2025

NEW YORK STATE

PEER REVIEW OVERSIGHT COMMITTEE

ANNUAL REPORT

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I. Message from the Committee

The timing of this year's report covers the time period January 1, 2025 to December 31, 2025.

The Pennsylvania Institute of CPAs (PICPA) is the administering entity (AE) for most New York firms. During 2025, PICPA continued its policy of providing limited information to the Peer Review Oversight Committee (PROC), consistent with the requirements of Chapter 3 of the AICPA Peer Review Standards. Despite these limitations, PROC staff continued to identify and utilize available sources of information necessary to fulfill the PROC's responsibility to monitor firms participating in the Mandatory Peer Review Program. The PROC staff should be commended for their efforts to assist the Committee.

As reported in the PROC's 2022, 2023 and 2024 reports, amendments to Commissioner's Regulations and the Board of Regents Rules were adopted by the Regents. Those changes provided the PROC with additional authority to make significantly more referrals to the Office of Professional Discipline throughout 2025. There were 25 referrals in 2025 compared to 18 in 2024. These changes have strengthened the PROC's ability to monitor compliance and address firms that do not meet the requirements of the Mandatory Peer Review Program.

The PROC continued to experience data and utilization issues with the Peer Review Integrated Management Program (PRIMA). As a result, posted information by administrative entities is not always timely, and in some instances inaccurate. PROC staff continue to submit "tickets" to the AICPA and PICPA to correct information in PRIMA. The PROC also continues to work with the AICPA to address the underlying accuracy issues and improve the reliability of information available through PRIMA.

During 2025, the PROC continued its oversight of PICPA and other administering entities, as well as its monitoring of firms, with the objective of promoting compliance with the Mandatory Peer Review Program and maintaining the quality of assurance services provided in New York State.

The PROC will continue to monitor the administering entities and firms participating in the Mandatory Peer Review Program, evaluate compliance with applicable requirements, and work with the AICPA and administering entities to address information and program-related issues. The PROC will also continue to utilize the authorities provided under the revised rules and regulations when necessary to support compliance with the Mandatory Peer Review Program.

The PROC thanks the staff of the New York State Education Department for their continued support and assistance in administering and overseeing the Mandatory Peer Review Program.

II. Background

In 2009, the NYS Legislature passed significant changes to laws that regulate Public Accounting in New York. The legislature required the implementation of the Mandatory Quality Review Program (MQRP). The program became effective for firms registering on or after January 1, 2012. Firms in the MQRP are required to undergo a peer review once every three years as a condition of their firm registration renewal. The purpose of the MQRP is to promote quality in the attest services provided by CPAs. The 2009 law required firms with three or more CPAs, providing attest services, to participate in the MQRP.

In the fall of 2017, the NYS Legislature revised the MQRP law. The new legislation repealed the small firm exemption and, therefore, all firms that provide attest services are required to participate in the peer review program. The changes to the law also included a name change of the program from the Mandatory Quality Review Program to "Mandatory Peer Review Program" (MPRP) and the committee from the Quality Review Oversight Committee to the Peer Review Oversight Committee (PROC).

The New York State definition of attest is in the Education Law as follows:
"Attest" means providing the following public accountancy services which all require the independence of licensees:

a. any audit to be performed in accordance with generally accepted auditing standards or other similar standards, developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations;
b. any review of a financial statement to be performed in accordance with standards, developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations;
c. any examination to be performed in accordance with attestation standards developed by a federal governmental agency, commission or board or a recognized international or national professional accountancy organization, that are acceptable to the department in accordance with the commissioner's regulations; or
d. any engagement to be performed in accordance with the auditing standards of the public company accounting oversight board.

III. PROC Regulatory Authority and Responsibilities

The PROC derives its regulatory authority from Section 70.10 of the Regulations of the Commissioner (Regulations). In November 2021 the Regulations were permanently amended by the Board of Regents. The purpose of the PROC includes approving and monitoring the Sponsoring Organization, informing, and reporting matters concerning peer review to the Department, assessing, and reporting on the effectiveness of the program, and reviewing individual peer review reports for compliance. Following the amendments to the Regulations, the PROC has the responsibility to:

- receive and approve administration plans from entities applying to be sponsoring organizations;
- monitor sponsoring organizations to provide reasonable assurance that the sponsoring organization is conducting the peer review program in accordance with the peer review standards;
- inform the Department of any issues and/or problems relating to the peer review program which may require the Department's intervention;
- annually report to the Department as to whether each sponsoring organization meets the standards necessary to continue as an approved sponsoring organization;
- annually assess the effectiveness of the peer review program;
- annually report to the Department on any recommended modifications to the peer review program;
- review each peer review report submitted by a firm, as part of its registration or renewal of its registration, to determine whether the firm is complying with applicable professional standards.
- where applicable, the PROC may refer firms that are not in compliance with applicable standards to the Office of Professional Discipline pursuant to Education Law section 6510; and
- ensure that any documents received from a firm or reviewer remain confidential and not constitute a public record, unless such document is admitted into evidence in a hearing held by the Department.

Additionally, a new subdivision (j) of the Board of Regents Rules Part 29, Unprofessional Conduct, Section 29.10, Special Provisions for the Profession for Public Accountancy (Rules) was adopted as it relates to the Mandatory Peer Review Program.

The Rules define unprofessional conduct as follows:

- failure to cooperate with the peer review process;
- making a false, fraudulent, misleading or deceptive statement, as part of, or in support of, a firm's peer review reporting;
- a firm's termination or expulsion from the peer review program;
- failure of a firm and its licensees to follow the peer review process and complete any remedial actions required;
- failure of a firm to provide access to its peer review information, as required by subdivision (j) of section 70.10 of the Regulations of the Commissioner.

IV. PROC Recognized Peer Review Program Providers

The American Institute of Certified Public Accountants (AICPA) is currently the only Peer Review Program Provider (sponsoring organization) that is acceptable to the PROC. The PROC accepts all AICPA approved organizations (administering entities) that are authorized to administer the AICPA Peer Review Program. The AICPA's Peer Review Board (PRB) is responsible for maintaining, furthering, and governing the activities of the AICPA's Peer Review Program, including the issuance of peer review standards, and peer review guidance. The Peer Review Program provides for a triennial review of a firm's accounting and auditing practice. The review is performed by a peer reviewer who is unaffiliated with the firm being reviewed. The goal of the program is to monitor and enhance quality, and conformity with professional standards.

There are two types of peer reviews. System reviews are designed for firms that perform audits or other attest engagements. Engagement reviews are for firms that do not perform audits but perform other engagements such as compilations and/or reviews. Firms can receive a rating of pass, pass with deficiency, or fail. Firms that receive ratings of pass with deficiency or fail must perform corrective actions.

Entities that are currently acceptable to administer the peer review program in New York State are:

- Pennsylvania Institute of CPAs (PICPA) – As of March 15, 2018, PICPA administers the AICPA Peer Review Program for the majority of New York firms. Prior to this date, the New York State Society of CPAs (NYSSCPA) administered the peer review program for most NY firms. As the administering entity, PICPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's Standards. The PICPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews.

- National Peer Review Committee (NPRC) -The AICPA also administers a peer review program through the National Peer Review Committee for firms required to be registered with and/or inspected by the Public Company Accounting Oversight Board (PCAOB) or perform audits of non-Securities and Exchange Commission (SEC) issuers pursuant to the standards of the PCAOB.

- Other State Societies and Organizations - New York registered accountancy firms are allowed to have their peer review administered by an AICPA approved administering entity in another state. The AICPA maintains the listing of the administering entities assigned to each state.

V. Committee Members and Staff

The PROC consists of six members who are appointed by the NYS Board of Regents for five-year terms and may serve up to two terms. At least five members must be licensed CPAs and the sixth member may be a public member or a licensed CPA. Additionally, PROC members cannot be members of the State Board for Public Accountancy or one of its committees. Licensed members must be New York licensed CPA and hold current registrations with the Department. If a public member is appointed to the PROC, the person must have received or used the services provided by CPAs.

During 2025, Mr. Iles completed his ten years of service to the PROC. Mr. Neyman succeed Mr. Iles as Chair. Mr. Wheeler became the Vice Chair in 2025 following Ms. Singer. The following members were active at the end of 2025:

Member Name:	Member Term:
Jason J. Mayausky, CPA	Aug 1, 2025 – Jul 31, 2030 (First term)
Michael E. Nawrocki, CPA	Aug 1, 2025 – Jul 31, 2030 (First term)
Andrew Neyman, CPA Chair	May 1, 2023 – Apr 30, 2028 (First term)
David Pitcher, CPA	Dec 1, 2024 – Nov 30, 2029 (Second term)
Grace Singer, CPA	Feb 1, 2024 – Jan 31, 2029 (Second term)
Jesse Wheeler, CPA Vice Chair	Aug 1, 2024 – Jul 31, 2029 (First term)

Staff of the PROC – The PROC has three staff members, the Executive Secretary and Auditor 1 and 2 who support its efforts in effectively carrying out its duties and responsibilities. The Executive Secretary, Jennifer Winters, is the lead staff liaison for the members. The Auditor 2 position was filled with Thomas Cordell in August 2019. The Auditor 1, Philip Jesmonth, has been in the position since November 2015.

The volunteer members of the PROC rely on the support of the staff to conduct its meetings and handle routine firm matters related to peer review. The staff review the firms' annual statement on peer review compliance, compile the information on the firms that are monitored, and communicate outstanding matters with the firms on behalf of the volunteer PROC members.

VI. Statistics: This year's report includes the calendar year, note the timing of the reported data for prior years. The following statistics were obtained from the PRIMA system.

	Jan 1, 2022 to Dec 31, 2022				Jan 1, 2023 to Dec 31, 2023				Jan 1, 2024 to Dec 31, 2024				Jan 1, 2025 to Dec 31, 2025			
	PICPA		NPRC		PICPA		NPRC		PICPA		NPRC		PICPA		NPRC	
System Reviews																
Pass	143	**63%**	19	**76%**	157	**69%**	20	**87%**	168	**76%**	28	**97%**	151	**80%**	17	**65%**
Pass with deficiencies	46	**20%**	2	**8%**	38	**17%**	2	**9%**	26	**12%**	1	**3%**	14	**8%**	6	**23%**
Fail	39	**17%**	4	**16%**	33	**14%**	1	**4%**	26	**12%**	0	**0%**	23	**12%**	3	**12%**
Subtotal – System	***228***		***25***		***228***		***23***		***220***		***29***		***188***		***26***	
Engagement Reviews																
Pass	137	**85%**			110	**84%**			113	**84%**			114	**81%**	1	**100%**
Pass with deficiencies	17	**11%**			12	**9%**			17	**12%**			17	**12%**		
Fail	7	**4%**			9	**7%**			5	**4%**			10	**7%**		
Subtotal – Engagement	***161***				***131***				***135***				***141***		***1***	
Total System & Engagement	**414**				**382**				**384**				**356**			

VII. Meetings, Accomplishments and Advocacy Efforts

Following are the meetings, accomplishments, and advocacy efforts in 2025.

a. Committee Meetings - The PROC holds meetings to conduct business and report to the Department regarding the effectiveness of the Mandatory Peer Review Program. Minutes from the meeting are available on the Department's website.

The PROC has held the following committee meetings in 2025:

- February 5th
- August 18th
- May 13th
- November 17th

b. In July 2025, the Executive Secretary, on behalf of the Chair, presented the 2024 PROC Annual Report to the State Board for Public Accountancy at their Board meeting. The 2024 PROC Annual Report was posted to the Department's website in the Mandatory Peer Review Program section.

c. The Committee reviewed the revised guidelines by the National Association of State Boards of Accountancy's Peer Review Compliance Committee, Deficient Reports and Monitoring Guidance. The Committee noted that most of the recommendations for monitoring are already in place, with the exception of discipline that is outside of the Board Office's purview.

d. Oversight of PICPA's Peer Review Committee (PRC) and Report Acceptance Body (RAB) meetings. To continue the Committee's monitoring of the sponsoring organization, it established guidelines for the members to consider when monitoring PRC and RAB meetings.

Committee members Singer and Neyman attended a RAB on September 9th and November 13th, respectively. Additionally, Ms. Singer and Mr. Wheeler attended the PRC meeting on January 16th and September 23rd, respectively.

The PROC members who attended these meetings unanimously agreed the program is run by dedicated professionals in accordance with the AICPA standards.

At its November meeting, the PROC reviewed PICPA's latest AICPA Annual Oversight Report dated February 2025.

e. Regulation and Guidance – In 2025, the Commissioner's Regulation 70.10 – Mandatory Peer Review Program was modified to reflect the change from the system of quality control to the system of quality management. The PROC made recommendations to the Department to modify the Frequently Asked Questions on the website for additional clarity and guidance on the Mandatory Peer Review Program related to the change in system of quality control to the system of management control. It also included the PCAOB's continuation of a system of quality control.

f. AICPA Peer Review Board (PRB) Open Meetings - The PROC monitors the AICPA's PRB's public sessions throughout the year. PROC members and staff attend these meetings via teleconference and report back to the full PROC. The sessions are informative and allow for an exchange of ideas and practices across state lines. The following PRB meetings were attended in 2025:

- February 12th
- May 14th
- September 10th
- November 11th

Committee members Iles and Nawrocki attended the AICPA Peer Review Conference in August 2025. At the Committee's August meeting, they provided a recap of the conference.

g. Monitoring of Firms in Peer Review - The PROC monitors firms throughout the remediation phase of their peer review, where applicable. Firms are informed by letter that the PROC is monitoring their remediation progress and are required to acknowledge receipt of the letter. Remediation is considered complete when the peer review is accepted as complete by the respective Peer Review Committee. The PROC also monitors the firms that have dropped out of the program and those that are terminated by the program. The determination to monitor, continue to monitor, or remove from monitoring is performed at the PROC meetings in executive session.

System and Engagement Reviews that have a rating of fail or pass with deficiencies are monitored by the PROC. During 2025, the PROC has monitored 132 firms, including firms that have been carried over from the prior year. During this time, 84 of these firms had their peer reviews accepted as complete, while 48 firms are still being actively monitored.

h. The PROC has made a number of referrals to the Office of Professional Discipline due to significant noncompliance matters with the Mandatory Peer Review Program. During 2025 there were 25 referrals made to the Office of Professional Discipline by the PROC.

i. Facilitated State Board Access (FSBA). The staff noted that firms that were terminated from the peer review program were not showing as terminated in FSBA but were showing as “Not Enrolled”. The PROC also sought to conduct a completion testing to review the entire population of firms in FSBA to our firm registration records. However, the data in FSBA would not populate more than 500 firms. Therefore, Mr. Iles, Ms. Winters, and Mr. Cordell met with the AICPA peer review staff regarding these issues. The issue with the Facilitated State Board Access improperly noting a firm’s status when it was terminated from the program as “Not Enrolled” was corrected after several months. However, the AICPA was unable to provide the PROC with an entire listing of all firms.

VIII. Recommendations

The PROC recommends that the Department continue its monitoring effort of the Mandatory Peer Review Program.

IX. Conclusions

Based on its oversight activities, the PROC concluded that the Pennsylvania Institute of Certified Public Accountants has been an effective administrator as it performs the majority of the peer reviews of New York public accountancy firms that are subject to the Mandatory Peer Review Program’s (MPRP). The PROC has established a monitoring and oversight role utilizing the Facilitated State Board Access (FSBA) system; however, the AICPA’s Chapter 3 of the AICPA Peer Review Standards continue to impede our monitoring and oversight efforts. There are continued discrepancies with the FSBA system and the lack of cooperation and transparency by the AICPA makes it difficult to obtain timely information about the status of a firm’s peer review during our monitoring efforts. This is especially true when a firm is not in compliance with the three-year peer review cycle that is required of the MPRP in the New York State Education Law or terminated from the peer review program. The PROC continues to express concern with the transparency issues that continue to impede our mission to protect the public interest in New York State.