potential member reported at the last meeting has not panned out. Please send any leads to fill the vacant member spot to Ms. Winters. Mr. Iles term will end in later 2025 and Mr. Pitcher has renewed his term.

Future Committee Meetings:

- February 5, 2025, 9:00 a.m. - Video Conference
- May 13, 2025, 10:00 a.m. - 80 Wolf Rd, Albany, NY
- August 18, 2025, 9:00 a.m. – Video Conference
- November 17, 2025, 9:00 a.m. – Video Conference.

AICPA Peer Review Board Open Meetings: September 11, 2024 Open Meeting was cancelled.

November 6, 2024 Open Meeting – Changed to November 4th. Ms. Winters noted it was a very long meeting. A review of materials in the public packet were as follows:

Page 11 – There was a lot of discussion to allow peer reviewers to continue to serve for up to 18, 24 or 36 months after retiring. The result was 36 months, and they cannot perform as a team captain. The CPAs must remain active and still complete CPEs.

Page 17 – There was a lot of feedback on terminology so they will be readdressing to make it less confusing.

Page 42 – Letter E regarding the nonconforming engagements has been pulled from the proposal due to too much room for interpretation.

Page 161 – There were not a lot of responses from State Boards and NY did not respond. NASBA responded with an analysis of laws and regulations that may need to be changed to include “Quality Management” from “Quality Control”. Mr. Iles points out this could be a problem for firms down the line. PCAOB just changed their language and remains with “Quality Control”. The Committee discussed addressing the matter via a Frequently Asked Question (FAQ) that could be added to the State Board’s website. Ms. Singer suggested that the FAQ including International Standard on Quality Management (ISQM), Standard Quality Measure set (SQM), and Quality Control 1000 (QC1000). Ms. Winters will draft up an FAQ to be reviewed for next PROC meeting.

Page 265 – The Committee discussed the survey from the Accounting Standards Board (ASB). Highlighting the point that firms are not making progress towards the December 2025 deadline to adopt the changes.

Page 277 – Committee members discussed the table regarding Root Causes of Documentation Deficiencies. Noted were concerns that there are no real standards for technical review process. Noting the suggested root causes listed at the top is a result of where the peer reviewers go to first for reasoning. It seems standards are being applied based upon which Administering Entity will be reviewing it. Exercising professional judgement often is missed due to not understanding materiality.

Page 279 – The Committee discussed the issue with attracting more peer reviewers. The AICPA plans on asking auditors who are not doing peer reviews, why they are not doing peer reviews. The perception of the peer review process is not good and adding a costly certificate is not the answer.

Page 280 – An unexpected benefit of being a peer reviewer is professional growth or growing the actual business.

Page 282 – Root causes of MFCs were reviewed.

Page 284 – There will be more training and greater clarity on applying SAS NO. 145. There are more items to report back to the Peer Review Board.

Page 298/299 – The AICPA researched State Boards’ laws and rules and noted which states require FSBA access as noted in the listing. The Committee noted firm mobility is not allowed in NYS therefore, two of the columns on the right side were not application although marked as “No”. Programming on FSBA is based on what each state requires and are individually programmed. There is no time frame on when new reports will be available in FSBA. The revisions of UAA language make sure it is consistent with AICPA Standards.

Future AICPA Peer Review Committee Open Meetings: Ms. Winters and Mr. Cordell will attend the meetings in 2025: February 12th, May 14th, September 10th, and November 13th.

Materials for the proposed Peer Review Standards Update: The Committee briefly discussed the materials.

RAB and PRC Meetings Oversight of PCIPA: Mr. Neyman attended a RAB on October 24th and mentioned it seemed efficient and ran smoothly. However, the members seemed tough on new peer reviewers. He hopes that it does not discourage the new peer reviewers. Ms. Singer will attend the upcoming PRC meeting in January. Mr. Pitcher will attend a RAB meeting in December or January and Mr. Wheeler will attend the RAB meeting on December 10th. Monitor activities will be reported at the February Committee meeting.

2023 Annual Report of the Peer Review Committee: The State Board members were appreciative of how much work the PROC does. They are familiar with the discipline cases that originate from the

PROC. They noted that the decrease in the number of firms in the Peer Review Program is significant. Ms. Winters reported that the PROC annual report for the last three years is now posted on our website.

New Business: NA

Public Session: On a motion by Ms. Singer and seconded by Mr. Wheeler, the Committee voted in favor of adjourning the public session at 10:07 a.m.

Executive Session: On a motion by Mr. Neyman and seconded by Mr. Wheeler, the Committee voted to enter executive session at 10:15 a.m.

On a motion by Ms. Singer and seconded by Mr. Neyman, the Committee unanimously agreed to close executive session and end the meeting at 11:28 a.m.

Respectfully submitted,

Jennifer Winters, CPA
Executive Secretary

Administering Entity Report Acceptance Body and Peer Review Committee Oversight

This Standard Operating Procedure relates to the processes the Peer Review Oversight Committee (PROC) members must follow to oversight the Pennsylvania Institute of Certified Public Accountants' (PICPA) Report Acceptance Body (RAB) and Peer Review Committee (PRC).

The PROC member will contact PICPA's peer review team at: peerreview@picpa.org to inform them of the date and time they have selected to oversight the RAB or PRC. The PICPA peer review team will provide instructions to the PROC member on how to access the materials for the RAB or PRC and the virtual meeting information.

The PROC member is to observe how the RAB/PRC executes its duties in the meeting and determine whether or not this aspect of the program is operating effectively. The PROC member will report to the PROC at the next meeting of the oversight activities based on the following:

- Does it appear that the meeting has been adequately planned? Have RAB/PRC member been provided an agenda and supporting material in sufficient time to review and contribute to the meeting?
- Do the RAB/PRC members appear prepared for the meeting? Does it appear that the RAB/PRC members have reviewed the materials provided prior to attending the meeting?
- Are there a required minimum number of committee members present?
- Do the members appear knowledgeable about their responsibilities?
- Are technical reviewers available during the meeting to address issues as they arise?
- Were any specific problems or issues discussed?
- When issues arise in RAB meetings that cannot be resolve by the RAB, are all the PRC member asked to discuss their position?
- Do the RAB/PRC members consider how the AICPA National Peer Review Committee (NPRC) or how other states handle the issues being discussed?
- Does the RAB/PRC committee consider technical reviewers' recommendations and then come to its own decision?
- Has the RAB/PRC committee agreed to take any action on the problems or issues raised?
- Does the RAB/PRC committee's members knowledge of acceptance procedures and corrective/monitoring actions meet expectations or does not meet expectations?
- Does the RAB/PRC committee discuss the performance of Team Captains?
- Do the RAB/PRC committee members believe sufficient guidance is provided by the program and the various manuals and procedure documents?
- Are there any areas the RAB/PRC committee member believe additional guidance is needed?
- Has the RAB/PRC committee demonstrated improvement from any prior oversight visit report with noted concerns?
- Did the PROC have a need to discuss any issues or concerns with the PRC Chair or program director at the conclusion of the meeting?

Proposed Website Change to FAQs

Will my firm be in compliance with the Mandatory Peer Review Program if it early adopts the new quality management standards by the American Institute of Certified Public Accountants (AICPA)?

Yes, a firm that early adopts the quality management standards will continue to be in compliance with Mandatory Peer Review Program. The AICPA has an effective date of December 15, 2025 for all firms to convert its system of quality control to a system of quality management. The system of quality management enhances a firm's system of quality control by adding a risk-based approach, incorporating a risk assessment process that drives firms to focus on quality management.

Note, a firm, if applicable, is required to be in compliance with the Public Company Accounting Oversight Board's (PCAOB) newly revised Quality Control 1000 standards (QC1000) that also focuses on a risk-based approach. The revised PCAOB QC100 standards are also effective December 15, 2025 to align with the AICPA quality management standards.

The Committee discussed addressing the matter via a Frequently Asked Question (FAQ) that could be added to the State Board's website. Ms. Singer suggested that the FAQ including International Standard on Quality Management (ISQM), Standard Quality Measure set (SQM), and Quality Control 1000 (QC1000).

Commented [A1]: This was the note from the PROC meeting minutes and will be removed.