

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee
Meeting Agenda

NYS Education Department
89 Washington Ave, Room EB211, Albany, NY

Other Locations:
26 Kensington Avenue, Thornwood, NY 10594
45 Bryant Woods North, Amherst, NY 14228
100 Meridian Center, Suite 200, Rochester NY 14618
90 Linden Oaks, Suite 100, Rochester, NY 14625
22 Centershore Road S., Centerport, NY 11721

November 17, 2025

9:00 a.m. Public Session

• Review and Approval of Minutes from the August 18, 2025 meeting	Pages 2 - 3
• Future PROC Meetings: ○ February 4, 2026, 9:00 a.m. – Video Conference ○ May 11, 2026, 10:00 a.m. - 80 Wolf Rd, Albany ○ August 17, 2026, 9:00 a.m. - Video Conference	
• AICPA Peer Review Board Open Meetings ○ September 10th ○ Future Peer Review Board Open Meetings in 2025: ▪ November 11th (handout)	Pages 4 - 45
• 2024 AICPA Annual Report on Oversight - Update	Pages 46 - 53
• AICPA Oversighting	Pages 54 - 57
• PCAOB News Release Revised Implementation Date QC1000	Pages 58 - 60
• NASBA Response Letter	Pages 61 - 65
• New Business	NA

10:00 a.m. Executive Session

NEW YORK STATE EDUCATION DEPARTMENT

Peer Review Oversight Committee

NYS Education Department
80 Wolf Road, Albany, NY

August 18, 2025

The following members were present:

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

Grace G. Singer, CPA, Vice Chair
Andy Neyman, CPA
Mike Nawrocki, 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. Pitcher, the Committee agreed to move to public session at 10:03 a.m.

Minutes: Based on a motion made by Ms. Singer, seconded by Mr. Neyman, the Committee approved the May 13, 2025, meeting minutes. Mr. Nawrocki and Mr. Mayausky abstained.

PROC Member Update: The Committee welcomed Mr. Nawrocki and Mr. Mayausky to the PROC. This is Mr. Iles last meeting after serving two, 5-year terms on the PROC. Ms. Winters presented Mr. Iles a certificate of appreciation and all in attendance thanked him for his time on the PROC. Going forward, Mr. Neyman will be the Chair and Mr. Wheeler will be the Vice Chair. Ms. Winters asked the Committee members to refer licensees who are familiar with peer review to join the State Board to participate in the disciplinary cases related to firms and peer review.

Future Committee Meetings:

- November 17, 2025, 9:00 a.m. – Video Conference
- February 4, 2026, 9:00 a.m. – Video Conference
- May 11, 2026, 10:00 a.m. - 80 Wolf Rd, Albany
- August 17, 2026, 9:00 a.m. - Video Conference

2024 AICPA Annual Report on Oversight: Ms. Winters presented the report to the State Board at their July 30th board meeting. The Board members noted that there was an uptick in cases referred to OPD and reported on the upcoming regulation changes. The Committee discussed issues regarding the written conclusion on last page concerning the ongoing issues with the AICPA/FSBA communication.

AICPA Peer Review Board Open Meetings and Peer Review Conference: May 14th – The meeting focused on Quality Management checklists. A discussion about the peer reviewer pool ensued. Mr. Iles attended the Peer Review conference and noted that the AICPA indicated that the peer reviewer pool is fine. However, the actual peer reviewers are skeptical that the pool of peer reviewers is sufficient. The AICPA is trying to get younger peer reviewers by using incentives. Mr. Nawrocki stated that many peer reviewers plan to discontinue doing peer reviews once the Quality Management standards go into effect. Mr. Pitcher stated that private equity firms may become an issue as well in limiting partners as peer

reviewers. There was mention that changes to allow retired partners to be team captains for up to 36 months after retirement may be helpful to include partner equivalents, such as, managing directors. The Committee discussed the level of oversights reported and it was noted that Pennsylvania had one of the highest numbers of oversight. The Committee discussed the newer features being implemented in FSBA for states that require them such as NY. The November open meeting will be included as an additional handout at the next PROC meeting due to timing.

Future AICPA Peer Review Committee Open Meetings: Ms. Winters and Mr. Cordell will attend the meetings in 2025: September 10th, and November 11th or 12th.

2024 AICPA Annual Report on Oversight: Ms. Winters will request Pennsylvania's annual oversight report. Mr. Nawrocki noted that NY's pass rates are below the national average for pass reports. Ms. Winters mentioned it could be due to Pennsylvania taking over the peer review from NY with a lot of complicated firms in the backlog which has been cleaned up.

PICPA Oversight: Ms. Singer is going to attend the RAB meeting on September 9th. She will provide a report at the next PROC meeting.

2024 Enhancing Audit Quality Highlights Report: Mr. Iles reported that at the peer review conference information was provided that the quality of peer reviews was overall improving. However, there were still specific matters discussed on lingering issues related to changes on revenue recognition and leases. There were five new areas of focus in the report. A discussion regarding private equity, the name of the firms, use of title, and attest engagements were discussed. Noted in the report that the employee benefit plan audits were highlighted again for errors on those specific engagements.

New Business: Ms. Winters noted that the commissioner's regulations section 70.10 will be adopted by September 24, 2025, to amend System of Quality Control to System of Quality Management.

Public Session: On a motion by Ms. Singer and seconded by Mr. Wheeler, the Committee voted in favor of adjourning the public session at 11:06 a.m.

Executive Session: On a motion by Mr. Wheeler and seconded by Ms. Singer, the Committee voted to enter executive session at 11:13 a.m.

On a motion by Ms. Singer and seconded by Mr. Mayausky, the Committee unanimously agreed to close executive session and end the meeting at 12:35 p.m.

Respectfully submitted,

Jennifer Winters, CPA
Executive Secretary



Peer Review
Program

Peer Review Board Open Session Materials

September 10, 2025

Virtual Meeting

**AICPA Peer Review Board
Open Session Agenda
Wednesday September 10, 2025
Teleconference**

Date: Wednesday September 10, 2025

Time: 1:00PM – 3:00PM Eastern Time

- 1.1 Welcome Attendees and Roll Call of Board** – Mr. Kindem/Ms. Brenner
- 1.2 Discussion of Annual Firm Questionnaire* - Ms. Brenner
- 1.3 Discussion of Emerging Area Framework* - Ms. Brenner
- 1.4 Discussion of Peer Review Standard Update No. 3 Exposure Draft* - Ms. Chesser
- 1.5 Task Force Updates*
 - Standards Task Force Report – Ms. Chesser
 - Oversight Task Force Report – Ms. Altier
 - Education and Communication Task Force Report – Ms. Tres
- 1.6 Other Reports*
 - Director Reports – Ms. Thoresen
 - Report from State CPA Society CEOs – Ms. McPherson
 - Update on National Peer Review Committee – Ms. Gantnier
- 1.7 Other Business** - Ms. Brenner
- 1.8 For Informational Purposes*:
 - A. Report on Firms Whose Enrollment was Dropped or Terminated
 - B. Compliance Update - Firm Noncooperation and Noncompliance
- 1.9 Future Open Session Meetings**
 - A. November 10, 2025 – Durham, NC

* Included on SharePoint

** Verbal Discussion

*** Will be provided at a later date

Agenda Item 1.2

Discussion of Emerging Area Framework

Why is this on the Agenda?

As a follow-up to the discussion held at the November 2024 Peer Review Board (PRB) meeting, the following is an update related to the plan to mitigate risks that emerging engagements and technology could present to Peer Review, the profession, and the public.

Background

The accounting and auditing practice areas are rapidly evolving in response to multiple emerging areas in the environment. Peer Review is an integral part of the AICPA's self-regulation efforts, with 53 licensing jurisdictions relying on the program to timely identify practice quality issues with firms and provide appropriate remediation.

Firms rely on the Peer Review process to deliver educational and remedial resources, which have traditionally been provided through their triennial Peer Reviews. However, reviewing a firm's practice every three years often results in sub-standard performance not being identified and rectified as timely as desired. This is nothing new; indeed, when the program was developed nearly 30 years ago, this risk was identified but deemed not so severe as to warrant a shorter time between reviews.

With the pace of technological advances and resulting changes to standards and firms' practices, the PRB believes that, for the good of the profession, and the public interest, changes are needed. There is no proposal to shorten the time between Peer Reviews; rather a more timely identification of emerging areas and their impact to firms that will mitigate the risk of firms' improper performance.

At its meeting in November 2024, the PRB discussed potential changes that could be made to the Peer Review process related to emerging engagements and technology. To mitigate the risks to the profession arising from changes in the professional environment, the PRB agreed that the Planning Task Force (PTF) of the PRB will be responsible for developing potential solutions associated with these engagements.

Initial Proposals Discussed With the Planning Task Force in July 2025

See agenda items 1.2A and 1.2B for outlines of the processes discussed by the PTF during its July 2025 meeting that would:

- Provide firms with resources for emerging areas and, in certain situations, a more timely or real-time evaluation of the firm's compliance with relevant standards, and
- Enable the program to identify emerging areas

PRIMA Impact

The most significant change to PRIMA will be the annual practice questionnaire (agenda item 1.2B), which will include automated responses to firms that link to resources for the emerging areas. Other minor changes would include possible subsequent reviewer resume and Peer Review Information (PRI) form updates.

AE Impact

None at this time.

Communications Plan

Staff will raise awareness about emerging areas through the various communication channels including newsletters, Reviewer alerts, training courses, social media, etc. Any changes to Peer Review guidance will be communicated through regular Peer Review related communication channels, as necessary.

Board Consideration

Staff would like the PRB to ask questions and provide any feedback on the process outlined in agenda item 1.2A or the questionnaire outlined in agenda item 1.2B as well as any other activities or initiatives that should be considered to reduce the risks that emerging areas present to the program, the profession, and the public.

Agenda Item 1.2A

Proposal to Address Emerging Engagements and Technology

Definitions

- **Emerging Area (EA):** An industry, level of service, audit area or aspect of a firm's system of quality management that is anticipated, new or recently evolved that, if not appropriately addressed, could result in a threat to quality and thus, the profession. The Planning Task Force of the Peer Review Board (PTF) will make the final decisions on the EA.
 - **Low Risk Rating:** Remote likelihood of harm to the public or profession, though it could increase overall risk to quality or the profession.
 - **Elevated Risk Rating:** EAs that, if not handled properly, could harm the public or profession, or result in a degradation of quality.

Resources Considered

An overview of the key internal and external resources AICPA Peer Review staff (Staff) will consult to support the PTF decision process are included in the table below. Although the formal evaluation and determination of EAs will occur on an annual basis, Staff will monitor the environment on a continual basis.

Resource		Details
Internal		
1	Assurance Services Executive Committee (ASEC)	ASEC disseminates detailed quarterly reporting regarding the current status of current and past projects. Additionally, environmental scans are regularly part of the meetings. CPA Canada and the AICPA are collaborating on a series of three publications that explore the role of CPAs in artificial intelligence (AI) governance, risk management, and AI assurance.
2	Senior Technical Committee Chairs meetings	Quarterly, the chairs of the Auditing Standards Board (ASB), Accounting and Review Standards Committee, ASEC, Professional Ethics Executive Committee, Peer Review Board (PRB), and Technical Issues Committee meet to discuss current trends in the profession to identify EAQ Areas of Focus.
3	State Regulatory and Legislative Affairs team	The team monitors regulatory and legislative activities and trends.
4	A&A Technical Hotline	The team reviews trends in inquiries.
5	Ethics referrals	To the extent possible, Staff can consider whether there are trends in the referrals received.

Resource		Details
External		
1	Big Four accounting firms	Big Four accounting firms have systems in place to analyze the environment to stay apprised of potential risks to their business. Staff would consult with PRB Big Four representatives to understand trends and potential risks.
2	International A&A standard setters	Examples include International Auditing and Assurance Standards Board and International Accounting Standards Board.
3	Regulators and other governmental bodies	Examples include Public Accounting Oversight Board and U.S. Government Accountability Office.
4	News sources	Both mainstream and professional news will be considered.

Classification of Emerging Areas

Each EA will be treated differently based on the nature of the area as a whole. To determine the appropriate action plan, the EA will be classified based on the following characteristics:

- Industry/level of service
 - These will relate to various aspects of or an entire engagement
 - Potential examples include Environmental, Social, and Governance (ESG) or SOC 2
- Audit and attest area
 - These may or may not be industry specific but will only address a component of the engagement
 - Potential examples include
 - Use of technology or AI in the audit
 - Digital assets held by the company
 - Risk assessment
- Aspect of the system of quality management
 - These will not be related to engagement performance, rather they will relate to other components of the firm's system
 - Potential examples include:
 - Licensing
 - Private Equity
 - International Standards
 - Succession Planning, Mergers & Acquisitions
- Other
 - These will be evaluated on a case-by-case basis

Identification of Expert Resources

For each EA, a thought leader will be assigned. The responsibilities of the thought leader will be to assist staff in identifying the risks associated with the EA and in defining an appropriate action plan that is subject to approval by the PTF. Subject matter experts (SME) will also be needed to develop resources or perform oversight on engagements or aspects of quality management systems affected by the EA.

Depending on the level of maturity of the EA, experts may or may not be readily available. Accordingly, Staff or the PTF will have to identify individuals who are in the best position to gain the necessary knowledge needed to understand the risks the area represents. Other relevant internal teams will be leveraged in identifying these experts. In rare circumstances, outside resources, such as the Big Four, may need to be consulted.

Preliminary Emerging Areas Matrix

See the matrix below for further information about proposed action plans. The goal of this process will be to identify potential risk areas early enough to allow the response to have the greatest impact.

EA Maturity Level	Low Risk Rating	Elevated Risk Rating
Pre-identification. These would be long-term risks that could have significant impacts on the profession but are a long way off. For example, exposure drafts issued by the ASB or other standard setting bodies.	Monitor progress.	Monitor progress.
Preliminary. EAs that are new, with the focus on developing or disseminating resources.	Monitor firms involved in the space; Gather more information; Identify/Develop SME if deemed necessary.	Monitor firms involved in the space; Gather more information; Identify/develop SME if deemed necessary.
Developing. While there is a potential that the EA could represent a threat to the profession, further information is needed to support an elevated risk (e.g., frequency and volume of the EA, availability of experts in the area, professional guidance).	Monitor firms involved in the space; Gather more information; Identify/Develop SME.	Provide information/resources to firms that are involved in the EA based on response in the annual practice questionnaire, as appropriate.

EA Maturity Level	Low Risk Rating	Elevated Risk Rating
Advanced. Risks associated with EA necessitate voluntary discretionary reviews in addition to dissemination of resources.	Provide information/resources to firms that are involved in the EA based on response to the annual practice questionnaire.	Quality Management Area - Reach out to firm directly to make sure they understand the risks associated with the area. Suggest the firm engage an outside party to evaluate system specifically related to this EA. Communicate available resources that can be used to identify third party. Audit area - Recommend discretionary review; corrective actions when nonconformity is identified during Peer Review. Industry/Level of Service - Recommend discretionary review; corrective actions when nonconformity is identified during Peer Review. PRB to consider requiring EA to become a must-select/cover during Peer Reviews. National Peer Review Committee (NPRC) administration - The PRB should consider whether firms involved in this area should have their review administered by the NPRC. Factors contributing to the decision include: • Complexity of issues; • Demographics and quantity of firms involved in area; • Availability of experts; and • Level of impact of area to the firm's practice as a whole. There are expected to be very few EAs where NPRC administration is deemed necessary. Enhanced Oversight will focus on EAs through the Peer Review process.

Overview of Voluntary Discretionary Review

Voluntary process - When firms indicate that an EA is or will be applicable to its practice, additional questions would be asked to help the firm assess the level of risk they have assumed or are considering assuming. For example, questions could center around training taken, quality management materials obtained, etc. Correspondence could then be sent to all firms involved in the EA about the discretionary review process, including the benefits. The correspondence would also indicate when a firm has higher risk associated with that work, encouraging them to participate in the discretionary review process.

Identification of third party - Similar to how firms find team captains today. Reviewers would indicate in their resumes that they are willing to perform discretionary reviews. Accordingly, the AICPA Peer Review Program (program) could require reviewers to take a particular training course in the area or show mastery of the material in some other way depending on the nature of the area. Independence guidance would apply consistently with the existing guidance, though it should be revised to include the discretionary review as a specific example.

PRIMA tracking process - Because this is a voluntary process, a formal due date will not be assigned, nor will the third party need to be approved. However, firms should be made aware of the risks of hiring an insufficiently qualified third party.

Review materials to be used - The program will develop a checklist or other materials to assist reviewers in their evaluation of the EA.

Reporting - The third-party reviewer will prepare a letter to the firm based on a template provided by the program. The letter will include information about where additional resources can be obtained and the reviewer's recommendations for improvements. The firm will be able to share the letter with their team captain during their Peer Review.

Notes from meeting - If firms do not answer the questionnaire, the firm will be dropped from the program. Discussion ensued about the concerns of firms being dropped from the program. Who clears the firm if it complies - AICPA or AE? Will firms be dropped in the middle of their peer review? Discussion on determination of the processes because normally firms in the middle of a peer review are terminated, not dropped. The final proposal will be sent to the AICPA PRB at their Nov meeting.

Agenda Item 1.2B

Proposal for Annual Practice Questionnaire

To mitigate the impact of emerging areas on Peer Review, the profession, and the public, staff proposes an annual practice questionnaire. By reviewing firms' responses to a few short questions on an annual basis, we will identify those impacted by an emerging area and suggest steps the firm could take, such as:

- Reviewing the resources available about the emerging area
- Taking various learning courses available or
- Suggesting consultations.

The questionnaire will assist firms in being prepared to perform and report in accordance with professional standards (and better assess the risk of the engagements they choose to perform). With the complex environment, success of firms' *triennial peer reviews* is an *annual process* and it doesn't just start in the year of the peer review.

By analyzing the volume and demographics of the firms impacted, we will develop additional resources tailored to the needs of different firms. This data analysis will allow us to continue to enhance quality by providing the right resources to the right firms at the right time. Through this project, we will continue to enrich our members' experience and protect the public.

The initial questions would be something like:

1. Are you involved in an alternative practice structure (APS)?
2. Do you use AI in performing your SSARS engagements?
3. Are you currently auditing or have plans to audit clients with digital assets?

These questions should take only five to ten minutes to answer and will change periodically in response to new emerging areas.

PRIMA Impact

PRIMA will be programmed to send all enrolled A&A firms on the same date each year, a notification to submit answers to questions in PRIMA. Failure to submit answers would initiate a formal drop process, similar to the process in place for a firm's failure to pay administrative fees.

AE Impact

AEs will be asked to assist with promoting communications via their standard channels to firms.

Communications Plan

Staff will raise awareness about emerging areas through the various communication channels including newsletters, Reviewer alerts, training courses, social media, etc. Any changes to Peer Review guidance will be communicated through regular Peer Review related communication channels, as necessary.

Effective Date

Based on feedback received during and following September PRB meetings, a formal proposal will be presented to the PRB at the November meetings, for implementation in February 2026.

Board Consideration

The PRB is invited to ask questions and provide feedback on this proposal.

Discussion of PRSU No. 3, *Modernizing Peer Review Administration Requirements*

Why is this on the agenda?

Staff requests the board to review, discuss, and approve issuance of the proposed exposure draft of Peer Review Standards Update (PRSU) No. 3, *Modernizing Peer Review Administration Requirements*, as presented in Agenda Item 1.3A which solicits input from the public by October 25, 2025 (a comment period of 45 days).

As discussed in the explanatory memorandum of the exposure draft, the proposal includes further background information and proposed revisions to the standards and related application and other explanatory material, which are intended to address increasing risks and considerations associated with firms that have alternative practice structures (APS) and situations whereby a review team may not have sufficient experience with PCAOB related matters to effectively evaluate a firm's PCAOB inspection reports and the impact on the firm's peer review (see Agenda Item 1.3A).

Feedback Received

On August 12, the Standards Task Force (STF) reviewed a preliminary draft of the proposal whereby feedback was provided to assist Staff with explaining background details and the basis for revisions to the standards.

On July 31, the Planning Task Force (PTF) of the board considered a proposal from Staff that highlighted various risks related to APS and the regulatory environment affecting firms that perform engagements subject to PCAOB standards. Accordingly, the PTF recommended for Staff to develop an exposure draft that proposes revisions in the standards to

- expand the criteria that requires a firm to have its review administered by the NPRC, and
- modify the experience requirements for team captains who review firms with PCAOB engagements to address the potential risk that the review team may not have sufficient experience with the regulatory environment associated with such engagements.

Based on the risks and limited extent of proposed changes to the standards, the PTF recommended an exposure period of 45 days so that the proposed changes can be made effective in the near-term.

AE Impact

As proposed, the revision to paragraph .35(c) and the related application material paragraph (.A50) of PR-C section 100 will require reviews of firms with APS to be administered by the NPRC, which is expected to remain in effect for at least one peer review cycle (3 years). When considering firm Peer Review Information (PRI) forms for approval, AEs will need to contact AICPA peer review staff to arrange for a change in venue if the PRI indicates the firm is part of an APS. The proposed changes to paragraph .08 of section 200 regarding experience required for reviews of firms with PCAOB engagements will not have any impact on other AEs.

Communications Plan

If approved by the board, stakeholders will be notified through traditional channels highlighting the issuance of the exposure draft, requesting for interested parties to provide comments by October 25, 2025.

PRIMA Impact

Staff does not currently anticipate a direct impact on the PRIMA system as the changes in venue will be monitored manually by AICPA staff.

Effective Date

The effective date proposed for PRSU No. 3 is for peer reviews with years ending on or after December 31, 2025.

Peer Review Board Considerations

1. Do you believe the explanatory memorandum provides a sufficiently clear and understandable basis for stakeholders to understand the need for modernizing the requirements related to peer review administration?
2. Do you recommend any other requests for comment from stakeholders?
3. Considering the proposed effective date is for peer reviews with years ending on or after December 31, 2025
 - a. Do you agree with the proposed effective date?
 - i. Staff believes this option is feasible based on the nature of the proposed changes, which will involve a manual monitoring process conducted by AICPA staff. Additionally, staff believes the proposed effective date could reduce version control issues by aligning with the effective date of QM related provisions that were approved via PRSU No. 2, *Reviewing a Firm's System of Quality Management and Omnibus Technical Enhancements*.
 - b. As an alternative, do you believe the effective date in the proposal should be modified to for reviews *scheduled* on or after January 1, 2026?
 - i. Historically, prior to the issuance of the Clarified Peer Review Standards in May 2022, revisions to requirements or interpretations pertaining to the administration of peer reviews were typically made effective based on the date reviews are scheduled to allow for changes in guidance to be considered and applied in the early stages of a firm's peer review so that it's least disruptive to the process overall.
4. Considering the discussion and board recommended modifications based on the preceding items, do you approve issuance of the exposure draft of PRSU No. 3 as presented in Agenda Item 1.3A?



EXPOSURE DRAFT

Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements*

***(Amends AICPA Standards for Performing and
Reporting on Peer Reviews, Effective for Peer
Reviews Commencing on or After May 1, 2022)***

September 10, 2025

Comments are requested by October 25, 2025

**Prepared by the AICPA Peer Review Board for comment from
interested persons.**

**Comments should be addressed to Brad Coffey at
PR_expdraft@aicpa.org**

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Explanatory Memorandum

Introduction

This memorandum provides a summary of proposed Peer Review Standards Update (PRSU) No. 3, *Modernizing Peer Review Administration Requirements*, to be applied to the AICPA Standards for Performing and Reporting on Peer Reviews (standards) issued by the AICPA Peer Review Board (board) and solicits input from all interested parties regarding this exposure draft and proposed revisions to the standards.

A copy of this exposure draft and the extant standards (effective for peer reviews commencing on or after May 1, 2022, as amended) are also available on the AICPA Peer Review website at <https://www.aicpa-cima.com/resources/article/peer-review-standards>.

Overview

The AICPA Peer Review Program (program) monitors the quality of reviewed firms' accounting and auditing engagements through an evaluation of select engagements (when eligible for an engagement review) or by evaluation of firms' systems of quality management under which those engagements are performed (when system reviews are required or elected). Participation in the program is mandatory for AICPA membership, as explained in paragraph .03 of PR-C section 100, *Concepts Common to All Peer Reviews*,¹ and peer reviews are now required for licensure in nearly all state licensing jurisdictions.

As part of its efforts to maintain standards that are easy to read, understand, and apply, the board periodically conducts an environmental scan, which includes economic and regulatory considerations, to determine if revisions are necessary for the standards to remain relevant and appropriate to meet the current needs of the program. As a result, the board believes that certain requirements relating to the administration of peer reviews should be revised to account for risks to public interest associated with regulatory considerations and the evolving landscape of firm practice structures.

Regulatory Considerations

As the PCAOB maintains an increased focus on registered firms' systems of quality control according to QC section 1000, *A Firm's System of Quality Control*,² and given the increasing complexity of identified deficiencies and related disciplinary orders from the SEC and PCAOB, the board believes it is critical for peer review teams to have relevant experience to consider the implications of such matters in peer reviews. With an increasing number of firms electing the National Peer Review Committee (National PRC) as their administering entity (AE), the board recognizes an increased potential for review teams that can be approved under extant guidance while lacking familiarity with the current regulatory environment. Therefore, the board is proposing a revision to the qualifications to perform a review for a firm that performed or "played a substantial role in" (as defined by the PCAOB) an engagement under PCAOB standards with a period end during the peer review year.

¹ All PR-C sections can be found in AICPA *Professional Standards*.

² QC section 1000, *A Firm's System of Quality Control*, can be found in PCAOB *Standards and Related Rules*.

The extant requirement in paragraph .35 of PR-C section 100 states that firms are required to have their reviews administered by the National PRC if they meet any of the following criteria:

- The firm performed or “played a substantial role in” (as defined by the PCAOB) an engagement under PCAOB standards with a period ending during the peer review year.
- The firm is a provider of quality management materials (QMM) (or is affiliated with a provider of QMM) that are used by firms that it peer reviews.

Additionally, the extant requirement in paragraph .08 of PR-C section 200, *General Principles and Responsibilities for Reviewers*, states only that the team captain’s firm’s most recent peer review should have been administered by the National PRC (whether elected or required to do so). Consequently, there is a risk that the review team may not be familiar with PCAOB inspections and the potential impact on the peer review if the firm elected, but was not required, to have its review administered by the National PRC.

The board believes that firms should still be permitted to elect the National PRC as their AE; however, to address the preceding concerns related to the PCAOB environment, the board believes a team captain’s firm should also have been required (i.e., not elected) to have its most recent review administered by the National PRC according to paragraph .35a of PR-C section 100. The board believes the proposed revision to this requirement will ensure that review teams have relevant and appropriate experience to evaluate PCAOB-related matters. Furthermore, exceptions to this requirement may be granted when the review team submits a request to the National PRC with appropriate substantiation of qualifications that would enable the review team to effectively consider the implications of PCAOB inspections on the reviewed firm’s peer review.

Alternative Practice Structures

Private equity (PE) investors have firmly established themselves as pivotal players across a wide range of industries for more than 75 years. PE’s interest in the accounting profession began in the early 2000s but really took hold in the 2020s, notably with Towerbrook Capital Partners’ investment in Eisner Advisory Group in 2021. Alternative practice structures (APSs) were an accessible model for PE investors to enter the accounting profession because, although a CPA firm is prohibited from having a passive commercial investment, a closely aligned nonattest service entity (NSE) is not. Therefore, PE could invest in the profession, and a CPA firm could comply with the profession’s ethical requirements and state regulations. Similarly, PE’s involvement in CPA firms utilizing an employee stock option plan (ESOP) has increased since 2020, notably with BDO’s ESOP restructuring, which incorporated private equity credit and debt financing.

PE investors provide capital, expertise, and resources to fuel growth and help accounting firms remain competitive in a rapidly changing market. The infusion of capital allows firms to focus on innovation, technology, talent retention, and improving professional services, all of which are essential to their long-term success. Notwithstanding the benefits that PE investors may offer firms, ensuring that the integrity of the attest function is not compromised under this type of APS is critical to protecting the public interest. PE’s involvement in the accounting profession has raised questions from various regulators, standard setters, CPA practitioners, and other stakeholders about potential conflicts. Thus, the board has considered the following specific concerns and potential risks related to a PE investment in a CPA firm:

- A conflict may exist between the CPAs’ motive (public trust) and the PE investor’s motive (profit), and the PE investor may place undue pressure on the attest firm’s partners or nonattest service entity’s (NSE’s) principals.

- Quality of services, both attest and nonattest, may be diminished through reductions in staff and other cost-saving measures.
- Monitoring compliance with independence and other professional standards may be less effective due to the increased complexity of the business model.
- Peer review effectiveness and enforceability of regulations and standards may be more difficult as the NSE is not part of the CPA firm.
- There may be undue influence and self-interest threats to the attest firm partners' independence and objectivity because they are compensated by two entities, one of which has representation by the outside investor.
- The terms of the services agreement between the CPA firm and the NSE may not have been drafted (or properly implemented) to avoid placing undue pressure on the CPA firm in ways that can impair independence, objectivity, or quality.

From time to time, the board has considered situations that may suggest a firm possessing certain engagements or characteristics should have its review administered by the National PRC due to the complexity of issues that may be encountered and to establish greater consistency by centralizing the administration of such firms' peer reviews. Generally, in these situations, the risks associated with the engagement or firm characteristics are significant and not necessarily expected to occur at a high frequency. Although administration by the National PRC may be needed for only a short period of time, the standards do not currently allow board discretion to require certain reviews to be administered by the National PRC. Accordingly, this PRSU proposes an update to the requirement in paragraph .35 of section 100 to allow the board to use discretion in determining whether a review should be administered by the National PRC when certain practice structures, engagements, or other services present an elevated risk to quality and to the profession.

Summary of Proposed Changes

As proposed, this PRSU has been developed by the board to update the standards in the following areas:

- Paragraph .35 of section 100 expands the criteria used to determine whether the National PRC should administer a firm's peer review.
 - Accordingly, paragraph .A50 is introduced to indicate that a firm with an APS is currently required to have its review administered by the National PRC.
- Paragraph .08 of section 200 has been revised to require a team captain's firm's most recent peer review to also have been required to be administered by the National PRC.
 - Accordingly, paragraph .A13 is introduced to describe when an exception to this requirement may be granted if the team captain submits a request in writing to the National PRC describing qualifications and experience that would enable the review team to effectively review the firm's engagements and the system of quality management.

Comment Period

The comment period for this exposure draft ends on October 25, 2025.

Guide for Respondents

The board welcomes feedback from all interested parties on this proposal. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, when appropriate, make specific suggestions for any proposed changes to wording.

Written comments on this exposure draft will become part of the public record of the AICPA and will be made available on the AICPA's website. Please provide responses that are

- submitted as Microsoft Word or Adobe PDF documents by October 25, 2025, and
- directed to Brad Coffey at PR_expdraft@aicpa.org.

Effective Date

If approved by the board, the proposed revisions to the standards will be effective for peer reviews with years ending on or after December 31, 2025.

Requests for Comment

Respondents are requested to provide feedback on the changes proposed in this PRSU and any other comments or suggestions to assist the board with determining whether any additional changes are appropriate before issuing the final update to the standards.

1. Regarding the proposed revision to paragraph .35 of PR-C section 100, please provide your views on the following:
 - a. Do you agree with the proposed change? If not, please explain your reasoning.
 - b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.
 - c. Does the corresponding application and other explanatory material proposed in paragraph .A50 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.
2. Regarding the proposed revision to paragraph .08 of PR-C section 200, please provide your views on the following:
 - a. Do you agree with the proposed change? If not, please explain your reasoning.
 - b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.
 - c. Does the corresponding application and other explanatory material proposed in paragraph .A13 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.
3. Do you agree with the proposed effective date (for peer review years ending on or after December 31, 2025)? If no, please explain your reasoning and note any concerns or anticipated challenges.

Notes from the meeting: APS entities run through the NPRC and not through the AEs. There were 77 firms on their PRI and about 1/3 already was NPRC administered. Motion to approve the exposure draft was made with modification to the language.

AICPA Peer Review Board
Peer Review Board Members
2025–2026

Dawn Brenner, *Chair**
 Peter Alfele
 Jodey Altier
 Chad Anaya
 Ronald Bass*
 Sherry Chesser*
 Kimberly Gillespie
 Sarah Hardee
 Jon Heath*
 Allison Henry

Steve Hicks
 Lindsey Kennimer
 Alan Long*
 Kristen Mascis*
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 Gary Schafer
 Lauren Spegal*
 Jim Svab
 Tony Thomas*
 Becky Tres

**Member — Peer Review Board Standards Task Force*

Non–Peer Review Board Standards Task Force Members
2025–2026

Chuck Jordan

Dipesh Patel

AICPA Staff

Susan S. Coffey
Chief Executive Officer
Public Practice

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Ethics and Firm Quality

Gary Freundlich
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AICPA Peer Review Program

Frances McClintock
Associate Director
AICPA Peer Review Program

Laurel Gron
Associate Director
AICPA Peer Review Program

Tim Kindem
Senior Manager
AICPA Peer Review Program

Brad Coffey
Manager
AICPA Peer Review Program

Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements*

(***Boldface italics*** denotes new language. Deleted text is shown in ~~strike through~~.)

PR-C Section 100, *Concepts Common to All Peer Reviews*

[Paragraphs .01–.34 are unchanged.]

.35 Firms are required to have their reviews administered by the National PRC if they meet any of the following criteria: (Ref: par. .A49)

- a. The firm performed or “played a substantial role in” (as defined by the PCAOB) an engagement under PCAOB standards with a period end during the peer review year.
- b. The firm is a provider of quality management materials (QMM) (or is affiliated with a provider of QMM) that are used by firms that it peer reviews.
- c. ***The firm’s practice structure is deemed by the board to present an elevated risk to quality and to the profession, or the firm’s practice includes certain engagements or services deemed to present such risk. (Ref: par. .A50)***

[Paragraphs .36–.53 are unchanged.]

Application and Other Explanatory Material

[Paragraphs .A1–.A49 are unchanged.]

.A50 The board currently requires a firm to have its review administered by the National PRC when the firm is closely aligned with a non-CPA-owned entity (an alternative practice structure).

[Paragraphs .A50–.A58 are renumbered to .A51–.A59. The content is unchanged.]

PR-C Section 200, *General Principles and Responsibilities for Reviewers*

[Paragraphs .01–.04 are unchanged.]

Requirements

Reviewer Qualifications

[Paragraphs .01–.07 are unchanged.]

.08 In order to be qualified as captain for a peer review of a firm whose review is required to be administered by the National Peer Review Committee (PRC) *because the firm performed or “played a substantial role in” (as defined by the PCAOB) an engagement under PCAOB standards with a period end during the peer review year as described in paragraph .35a of section 100*, a captain should currently be employed by or be an owner of a firm whose most recent review was *also required to be* administered by the National PRC *for the same reason*. (Ref: par. .A12–~~A14~~¹³)

[Paragraphs .09–.38 are unchanged.]

Application and Other Explanatory Material

Reviewer Qualifications (Ref: par. .05–.08)

[Paragraphs .A1–.A11 are unchanged.]

.A12 If a firm elects, but is not required, to have its peer review administered by the National PRC, the captain does not have to be employed by or be an owner of a firm whose most recent review was administered by the National PRC.

.A13 *If a firm is required to have its peer review administered by the National PRC according to paragraph .35a of section 100 and the team captain’s firm’s most recent peer review was not required to be administered by the National PRC for the same reason, an exception to the requirement in paragraph .08 may be granted when the team captain submits a request in writing to the National PRC that describes the experience and qualifications that enable the review team to effectively review the firm’s engagements and its system of quality management.*

.A14¹³ For other requirements for a captain in a system review, see section 210, *General Principles and Responsibilities for Reviewers — System Reviews*, and for other requirements of a captain in an engagement review, see section 220, *General Principles and Responsibilities for Reviewers — Engagement Reviews*.

[Paragraphs .A14–.A46 are renumbered to .A15–.A47. The content is unchanged.]

Agenda Item 1.4

Draft of Nonconforming Engagement Reviewer Alert

Why is this on the Agenda?

Staff continually receive questions about how specific instances of noncompliance with professional standards should be assessed in a peer review. For example:

- would [insert example here] cause the engagement to be nonconforming?
- would [insert example here] be a finding or a deficiency in the peer review report?

These questions are often asked when either a new standard is approved or about to become effective. These questions also often include a request for Staff/PRB to develop a resource (e.g. a reviewer alert article) that includes answers to the above questions for a particular standard.

At recent meetings, the STF expressed its desire to not develop resources every time a new standard is issued or effective, but rather to give stakeholders a broader framework to use when assessing the ramifications of noncompliance with a particular standard on the peer review results.

At its August meeting, the STF finalized its review of a proposed reviewer alert article (see agenda item 1.4A) that is designed to provide that broader framework for helping with the question of “would [insert example here] cause the engagement to be nonconforming”. Agenda item 3A is the revised version of the article that incorporates feedback received at that and other previous meetings.

Communications Plan

Relevant peer review stakeholders are notified via email when reviewer alert articles (or other pertinent resources) are published.

PRB Consideration

The STF is asking the PRB to review and discuss the contents of the proposed reviewer alert (See agenda item 1.4A) and whether any revisions are necessary prior to a proposed publishing date of mid-September.

Agenda Item 1.4A

Nonconforming Engagement Reviewer Alert Draft

Peer Review Staff periodically receives questions from stakeholders about whether certain examples of noncompliance with relevant professional standards, particularly those that have recently become effective, would cause an engagement to be considered nonconforming for peer review purposes. The Peer Review Board and Staff have developed the following article to help reviewers with the thought process behind classifying an engagement as nonconforming that can hopefully be applied to both current and future updates to relevant professional standards.

Each engagement checklist has a series of “Conclusion” questions (presented as possible fact patterns) designed to guide the reviewer through the thought process of whether the engagement is nonconforming. Let’s take a look through each from the general audit checklist as an example. It is important to note that while these questions were designed to assist peer reviewers determining whether or not an engagement is non-conforming, they are not the only questions a reviewer may consider when making that determination.

- 1) “There are errors or omissions, individually or in the aggregate, in the financial statements (including disclosures) related to requirements under the applicable financial reporting framework that exceed materiality established by the auditor, and the auditor’s report was not appropriately modified”

As the auditor will have established a materiality threshold as part of their engagement, generally speaking, anything material that comes to the reviewer’s attention that hasn’t been identified by the auditor will likely cause the engagement to be considered nonconforming.

For example, let’s say Entity A misunderstood the requirements of ASC 606 which caused revenue to be misstated by an amount that was considered to be material to the financial statements. Entity B also misunderstood the requirements of ASC 606 but the resulting misstatement was for a much less significant amount. The firm should have proposed an adjusting journal entry to Entity B, but this fact wouldn’t have changed the auditor’s opinion that it issued. The firm did not identify either misstatement as a result of its audit work. Based on the above the reviewer would likely determine that the engagement for Entity A is nonconforming, while the reviewer would not necessarily have a case for determining that Entity B is nonconforming, without looking at the other “Conclusions” section questions.

While not engagement specific, the reviewer should also be particularly curious as to why the firm did not identify the issue in either circumstance. This would be a broader system-related question and could ultimately impact the peer review

report if, for example, the firm does not have adequate policies and procedures in place to ensure engagement teams comply with new professional standards.

Given the qualitative nature of many disclosure requirements, finding disclosures that “exceed materiality” is inherently more challenging. However, some omitting certain disclosures may meet this threshold and require close peer reviewer attention. For example, omitting disclosures related to going concern, especially when there is (or should be) a substantial doubt about an entity’s ability to continue as a going concern, may meet this threshold.

- 2) “The auditor failed to perform planning, including documentation and an appropriate risk assessment, in accordance with current professional standards.”

Previous reviewer alert articles (such as the one from April 2022) have indicated that the significance of noncompliance with risk assessment requirements is a matter of professional judgment. Questions that a reviewer could consider when assessing such a situation include:

- What is the pervasiveness of the noncompliance? For example, was a singular audit area impacted, or several?
- Were significant risks properly identified and addressed appropriately?
- Were any relevant documentation requirements met versus could documentation be improved upon?

Similar to question 1, the details of a particular engagement are important. What may be significant to one engagement may not be to another.

Normally, the failure of a firm to document its rationale for not identifying any significant risks on an engagement would likely cause that engagement to be classified as nonconforming. A similar conclusion would be likely if the firm fails to assess risk at the relevant assertion level at all. Alternatively, a nonconforming classification would be unlikely if the firm has some clerical issues in its risk assessment documentation, but can otherwise evidence that the risk assessment was performed appropriately.

- 3) “The auditor’s report is not presented in accordance with the most current applicable professional standards and regulatory requirements (does not contain the critical elements), including evidence of firm reliance on outdated standards.”

The auditor’s report is the primary deliverable for most if not all audit engagements. Conveying the relevant information to users within the report is of the utmost importance. Therefore, omissions of key information would likely cause the reviewer to determine the engagement is nonconforming. For example, key information could be not including all the years covered by the auditor’s report for comparative financial statements.

That said, “key information” or “critical elements” are subjective terms and it is possible that peer reviewers may disagree whether a particular omission should be categorized as such. Reviewers would want to consider the particular facts and circumstances of the engagement when reaching its conclusion and document those considerations in its peer review documentation.

Finally, minor typographical or other clerical errors (for example, spelling mistakes) in the auditor’s report would generally not cause an engagement to be considered nonconforming.

- 4) “The engagement team, collectively with the partner in charge of the engagement, did not have the knowledge, skills, and abilities (competencies) to perform the engagement in accordance with professional standards?”

While this question is still relevant from the perspective of whether the engagement is nonconforming, it is more designed to determine if the composition of the engagement team is a possible reason (i.e. systemic cause) for the nonconforming engagement.

Having candid conversations with the firm during the review of engagements is critically important in making this determination. While sometimes a difficult conversation, having discussions related to an engagement team’s competence is necessary if it turns out to be the issue causing the nonconforming engagement.

- 5) “There are errors, omitted procedures or information identified that could reasonably represent material noncompliance with regulatory requirements, if applicable.”

Given the importance of regulatory compliance within the context of peer review and self-regulation, failure to comply with such requirements (e.g. a licensure requirement) requires serious attention from a peer reviewer.

Peer reviewers should provide ample documentation or support for any conclusion that would suggest failure to comply with regulatory requirements does not lead to a nonconforming engagement designation. That said, not all regulatory requirements would be considered material from a peer review perspective (which is no different than standard A&A requirements) and peer reviewers should use their professional judgment in assessing whether noncompliance with regulatory requirements would cause an engagement to be nonconforming.

- 6) “Although there is not a material error or omission in the performance, including documentation, of the engagement, there are numerous less significant issues that indicate the work was not thoroughly reviewed and the engagement was not properly supervised.”

This question is designed to have peer reviewers consider the key concept of “individually or in the aggregate”. Individual “no” answers within the engagement

checklist wouldn't normally cause an engagement to be nonconforming, but if a significant number of the questions in the checklist are answered "no", it would be a strong indicator that the engagement is nonconforming.

Whether "in the aggregate" is applicable unfortunately varies from engagement to engagement and the nature of the items the reviewer identified as being noncompliant. The "in the aggregate" assessment may also lead the peer reviewer to assess or reassess the adequacy of partner involvement and whether the engagement was properly supervised. It could serve as the basis for additional procedures to be performed to assess whether the engagement truly is nonconforming. Most importantly, it is an assessment that should be made on every engagement selected.

- 7) "The auditor's opinion is not supported by sufficient and appropriate documented audit evidence. For example, if significant oral explanations were required from the firm to support its conclusions for significant areas."

Documentation, as required by AU-C section 230, is a key element of any audit engagement. Firms, as the standards require, should include documentation that allows an experienced auditor, with no previous involvement in the engagement, to understand what procedures were performed and what conclusions were reached. That said, reviewers should carefully assess the impact of any documentation issues encountered when determining if an engagement is nonconforming, as not all documentation issues would lead to a nonconforming designation.

For example, the assessment will likely be very different for the following examples:

- The firm is able to evidence the fact the documentation was created when it should have been, but wasn't included in the working papers.
 - While a "no" answer, this isn't likely to cause the engagement to be nonconforming.
- The firm can prove that they performed the necessary procedures, but did not create working papers to evidence that they did so.
 - More judgment is likely necessary here, but a nonconforming designation is certainly possible.
 - It is important to remember that paragraph .A7 of AU-C section 230 states that "on their own, oral explanations by the auditor do not represent adequate support for the work the auditor performed or conclusions the auditor reached, but may be used to explain or clarify information contained in the audit documentation."
- The firm did not create any documentation for necessary audit procedures and is otherwise unable to evidence that the procedures were performed.

- **A nonconforming engagement is more likely here than in the other examples, however, the significance of the audit procedures certainly needs to be considered.**

As with any instance of noncompliance, even those that are related to new requirements, peer reviewers need to evaluate the specific circumstances of every situation, individually and in the aggregate. An important factor is whether a user, one that would reasonably expect to rely on the financial statements, would be affected by noncompliance. This requires judgment as it is not expected for reviewers to be intimately familiar with all potential users of specific financial statements. The PRB recognizes that each peer review is unique and that reviewers need to exercise professional judgment when forming conclusions. Consultations with Staff, your administering entity (e.g. the technical reviewer assigned to the peer review) or other peer reviewers are always encouraged as you are thinking through these important decisions.

Notes from meeting: Modified the last paragraph and moving some of the language to the example #1 pertaining to the financial statements.

Agenda Item 1.5

Standing Task Force Updates

Why is this on the Agenda?

Each of the standing task forces of the PRB will provide this information to the Board at each open session meeting to gather feedback on the nature and timing of agenda items that will be considered in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to feedback received.

Standards Task Force

Accomplished since last PRB meeting:

- Developed and provided feedback regarding the proposed exposure draft of PRSU No. 3, *Modernizing Peer Review Administration Requirements* (see agenda item 1.3).
 - Comments from respondents are requested by October 25, 2025.
- Approved conforming updates to questions regarding firm quality in the Peer Review Information (PRI) form
- Continued discussion and review of a reviewer alert article (with an expected publish date in fall 2025) that is intended to provide a framework to help stakeholders assess whether certain instances of noncompliance would result in nonconforming engagements
- Discussed preliminary feedback from stakeholders regarding the pilot quality management checklists.
- Approved conforming revisions and other enhanceive updates to the Q&A addressing independence considerations in peer reviews
 - Expected to be published in fall of 2025.
- Reviewed and provided feedback regarding certain conforming revisions and enhanceive updates to the Q&A addressing terminology differences between the peer review standards and the QM standards.
 - Expected to be published in fall of 2025.
- Developed conforming and enhanceive updates to various peer review forms and practice aids (e.g., SRM, TC checklist, Review Captain Summary, Peer Review Risk Assessment Tool, and the Alternative Practice Structure checklist) to account for the requirements of the QM standards and terminology used therein.
- Finalized and published in the May 2025 PRPM update, a streamlined Financial Reporting and Disclosure (FR&D) checklist (PRP 22,300), which is now available in the toolkit for peer reviewers.
 - While the previous version of the FR&D checklist remains available for use, peer reviewers are encouraged to utilize the streamlined checklist and provide feedback to AICPA staff regarding any suggested changes.

Upcoming tasks:

- Review comment letters from respondents regarding the PRSU No. 3 exposure draft to develop and propose a final update to the standards for PRB approval in November 2025.
- Continue monitoring feedback regarding the QM checklists for peer reviewers, which are expected to be finalized and published in the spring 2026 PRPM update.
 - Stakeholders are encouraged to review and complete the survey by December 31, 2025, which can be accessed on [the pilot QM checklist webpage](#)

- Discuss the document retention requirements for certain peer review checklists and consider survey feedback (see page linked above) to conclude whether the standards should be revised to permit AEs or reviewers to retain certain peer review checklists for more than 120 days after a peer review is completed.
- Continue monitoring feedback regarding the peer review standards to maintain standards that are easy to read, understand, and apply.

Oversight Task Force

Accomplished since last PRB meeting:

- Conducted orientation for a new OTF member
- Approved Report Acceptance Body (RAB) observation reports
- Approved AE oversight responses
- Discussed other monitoring procedures to be performed on AEs in lieu of AE oversights this year
- Reviewed AE benchmark summaries
- Reviewed enhanced oversight reports with comments for consistency
- Monitored results of enhanced oversights
- Discussed the type of feedback issued by AEs as a result of enhanced oversights
- Monitored reviewer performance

Upcoming tasks:

- Approve RAB observation reports
- OTF members will perform AE oversights and RAB observations
- Approve AE oversight reports and AE responses
- Review AE benchmark summaries and discuss feedback received
- Discuss revisions to benchmarks based on feedback received
- Review enhanced oversight reports with comments for consistency
- Monitor results of enhanced oversights
- Discuss the type of feedback issued by AEs as a result of enhanced oversights
- Monitor reviewer performance
- Discuss revisions to the AICPA Peer Review Program Oversight Handbook
- Joint meeting with NASBA's Peer Review Compliance Committee (PRCC)

Education and Communication Task Force

Accomplished since last PRB meeting:

- Held the 2025 Peer Review Conference from July 28-July 30, 2025 in San Diego, CA.
- Prepared "Peer Review Update" content (i.e., training sessions designed to satisfy ongoing training requirements for team and review captains) for the:
 - Peer review session at ENGAGE
 - Peer review training sessions held by state societies.
- Published the May 2025 Reviewer Alert.
- Published the June 30, 2025 edition of *PR Prompts*.
- Held the Q2 2025 Reviewer Forum on May 21, 2025.
- Held the live version of the "Are You Ready?" webcast for peer review stakeholders on May 22, 2025 and the first of two CPE eligible rebroadcasts on July 22, 2025.

- Continued work on the Peer Reviewer Incentive Plan introduced at the May 2025 PRB meeting, including taking into account feedback received during the 2025 Peer Review Conference
- Held the second of four planned AICPA-sponsored 2025 offering of “Becoming an AICPA Peer Review Team or Review Captain: Case Study Application” course the week of July 14, 2025
- Held three Initial RAB Member courses between May-September, with additional 2025 offerings expected.

Upcoming tasks:

- Publish the 2025 Conference cases to the Peer Review webpage after taking into consideration attendee feedback provided by discussion leaders.
- Create on-demand self-study training courses from various Conference sessions. These courses, currently expected to be released in October, are designed to meet various peer review training requirements.
- Continue analysis of the reviewer pool and implement plans to improve the pool where necessary, including the refinement of the Incentive Plan presented at the May 2025 PRB meeting.
- Develop and publish the September 2025 Reviewer Alert and the winter 2025 *PR Prompts* newsletter.
- Hold the September 17, 2025 offering of the Reviewer Forum series.
- Hold the second of two CPE eligible rebroadcasts of “Are You Ready?” on October 22, 2025.
- Held the third of four planned AICPA-sponsored 2025 offering of “Becoming an AICPA Peer Review Team or Review Captain: Case Study Application” course the week of September 22, 2025.

2026 Peer Review Conference will
be August 10-12th in Providence
Rhode Island

Agenda Item 1.6**Other Reports****Why is this on the Agenda?**

The purpose of this agenda item is to provide PRB members and other attendees with an update on various PRB related activities and initiatives.

Peer Review Operations Director's Report

In addition to the communications highlighted in agenda item 1.5, in August we sent a Peer Review Reminders email and notifications of four openings for the 2026-2027 Peer Review Board, two openings for the 2026-2027 National Peer Review Committee (NPRC) and one opening for the 2026-2027 NPRC RAB.

Please save the date for the 2026 Peer Review Conference to be held in Providence, RI from August 10-12 at the Omni Providence Hotel.

Report from State CPA Society CEOs

There is nothing to report from a State CPA Society CEO perspective at this time.

Update on the National Peer Review Committee

The NPRC last met on June 18, 2025. Since the May PRB meeting, the NPRC has held seven RAB meetings. During those meetings:

- 30 reviews have been presented, including
 - 27 Pass
 - 2 Pass with Deficiencies and
 - 1 Fail

The NPRC's next meeting will be held on October 16, 2025.

Agenda Item 1.8A

Firms Dropped from the AICPA Peer Review Program for Noncooperation between April 1, 2025 and August 22, 2025

Enrollment in the Program for the following firms was dropped for noncooperation. Those reenrolled as of August 22, 2025 are denoted by an '*' following the firm name.

Firm Number	Firm Name	State
900010145346	Ceresa Frenkel PC*	AL
900004035124	Daniel Rosco McMullen, CPA*	AL
900001008042	DeLoach Barber & Caspers, P.C.	AL
900255274047	Harmon Accounting, LLC*	AL
900010090988	McCreless & Associates, P.C.	AL
900005639217	AZ Southwest CPA Services PLLC	AZ
900005494144	Gene Baker CPA, PC	AZ
900004564978	Integrated Audit Group PLLC*	AZ
900009728843	Saguaro Accounting & Bookkeeping PLLC	AZ
900009790783	A & L Certified Public Accountants, APC*	CA
900010100269	Alex A. Accetta, CPA & Associates, Inc.	CA
900255181231	AYK Cheung Accountancy Corp.	CA
900005422912	Boman Accounting Group, Inc.*	CA
900010103553	Chek Tan & Company, LLP*	CA
900255348274	Christine K. Chang, CPA	CA
900005203025	Chung & Chung Accountancy Corp, CPAs	CA
900256001097	CLASSIC CPA	CA
900002223690	Coast Financial Services, Inc.	CA
900255351967	Colin Cooper CPA	CA
900010084272	Cunningham CPA, PC*	CA
900005496184	Daniel A. Rollins, CPA	CA
900011554469	David Volkar Accountancy Corp.	CA
900255188168	Fathy & Associates CPA Accounting Corporation	CA
900255349379	Gerald E. Killeen CPA	CA
900010131898	GHJ	CA
900010126958	Gray, Proctor & McMannis CPAs LLP	CA
900010139555	Green Zahn & Associates, An Accountancy Corporation	CA
900010104461	Jeanette L. Garcia & Associates*	CA
900010080619	Jere E. McDonald Accountancy Corporation	CA
900010148487	JWM CPA & Company, P.C.	CA
900004853912	Kalter Company Consulting and Accountancy Corporation	CA
900011452970	Koala Financial, Inc.	CA
900007124041	L&L Accounting and Tax, CPA	CA
900010095668	Maxson & Associates A.C.	CA

Firm Number	Firm Name	State
900009054373	Morey CPA & Associates, Inc	CA
900006086874	Mormino & Lee	CA
900001073333	OLMSTED & ASSOC ACCOUNTANCY CO	CA
900010054865	Pfahnl & Hunt, A. C.	CA
900255273616	Phillips & Fenity	CA
900005766954	PLS CPA A PROFESSIONAL CORPORATION	CA
900001145761	Roussin & Maudlin LLP	CA
900005853496	SCOTT W. SMITH, CPA'S, INC.	CA
900010065567	Simpson & Simpson*	CA
900011559689	Susan Jones, CPA*	CA
900002242120	Swart & Feliciani, ACC	CA
900010134158	Tang & Lee, LLP	CA
900255347303	Wehner Accounting & Tax, Inc.*	CA
900010070444	Wren Kelly, CPA's, LLP	CA
900004053614	Younger & Company CPAs*	CA
900010080932	Baldwin & Associates, CPA's, LLC	CO
900005644034	Ellis CPA Firm PC	CO
900007338331	Kramer & Jensen, LLC	CO
900010080837	Burzenski & Company, P. C.	CT
900010145956	O'Connell, Pace & Co., P.C.*	CT
900010098360	Walter J. McKeever & Company	CT
900255351410	Audit Florida, LLC*	FL
900004715570	Courson & Stam	FL
900010125472	DiBartolomeo, McBee, Hartley & Barnes, PA	FL
900256000927	Financial Accounting Services, P.L.C.	FL
900004361202	Jordan and Company CPA P.A.	FL
900255187775	Kathleen Bordeleau, P.A.*	FL
900010103245	McMurry, Smith & Co., P. A.	FL
900005816285	S.L. Gardner & Company, P. A.	FL
900005326003	Schoepf, Sapp and Associates LLC	FL
900255237477	The Spires Group, P.A.	FL
900256000911	Wayne A. Gould CPA	FL
900256001273	CDM Financials, LLC	GA
900255350578	CLH CPAS, LLC*	GA
900010148551	EWM Group, PC*	GA
900007262516	Galeano, Li, Lei & Villegas	GA
900004507106	Larry W. Nichols, PC	GA
900006303393	Preferred Choice CPA, LLC	GA
900010095735	R. McClendon, CPA, PC	GA
900010130955	Sadowski & Company, LLC*	GA

Firm Number	Firm Name	State
900255348949	Thad E. Hughes CPA LLC dba Hughes & Associates	GA
900255349091	The Baird Audit Group, LLC*	GA
900005290268	Whirley & Associates, LLC*	GA
900001032298	Daren Katayama CPA, LLC*	HI
900255187381	Dennis P Donovan PC*	IA
900004559734	Beussink, Hickam, & Kochel, P.C.	IL
900010115533	Donald A. Jarvis & Company	IL
900006563616	Karrison LLC	IL
900010130138	Lerman, Boudart & Associates, LLP	IL
900005642137	Premier Accounting & Tax Services, LLC dba Baloun & Company, LLC	IL
900010080509	R. J. Augustine and Associates, Ltd.*	IL
900256001333	Sheikh Osher & Scott CPAs & Advisors, P.C.*	IL
900010122566	Taglia & Associates, P.C.	IL
900256000845	Tax Consulting Inc	IL
900004710758	The Walker Group, LLC	IL
900005094031	Bogdanoff Dages and Co., PC*	IN
900010151166	CG CPAs, Inc.	IN
900010114496	Turpen & Deckard LLC	IN
900010098763	Darrell G. Street	KS
900001033727	Freirich & Company, L.L.C.	KS
900011963680	Relph CPA, PA	KS
900255183331	Scott W. Holloman, CPA, LLC	KS
900255350913	Wolski, CPA, LLC	KS
900255348193	Gander & Associates PLLC.	KY
900006075176	Hinton CPA, Inc.*	KY
900255308170	Jon D. Chesser, PSC dba Chesser & Company, CPA's	KY
900008951788	Sharlow & Associates CPA, PLLC	KY
900256000836	Christopher R. Countiss, CPA, LLC*	LA
900010001578	Anstiss & Co., P. C.	MA
900004746104	Berteletti, Desrochers & Company*	MA
900007437449	DavisKelly LLP	MA
900010114792	George Kaplan P. C.	MA
900010154275	Granite Peak Associates*	MA
900001165335	Joseph M. Sardonini Jr.	MA
900001025658	Leo L. Proulx	MA
900010103125	Loiselle & Associates, P. C.	MA
900010103408	Pietras, Werenski & Co., P. C.*	MA
900010143225	Pilleri Romano, PC	MA
900010119819	Rajeev V. Raj	MA
900255349877	Robert Calzini CPA LLC	MA

Firm Number	Firm Name	State
900010103394	Tulis, Miller & Company LLP	MA
900255350882	Doyle, Schultz & Bhatia PLLC*	MD
900255351872	ZOKPIA Accounting & Consulting*	MD
900256001373	Bruce R. Nadeau, Certified Public Accountant, LLC	ME
900256000612	Benjamin Brown CPA PC	MI
900255349752	Elite CPA Services, PLLC*	MI
900256001072	Halcomb & Sutton LLP	MI
900256001259	Johnston & Associates, C.P.A., P.C.*	MI
900010110917	Quast, Janke and Company, CPA's, P. C.*	MI
900255350741	R.L. Smith & Associates PC	MI
900255034415	Accounting Solutions Group, LLC dba Accounting Solutions	MO
900004981729	Strategic Accounting Solutions	MO
900005929760	Mitch Boleware*	MS
900005297070	Butler CPA P.A.*	NC
900010136334	Crissman CPA	NC
900256000812	Eric S. Krone, CPA, PLLC	NC
900004551370	Robert D. Calcutta, PA	NC
900255348929	William R. Huneycutt, CPA, PLLC	NC
900010147891	Younce & Co., PA	NC
900010137682	David W. Hamm*	NE
900010105978	Gunderson Accounting P.C.	NE
900004468376	Dumais, Ferland & Fuller, CPAs, LLC	NH
900010115837	JAG CPA & Associates, Inc.	NH
900005247260	Roy & Bentas, CPAs, P.C.*	NH
900010000188	Abramson, Quittner, Abramson & Moffa	NJ
900255351191	Arogundade CPA LLC	NJ
900009679063	Backos Group, PC*	NJ
900010153750	Charles T. Pace CPA, LLC	NJ
900256001114	Coombs CPA PC	NJ
900256001039	Forefront Advisory, LLC	NJ
900010104451	George Farley P.C.	NJ
900010109849	Harrison, Mauro & Morgan, PA	NJ
900010116539	Iyer Associates	NJ
900255348514	Kreinces & Co. CPAs, LLC	NJ
900010099679	Les Hall & Associates, LLC	NJ
900010145949	Ronald H. Scherr, CPA LLC	NJ
900010111770	Scelsi & Associates LLC	NJ
900004376254	Scheidel, Sullivan & Lanni CPA LLC	NJ
900010139629	Sejong LLP*	NJ
900256000990	Soumakis & DiMaggio, LLP*	NJ

Firm Number	Firm Name	State
900255348531	Granite Mountain Accounting, LLC	NM
900010112928	James A Dinkel PC*	NM
900255351927	Bush & Associates CPA LLC*	NV
900011317469	Charles Morrison, CPA	NV
900010154569	Jay D Booth CPA, Ltd.	NV
900009696023	Braj Aggarwal, CPA, P.C.-	NY
900256001123	Enlight CPA LLC	NY
900010108446	Esposito, Fuchs, Taormina & Company-	NY
900004523192	Gitlin & Associates, LLP	NY
900004429349	Goldfine & Company CPA PC	NY
900255350235	Guy DeSanctis, CPA	NY
900001181424	Jeffrey Mullen CPA	NY
900255181859	Joseph L. Calandra CPA, P.C.	NY
900004875783	Kopin & Company, CPA, PC	NY
900010043680	Lucas, Tucker & Co*	NY
900010103768	Michael A Duca Company CPA PC*	NY
900255349813	Moses Klu Mensah, CPA, P.C.	NY
900001064286	Neal D. Seiden	NY
900255348519	Peter Harris, CPA	NY
900255349615	PINCHAS GELLER CPA, P.C.*	NY
900255352087	RLN US LLP*	NY
900010091457	Burns, O'Hare & Bella, Inc.	OH
900008822435	Cooper Accounting & Tax Services LLC	OH
900010127265	Foerster & Hayes, Ltd.	OH
900255273758	Gueye & Associates, CPA*	OH
900003825427	Hickey & Associates	OH
900000477026	John Allen Kulbago*	OH
900010111372	Mandel & Franz, CPAx	OH
900005326466	Richardson & Associates, LLC	OH
900002130710	Thomas W. Brankamp, CPA	OH
900010138285	David M Randall P.C.	OK
900010111536	Fisher & Company	OK
900255188919	Roosevelt Johnson, Jr., CPA, PC	OK
900001071865	T. Philip Kierl Jr. & Associates	OK
900255192522	Alan J. Terputac, CPA	PA
900009235248	Andrew N Wimbish CPA PLLC*	PA
900010123516	Baitzel & Company PC	PA
900009477075	Butrica and Associates LLC dba Butrica Ployd and Associates	PA
900255192780	Charles C. Neal	PA
900256000848	Craig J. Firestone CPA, PC*	PA

Firm Number	Firm Name	State
900010114169	Emert & Associates, P.C.	PA
900010134904	France, Anderson, Basile and Company, P. C.	PA
900081134659	Gelman & Pelesh, P.C.*	PA
900007868405	Incorvati & Company	PA
900010045002	Margolis Partners LLC	PA
900010150169	Maurice Fiorenza, CPA	PA
900010075323	Nickel, Beisel & Company*	PA
900255181433	Raymond E. Cebular	PA
900010095910	Reinhart & Company*	PA
900010110752	Richard M. Farley	PA
900256000575	Robinson and Associates Accounting Services, LLC	PA
900010116012	Tyler Collier Associates LLC	PA
900256000670	Alvarado Tax LLC	PR
900255349977	ARCO FINANCIERO LLC	PR
900008927996	CPA Annette Sanchez Rodriguez, LLC	PR
900005191023	LPG CPA, P.S.C.*	PR
900010124285	Morales Hernandez & Co*	PR
900010105156	Torres, Hernandez & Punter, CPA, PSC*	PR
900005755470	Wilbert F. Davila Cortes CPA & Assoc. PSC*	PR
900010106184	Anthony J. Milia, CPA, Inc.*	RI
900004380458	Pascarella & Gill, PC CPAs*	RI
900003819848	Puniello & Company PC	RI
900256001315	Apex Audit & Accounting, LLC*	SC
900010091162	Wilson MacEwen & Co.	SC
900255351156	Bruce Ashland CPA PC	SD
900010130874	Amy V. Bawcum, CPA	TN
900255350267	Crowe-Mallette & Associates PLLC*	TN
900255348522	Eddleman & Eddleman, LLC*	TN
900255350471	Edwin P. Osborne	TN
900255082148	Phipps CPA, PLLC	TN
900010148129	Wallace CPA Firm	TN
900011680972	William Fulton	TN
900255347719	Anthony D. Killen, CPA*	TX
900010091088	Armstrong Accountancy PC	TX
900255183422	Bruce Lawrence, PLLC	TX
900010107068	C. C. Garcia & Co., P. C.	TX
900255347739	Fox, Garcia and Company LLC	TX
900256001058	Gerdin CPA	TX
900255180494	Hasan & Associates, CPAs, PC*	TX
900001099345	Kathleen Ann Nicholson	TX

Firm Number	Firm Name	State
900009164534	Kayla J. Wallace, CPA	TX
900010137595	Kosanda & Company PLLC	TX
900256000427	Mariana Curts, CPA	TX
900255348947	Nancy Waggoner, CPA*	TX
900256000511	Nauman Syed	TX
900011420649	Virjee Consulting, PLLC*	TX
900255350369	Kompleye Attestation LLC*	VA
900255351108	Stakes CPA, LLC DBA ControlCase Audit Services	VA
900010115429	Lee A. White & Associates	VT
900000026304	William J. Durkee	VT
900255349708	Adams, Fagerland & Associates PS	WA
900255273680	Debbie Maine CPA	WA
900005295050	J.W. & Associates, PLLC	WA
900010132583	Northwest CPA Solutions LLC dba NWCPA	WA
900010081901	Peter Schilz & Co.*	WA
900255350048	Scott Kingsbury CPA PS	WA
900001015426	Todd W Resch CPA PS	WA
900255351211	Woodinville CPA, LLC	WA
900005210138	Scott R. Krause and Associates, S.C. DBA Groth & Associates	WI
900006420448	Vickney & Associates CPA SC	WI
900011768877	Trenton M. Stover, CPA	WV

Firms Terminated from the AICPA Peer Review Program Noncooperation or Noncompliance between April 1, 2025 and August 22, 2025

The AICPA Peer Review Board terminated the following firms' enrollment in the AICPA Peer Review Program for failure to cooperate or comply with the requirements of the program. Firm terminations are also published at <https://www.aicpa-cima.com/resources/download/peer-review-firm-terminations>.

Failing to provide documentation

The firms did not provide documentation including the representation letter, quality control documents, engagement working papers, and all elements of its system of quality control required to complete the acceptance process of their peer reviews.

C N and Company CPAs, Ltd. - Westmont, IL
Green CPA LLC - Prospect Heights, IL

Failing to respond to inquiries once the review has commenced:

The firm did not respond to inquiries once its peer review had commenced.

Covington & Associates CPA, Inc. - Altamonte Springs, FL

Failing to complete its peer review after it has commenced:

The firms did not timely submit to their administering entity documents required to complete the acceptance process of their peer reviews.

Cameron Professional Services Group, LLC - Pittsburgh, PA
Herbert Allen CPA - Americus, GA
June & Associates PA CPA's – Hilton Head Island, SC
Russell, Martin D CPA - Bakersfield, CA

Failure to complete a corrective action:

The firms did not complete corrective actions designed to remediate deficiencies identified in the firms' most recent peer review.

Aguirre, Greer & Co. - La Habra, CA
Arlia & Associates CPAs LLP - Staten Island, NY
Beyond Financial Certified Public Accountant Inc. - Dublin, CA
Hubert & Hubert, Inc. - Brecksville, OH
Kujawa and Batteau, P.C. - Pinckneyville, IL
McCraw & Company CPAs, P.C. - Raytown, MO
Miller & Associates CPAs - Brandon, MS
Stevenson, Jones & Holmaas, P. C. - Tucson, AZ
Vahid Shariatzadeh LLP - Houston, TX
W. A. Leonard & Company, P. C. - Norwood, MA

Failing to correct deficiencies or significant deficiencies after consecutive corrective actions:

The firm failed to correct deficiencies after consecutive corrective actions required by the peer review committee on the same peer review.

Wesley R. Howell - Altamonte Springs, FL

Consecutive non-pass reports in system reviews:

The firms failed to design a system of quality control, and/or sufficiently comply with such a system, that would provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, such that the firms received consecutive pass with deficiency or fail reports.

A. Ortega CPA, PLLC - Dumas, TX
Vernon J. Key, CPA, PC - Fresh Meadows, NY
Yusufali & Associates, LLC - Short Hills, NJ

Consecutive non-pass reports in engagement reviews:

The firm continually failed to perform and report on engagements selected for peer review in conformity with applicable professional standards in all material respects, such that the firm received consecutive pass with deficiency or fail reports.

Kuhns & Associates - Cleveland, OH

Agenda Item 1.8B**Compliance Update - Firm Noncooperation and Noncompliance****Why is this on the Agenda?**

This is an informational item to keep AICPA Peer Review Board (PRB) members informed about firm noncooperation and noncompliance, such as drops and terminations.

Hearings, Drops and TerminationsFirm Hearing Referrals

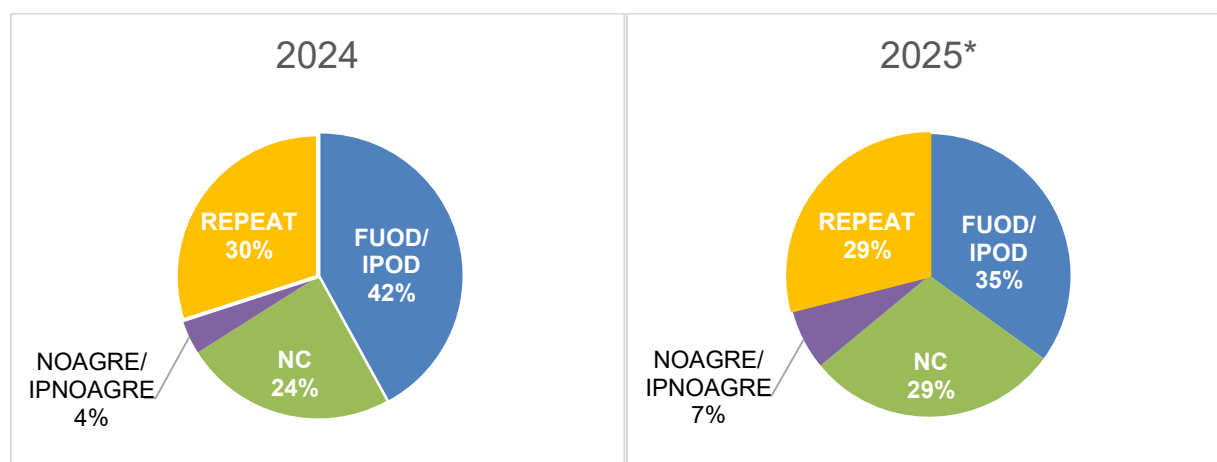
Referrals are firm noncooperation or noncompliance cases for which the administering entity (AE) has submitted documentation to AICPA staff to proceed with a termination hearing. Termination hearings align closely with the Enhancing Audit Quality (EAQ) initiatives. The table below shows overall hearing referral volume through August 22, 2025:



*as of August 22, 2025

The number of firm referrals received through August 22, 2025, appears to indicate that volume slightly lower than in prior years can be expected.

The types of matters for which firms are referred for termination hearings were as follows:



*as of August 22, 2025

Legend:	
FUOD/IPOD	Failure to complete corrective action(s) or implementation plan
NC	Noncooperation or noncompliance (includes failure to undergo/complete peer review, failure to improve after consecutive corrective actions, material omission from scope, etc.)
NOAGRE/IPNOAGRE	Failure to agree to corrective action or implementation plan, including those subsequently revised or added
REPEAT	Failure to receive a pass report rating after consecutive non-pass peer reviews

In 2024 and 2025, the impacts of investments made in automated delivery of the warning required by guidance, continued education and monitoring have resulted in a continuing increase in REPEAT referrals. This aligns with EAQ initiatives and the overall objective of the program.

Firm Enrollment Drops

A firm's enrollment may be dropped from the program without a hearing prior to the commencement of a review for failure to submit requested information concerning the arrangement or scheduling of its peer review or timely submit requested information necessary to plan or perform the peer review. A detailed list of noncooperation reasons that may lead to a drop is included in the [AICPA Standards for Performing and Reporting on Peer Reviews](#) (paragraphs 12 and .A7-.A8 of PR-C Section 300) (previously in the [Peer Review Board Drop Resolution](#) included in Interpretation 5h-1).

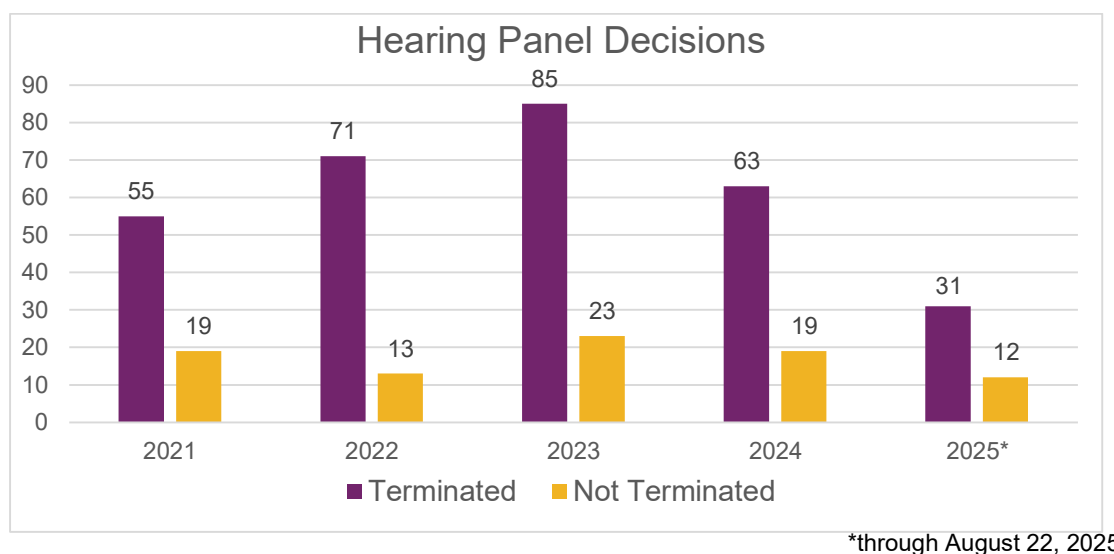
Although warning letters are sent, staff does not perform mediation outreach to firms that may be dropped. Firms whose enrollment will be dropped from the program are sent to PRB members for approval via negative clearance. Once approved, dropped firms are reported in a monthly communication to state boards of accountancy Executive Directors and State Society CEOs and maintained on a listing for AEs. Dropped firms with AICPA members are reported in PRB open session materials. Firms may appeal an enrollment drop from the PRP and mediation is attempted for firms filing an appeal. Eight drop appeals were received in 2025 through August 22, 2025.

Firm Enrollment Terminations

A firm's enrollment may be terminated for other failures to cooperate or comply with the program (typically after the commencement of a review). A detailed list of reasons that may lead to termination is included in the [AICPA Standards for Performing and Reporting on Peer Reviews](#) (paragraph 13 of PR-C Section 300) (previously in the [Peer Review Board Termination Resolution](#) (Interpretation 5h-1) on [aicpa-cima.com](#). Terminations from the PRP must be decided upon by a hearing panel of the PRB. Firm terminations are reported in a monthly communication to state boards of accountancy Executive Directors and State Society CEOs and maintained on a listing for AEs. Terminated firms with AICPA members are reported in PRB open session materials and [published on aicpa-cima.com](#).

This agenda item includes statistics of firms with and without AICPA members.

A summary of firm hearing panel decisions over the past five years is shown below:



Terminations reported above represent hearing panel decisions to terminate a firm's enrollment in the program, including firms within their available appeal period, and firms that acknowledged the charges and were terminated without a hearing.

Firms not terminated reported above represent a hearing panel decision not to terminate the firm's enrollment. In such cases, hearing panels may require corrective, remedial actions to remain enrolled. Situations that may warrant additional corrective actions include changes in a firm's practice or practice areas. Examples of additional corrective actions include, but are not limited to:

- Replacement review (omission cases)
- Formalization (in writing) of a firm's decision to limit practice in a certain industry or engagement type or
- Pre-issuance or post-issuance review

Situations that may warrant no additional corrective actions include, but are not limited to, when a firm has undertaken aggressive remediation of its system of quality control and is able to evidence engagement quality improvement. In the rare circumstance that additional corrective

actions are not required, the review continues uninterrupted. For example, any outstanding corrective actions would need to be completed and accepted before the review is completed.

This summary does not reflect:

- Later decisions by an appeal mechanism to reverse or modify PRB hearing panel termination decisions or
- Cases successfully mediated or for which the underlying cause is resolved (stopped hearings)

Firm Reenrollments

If a firm's enrollment in the program is dropped or terminated, it should address or remediate the cause of the drop or termination to be considered for reenrollment. For example, a firm terminated for failure to complete a corrective action may be reenrolled by completing the corrective action to the peer review committee's satisfaction. However, reenrollment requests for some firms must be considered by a hearing panel (paragraphs 16 and .A15 of PR-C Section 300). These include firms:

- Dropped for not accurately representing its accounting and auditing practice;
- Terminated for:
 - Omission or misrepresentation of information relating to its accounting and auditing practice;
 - Failure to improve after consecutive non-pass peer reviews; and
 - Failure to improve after consecutive corrective actions

Reenrollment approvals by a hearing panel may be contingent upon required action(s), such as a successful pre- or post-issuance review of a particular engagement type. Such required actions are a condition of reenrollment and, as such, evidence of satisfaction of the required action must be completed (attached to the reenrollment case in PRIMA) at the time of reenrollment. During 2025, five reenrollment requests were considered, resulting in two denied and three approved, one of which required conditions.



AICPA[®]

Peer Review
Program



PICPA
Annual Report on Peer Review Activities
Date Issued: Feb. 28, 2025

I. Administering Entity Oversight Process and Procedures

- Description of oversight process, including factors considered when selecting oversights.

Potential oversight selections are identified and periodically reviewed by the committee. The committee and any Report Acceptance Body (RAB) may also recommend oversight on a particular reviewer or of a specific review. Selections can be randomly selected to meet the oversight requirements or can be risk based (e.g., firms with high-risk engagements, peer review submissions that present inconsistent information, or results that are unclear).

- Oversight procedures performed with respect to reviewed firms and peer reviewers.
 - Oversight procedures are generally performed after the review is complete and typically include reviewing background materials, the firm's prior peer review documents (as applicable), specific engagements (the financial statements, reports, and working papers), as well as the peer review submission. The purpose of the oversight is to obtain reasonable assurance that the review was performed in accordance with the Standards for Performing and Reporting on Peer Reviews.
 - Oversights are performed offsite unless requested to be performed onsite by the firm. All oversights in 2024 were performed offsite.
 - Resources used during the oversight and the qualifications of the person conducting the oversight:
 - System review oversights are generally performed by committee members who meet the requirements of a team captain. PICPA technical staff may also participate in an unofficial capacity. In the event that the oversight includes any must-select engagements, the oversight reviewer should have recent experience (within the last two years) in the "must-select" engagement's industry.
 - Engagement review oversights are performed by committee members, PICPA technical staff, or another designee as needed.
 - In situations involving on-site oversight of frequent reviewers or committee

- members, two committee members may be involved in the oversight (if deemed appropriate). If the committee identifies a familiarity threat, another administering entity may assist in performing the oversight.
- General results of the administering entity's oversight program for the year.
 - The AICPA Peer Review Board requires administering entities to perform oversights on a minimum percentage of peer reviews, which is 2% for 2024 (or twelve peer reviews) with a minimum of two system and two engagement review.
 - We performed 12 oversights in 2024, covering 11 different peer reviewers. Findings were noted on 7 of these oversights or 58%.

II. Summary of Peer Review Programs

- 1) The PICPA administers the AICPA Peer Review Program for firms in DE, NY, PA, and the U.S.V.I. The total number of firms administered by the PICPA is approximately 1,741 firms.
- 2) Results of Peer Reviews Accepted During 2024 (for firms enrolled in the AICPA Peer Review Program)

a. Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program	
System Reviews		%
Pass	270	80
Pass with deficiency(ies)	37	11
Fail	32	9
Total	339	100
Engagement Reviews		%
Pass	230	91
Pass with deficiency(ies)	19	7
Fail	5	2
Total	254	100

b. Type and Number of Reasons for Report Deficiencies for System Reviews

	AICPA Peer Review Program
Leadership responsibilities for quality within the firm ("tone at the top")	12
Relevant ethical requirements	4
Acceptance and continuance of client relationships and specific engagements	13
Human resources	40
Engagement performance	40
Monitoring	43
Total	152

- c. Number of Engagements Not Performed or Reported on in Conformity with Professional Standards in All Material Respects (Nonconforming engagements)

Engagement Type	AICPA Peer Review Program		
	Number of Engagements		
	Reviewed	Nonconforming engagements	
Audits	434	94	22
Single Audit	93	27	29
Government Auditing Standards – All Other	75	17	23
Attestation Engagements (Examination, Review, Or Agreed-Upon Procedures under GAS)	29	5	17
ERISA	220	41	19
FDICIA	0	0	0
Reviews	535	52	10
Compilations and Preparations:			
With Disclosures	318	9	3
Omit Disclosures	513	20	4
Financial Forecasts & Projections	3	0	0
SOC Reports	17	1	6
Agreed Upon Procedures	72	4	6
Other SSAEs	10	0	0
Totals	2,319	270	12

d. Summary of Required Follow-Up Actions (Includes corrective actions and implementation plans)

Type of Follow-Up Action	AICPA Peer Review Program
Agree to take/submit proof of certain CPE	246
Submit to review of nonconforming engagements	75
Agree to pre-issuance reviews	57
Agree to post-issuance reviews	14
Agree to review of remedial actions	3
Submit monitoring or inspection report to team captain or peer review committee	22
Submit evidence of proper firm/individual licensure	35
Agree to hire outside party or consultant for inspection	6
Team captain to review quality control document	7
Firm has represented in writing that it does not perform any auditing engagement (or does not perform any engagements)	9
Review of formal CPE plan by [team captain/outside party]	2
Join EBPAQC	1
Join GAQC	1
Submit Proof of Purchase of Manuals	2
Other	2
Total	482

III. Oversight Results

a) Peer reviews

AICPA Peer Review Program Firms

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversight
System	4	8
Engagement		4

b) Oversight performed on the administering entity

The results of our most recent oversight performed by the AICPA Oversight Task Force, which covers only the AICPA Peer Review Program, are available on [AICPA's website](#).

Thomas Cordell

From: Jennifer Winters
Sent: Friday, August 22, 2025 8:39 AM
To: Allison M. Henry; Thomas Cordell
Cc: aneyman
Subject: RE: AICPA AE Oversight

Hi Allison,

There is no data or tracking of which law or rule was violated that triggered the referrals made to the Office of Professional Discipline. Typically, a firm is out of compliance with more than one law or rule, and the issue may not be related solely to the mandatory peer review requirements. Referrals can result from violations of any unprofessional conduct rules. Especially, the rule on failure to respond timely, which is a general unprofessional conduct rule rather than peer review law or rule violation. If a firm fails to respond to our inquiries, a referral is warranted, particularly since we are no longer able to obtain the status information from AICPA or PICPA.

Jennifer

Jennifer Winters, CPA

Executive Secretary
 State Board for Certified Shorthand Reporting
 State Board for Public Accountancy
 Peer Review Oversight Committee

NYS Education Department
 Office of the Professions
 89 Washington Avenue
 2nd Floor, East Wing
 Albany, NY 12234

Phone: 518.474.3817 ext. 160
 Fax: 518.474.6375

<https://www.op.nysed.gov/certified-shorthand-reporting>
<https://www.op.nysed.gov/certified-public-accountants>
<https://www.op.nysed.gov/professions/certified-public-accountants/mandatory-peer-review>

From: Allison M. Henry <AHENRY@picpa.org>
Sent: Thursday, August 21, 2025 3:22 PM
To: Jennifer Winters <Jennifer.Winters@nysed.gov>; Thomas Cordell <Thomas.Cordell@nysed.gov>
Cc: aneyman <aneyman@ctbk.com>
Subject: RE: AICPA AE Oversight

Jennifer. Quick follow up question from the AICPA = “Do you know what part of this was a new change that allowed significantly more referrals to OPD?” I am guessing that this relates to unregistered firms but told the AICPA that I would try to clarify.

Thanks.

Allison M. Henry, CPA

Vice President – Professional & Technical Standards



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Philadelphia, PA 19103
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The opinions expressed herein are my own, and do not reflect those of the Pennsylvania Institute of Certified Public Accountants, or the Institute/Foundation's officers, members or employees.

From: Jennifer Winters <Jennifer.Winters@nysed.gov>

Sent: Thursday, August 21, 2025 9:58 AM

To: Allison M. Henry <AHENRY@picpa.org>; Thomas Cordell <Thomas.Cordell@nysed.gov>

Cc: aneyman <aneyman@ctbk.com>

Subject: RE: AICPA AE Oversight

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Allison,

At the PROC meeting on Monday, the PROC had requested a copy of the 2025 AE Oversight. When it is complete, can you send a copy to us?

Our regulations have been in place for several years now. We define unprofessional conduct as follows – Rules of the Board of Regents – Part 29, Unprofessional Conduct, Special provisions for the profession of public accountancy 29.10.j:

- j. Peer Review. Unprofessional conduct as it relates to a firm or licensee that is subject to the Mandatory Peer Review Program, under section 7410 of the Education Law and section 70.10 of this Title, shall include:
 1. failure of a firm to cooperate with the peer review process as determined by either the administering entity, sponsoring organization, or the Peer Review Oversight Committee (PROC) at any point in the process. For purposes of this paragraph, “cooperate” means actively complying with the peer reviewer, administering entity, and the Department in all matters related to peer review, that could impact the firm’s enrollment in the program, including arranging, scheduling, and completing the review and taking remedial and corrective actions as needed;
 2. making a false, fraudulent, misleading or deceptive statement, as part of, or in support of, a firm’s peer review reporting;
 3. a firm’s termination or expulsion for any reason by the sponsoring organization, from the peer review program, in accordance with the American Institute of Certified Public Accountants Standards for Performing and Reporting on Peer Reviews;
 4. failure of a firm and its licensees to follow the peer review process and complete any remedial actions required by the administering entity; or

5. failure of a firm to provide access to its peer review information, as required by subdivision (j) of section 70.10 (Mandatory Peer Review Program Access to Peer Review Information) of this Title.

Thank you.

Jennifer Winters, CPA

Executive Secretary
State Board for Certified Shorthand Reporting
State Board for Public Accountancy
Peer Review Oversight Committee

NYS Education Department
Office of the Professions
89 Washington Avenue
2nd Floor, East Wing
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<https://www.op.nysed.gov/certified-shorthand-reporting>
<https://www.op.nysed.gov/certified-public-accountants>
<https://www.op.nysed.gov/professions/certified-public-accountants/mandatory-peer-review>

From: Allison M. Henry <AHENRY@picpa.org>
Sent: Thursday, August 21, 2025 9:34 AM
To: Jennifer Winters <Jennifer.Winters@nysed.gov>; Thomas Cordell <Thomas.Cordell@nysed.gov>
Subject: AICPA AE Oversight
Importance: High

Good morning. The AICPA is currently working on the AE oversight and is questioning the meaning of the following – “NY PROC report (pg. 3) (p. 3) - “As reported in the 2021 and 2022 reports, the changes to the Commissioner’s Regulations and the Board of Regents Rules were adopted by the Regents, which allowed the PROC to make significantly more referrals to the Office of Professional Discipline throughout 2023.”

It also came to my attention as I thought that this was not done.

Could you please let me know?

Allison M. Henry, CPA
Vice President – Professional & Technical Standards



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The opinions expressed herein are my own, and do not reflect those of the Pennsylvania Institute of Certified Public Accountants, or the Institute/Foundation's officers, members or employees.

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News Release

PCAOB Postpones Effective Date of QC 1000 and Related Standards, Rules, and Forms

Washington, DC, Aug. 28, 2025

The Public Company Accounting Oversight Board (PCAOB) announced today that it is postponing for one year, to December 15, 2026, the effective date for QC 1000, *A Firm's System of Quality Control*, and other new and amended PCAOB standards, rules, and forms adopted by the Board on May 13, 2024. The Board's action also postpones the related rescission date of certain rules and standards that are currently in force.

In adopting QC 1000, the Board expressed the view that a 2025 effective date struck an appropriate balance between the benefits to investors of having QC 1000 take effect as soon as practicable and the need to allow sufficient time for registered public accounting firms to design and implement robust QC 1000-compliant quality control systems. Today's decision by the Board to postpone the effective date takes into account information from various sources that some firms have encountered implementation challenges that, as a practical matter, may be insurmountable within the previously established timeframe. The Board believes that an additional year is sufficient time for firms that have encountered implementation challenges to overcome those challenges.

The Board has not made or proposed any changes to the text of the new and amended standards, rules, or forms from the text adopted by the Board. Nor is there any change to the Board's previous statement that registered firms are permitted to elect to comply with the requirements of QC 1000 before the effective date (except as to reporting to the PCAOB on the evaluation of the quality control system).

The Board's May 13, 2024, adopting release and related information, including the [Board's filing with the U.S. Securities and Exchange Commission \(SEC\) changing the effective date](#), can be found on the [PCAOB's Rulemaking webpage](#).

Standards, Rules, and Forms Affected by the Change to the Effective Date

- New quality control standard QC 1000, *A Firm's System of Quality Control*;
- New PCAOB Rule 3400, *Quality Control Standards*;
- New PCAOB Rule 2203A, *Report on the Evaluation of the Firm's System of Quality Control*, and new PCAOB Form QC;
- Amended and retitled AS 2901, *Responding to Engagement Deficiencies After Issuance of the Auditor's Report* (formerly *Consideration of Omitted Procedures After the Report Date*);
- New ethics standard EI 1000, *Integrity and Objectivity*;
- New AS 1310, *Notification of Termination of the Auditor-Issuer Relationship* (recodifying SEC Practice Section ("SECPS") § 1000.08(m) and applying the requirements to all registered public accounting firms and all issuer engagements); and
- Amendments to AS 1215, *Audit Documentation*; AS 1220, *Engagement Quality Review*; AS 2101, *Audit Planning*; AS 2110, *Identifying and Assessing Risks of Material Misstatement*; AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*; AS 2315, *Audit Sampling*; AS 4105, *Reviews of Interim Financial Information*; Attestation Standard No. 1, *Examination Engagements Regarding Compliance Reports of Brokers and Dealers*; Attestation Standard No. 2, *Review Engagements Regarding Exemption Reports of Brokers and Dealers*; AT Section 101, *Attest Engagements*; ET Section 101, *Independence*; ET Section 191, *Ethics Rulings on Independence, Integrity, and Objectivity*; PCAOB Rule 2204, *Signatures*; PCAOB Rule 2205, *Amendments*; PCAOB Rule 2206, *Date of Filing*; PCAOB Rule 3500T, *Interim Ethics and Independence Standards*; Form 1, *Application for Registration*; Form 2, *Annual Report Form*; and Instructions to Form AP, *Auditor Reporting of Certain Audit Participants*.

The Board's action delays the effective date of the rescission of (i) PCAOB Rule 3400T, *Interim Quality Control Standards*; (ii) ET Section 102, *Integrity and Objectivity*; and

(iii) AS 1110, *Relationship of Auditing Standards to Quality Control Standards*, to December 15, 2026.

Until Rule 3400T is rescinded on December 15, 2026, the following interim quality control standards will remain in effect:

- QC Section 20, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*;
- QC Section 30, *Monitoring a CPA Firm's Accounting and Auditing Practice*;
- QC Section 40, *The Personnel Management Element of a Firm's System of Quality Control-Competencies Required by a Practitioner-in-Charge of an Attest Engagement*;
- SECPS § 1000.08(d), *Continuing Professional Education of Audit Firm Personnel*;
- SECPS § 1000.08(l), *Communication by Written Statement to all Professional Personnel of Firm Policies and Procedures on the Recommendation and Approval of Accounting Principles, Present and Potential Client Relationships, and the Types of Services Provided*;
- SECPS § 1000.08(m), *Notification of the Commission of Resignations and Dismissals from Audit Engagements for Commission Registrants*;
- SECPS § 1000.08(n), *Audit Firm Obligations with Respect to the Policies and Procedures of Correspondent Firms and of Other Members of International Firms or International Associations of Firms*;
- SECPS § 1000.08(o), *Policies and Procedures to Comply with Independence Requirements*;
- SECPS § 1000.38, *Appendix D—Revised Definition of an SEC Client*;
- SECPS § 1000.42, *Appendix H—Illustrative Statement of Firm Philosophy*;
- SECPS § 1000.43, *Appendix I—Standard Form of Letter Confirming the Cessation of the Client-Auditor Relationship*;
- SECPS § 1000.45, *Appendix K—SECPS Member Firms With Foreign Associated Firms That Audit SEC Registrants*; and
- SECPS § 1000.46, *Appendix L—Independence Quality Controls*.



National Association of State Boards of Accountancy

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October 24, 2025

AICPA Peer Review Board
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Attention: Brad Coffey, Manager – AICPA Peer Review Program

Via e-mail: PR_expdraft@aicpa.org

Re: Exposure Draft: Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements*

Dear Members and Staff of the AICPA Peer Review Board (PRB):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements* (the Exposure Draft). NASBA's mission is to enhance the effectiveness and advance the common interests of Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA offers the following comments on the Exposure Draft.

General Comments

As noted in the explanatory memorandum, accounting firms have been part of alternative practice structures (APS) for more than two decades. Private equity (PE) investments are rapidly transforming the accounting profession. Without established guidance, concerns are growing from regulators, accountants and the public over potential conflicts of interest arising from these transactions and the potential impact to audit quality.

NASBA commends the PRB's efforts to modernize peer review administration to address the potential risks associated with APS and PE participation. Overall, NASBA supports the concept of requiring a firm with an APS to have its peer review administered by the National Peer Review Committee (NPRC). Concentrating on the initial oversight of peer reviews of firms involved in APS at the NPRC can facilitate learning and understanding of these complex structures and enhance the consistency of reviews for those impacted firms.

As you are aware, the AICPA Professional Ethics Executive Committee (PEEC) is currently working on a project to revise the AICPA Code of Professional Conduct (Code) and guidance related to independence in APS. While the project is ongoing, the recent discussion memorandum describes independence considerations focusing on characteristics of an APS in terms of attest and nonattest practices and ownership by investors or commercial enterprises using the concepts of control or significant influence.

As noted in response to specific questions in the Exposure Draft later in this letter, there are a few instances in which terminology and wording in the proposal do not seem consistent with PEEC's current project. NASBA encourages the PRB to consider the PEEC's project and ensure the terminology is consistent to help avoid confusion and potential misapplication.

The Exposure Draft states that if approved by the PRB, the proposed revisions to the standards will be effective for peer reviews with years ending on or after December 31, 2025. While acknowledging the intent to move quickly in an area significantly impacting the profession, NASBA believes that the effective date may be too soon to practically implement for the PRB, NPRC and firms as well as peer reviewers and commercial organizations publishing peer review practice aids.

The PRB will need time to identify and notify the firms that will now be subject to review administered by the NPRC as well as to evaluate the qualifications of the existing reviewer pool to ensure adequate coverage to perform the required reviews. Firms may need time to transition from their current administering entity to the NPRC and understand any impact to the review process, timing and required firm resources.

Peer reviewers consider firms' quality management systems and independence processes and procedures with any peer review. The governance and leadership structure in an APS will be different from that of a traditional firm structure. Reviewers will need to consider the appropriate individuals to interview to understand governance and leadership in an APS and how the quality management responses are executed. They will also need to consider certain matters specific to APS (e.g., those functional areas such as the firm's processes around client acceptance, personal independence reviews, client continuation, resource allocations, etc.). Those considerations may require additional training and resources for the reviewers.

Comments on Specific Questions

1. Regarding the proposed revision to paragraph .35 of PR-C section 100, please provide your views on the following:

a. Do you agree with the proposed change? If not, please explain your reasoning.

As drafted, paragraph .35(c) allows the PRB to designate any "...practice structure [that] is deemed by the board to present an elevated risk to quality and to the profession." for NPRC

administration. NASBA believes that firms with APS structures are being scoped into the NPRC review administration due to a heightened risk profile (as compared to firms with a traditional ownership structure) just as firms that conduct audits under the PCAOB standards are scoped in for NPRC review as there is more risk associated with those complex, high-stakes engagements. The phrase “elevated risk” is not defined and could be applied beyond the intended scope.

Instead of using the phrase “elevated risk”, which could be difficult to define, NASBA recommends the PRB develop a process or list of objective criteria so that a firm can readily determine if they are scoped into NPRC review. Application guidance could be included to further clarify the criteria and provide examples.

Additionally, NASBA recommends limiting the initial scope of the proposal to firms associated with an APS by ending paragraph .35(c) after the word “profession” and deleting “or the firm’s practice includes certain engagements or services deemed to present such risk.”

The explanatory memorandum to the Exposure Draft includes rationale for allowing the PRB discretion in determining whether a review should be administered by the NPRC for future emerging areas. As these emerging areas are not expected to occur frequently, NASBA recommends that any new category of required review by the NPRC be conducted through a public due process to seek input from key stakeholders.

b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.

See response to 1.a. above.

c. Does the corresponding application and other explanatory material proposed in paragraph .A50 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.

The extant APS interpretation of the “Independence Rule” (ET Section 1.220.020) provides the definition of APS as a form of organization in which a firm that provides attest services is closely aligned with another public or private organization that performs other professional services. The phrase “closely aligned” is not defined in the Code.

Paragraph .A50 requires a firm to have its review administered by the NPRC when the firm is “closely aligned with a non-CPA-owned entity (an alternative practice structure).” The phrase “closely aligned” is not defined and could be difficult to apply. For example, a firm may have a CPA firm, a business brokerage firm, an executive search firm and a tax and consulting firm which are all legally separate entities but share some services including a brand name. Is the name enough to make them closely aligned or is there additional analysis of the various agreements required to evaluate their substance? Who determines which firms are subject to this requirement (i.e., who decides what is considered closely aligned)?

NASBA recommends replacing “closely aligned with a non-CPA-owned entity (an alternative practice structure)” with “operating in an alternative practice structure” and supplementing the application material with examples and scenarios to promote consistent implementation.

2. Regarding the proposed revision to paragraph .08 of PR-C section 200, please provide your views on the following:

a. Do you agree with the proposed change? If not, please explain your reasoning.

Paragraph .08 of PR-C Section 200 states that a captain for a peer review of a firm whose review is required to be administered by the NPRC because the firm performed an engagement under PCAOB standards should be currently employed by or be an owner of a firm whose most recent review was also required to be administered by the NPRC for the same reason. Paragraph .A13 then provides an exception to that requirement if the captain submits a request in writing to the NPRC that describes the experience and qualifications that enable the review team to effectively review the firm’s engagements and its system of quality management.

NASBA believes that the qualifications as captain for a peer review of a firm whose review is required to be administered by the NPRC should be competency-based. Qualified team captains should not be excluded if they can substantiate appropriate competence, knowledge and experience.

b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.

See response to 2.a. above.

c. Does the corresponding application and other explanatory material proposed in paragraph .A13 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.

As stated above, NASBA believes that the qualifications as captain should be competency-based. NASBA encourages the development of competency criteria, which could be verified through PRIMA before engagement acceptance, to ensure captains and the review team possess appropriate expertise.

3. Do you agree with the proposed effective date (for peer review years ending on or after December 31, 2025)? If not, please explain your reasoning and note any concerns or anticipated challenges.

As stated previously, NASBA believes the proposed effective date is too soon and recommends deferring the effective date to allow the PRB and the NPRC more time to consider the impact of the number of firms now subject to reviews administered by the NPRC as well as to evaluate the existing reviewer pool and provide any necessary training and resources. Time will also be needed to

communicate with impacted firms and allow for an appropriate transition from a current administering entity to the NPRC. PRIMA would need any appropriate updates to incorporate necessary checks and routing controls. Effective implementation of any new standard is in the public interest.

* * * * *

We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,

Maria E. Caldwell

Maria E. Caldwell, CPA
NASBA Chair

Daniel J. Dustin

Daniel J. Dustin, CPA
NASBA President and CEO