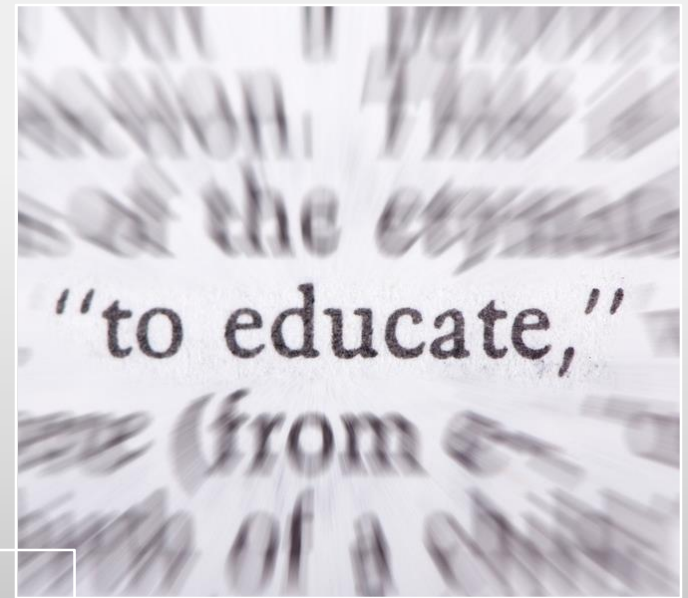


# PEER REVIEW READINESS TUNE-UP 2019



Frank Boutillette, CPA/CGMA

# Disclaimer

**These are the views of Frank Boutillette  
and not necessarily the views of:**

**Withum**

**NJCPA**

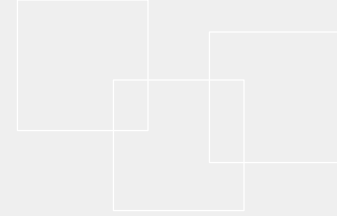
**AICPA**



# ADMINISTRATION OF PEER REVIEWS

- **State CPA Society**
- **Group of State CPA Societies**
- **AICPA (National Peer Review Committee)**
  - Firm performs engagements under PCAOB Standards
  - Firm is a provider of quality control materials (QCM)

# Administering Entities by State



STATE	AE	STATE	AE	STATE	AE
AL	Alabama Society of CPAs	LA	Society of Louisiana CPAs	OK	Oklahoma Society of CPAs
AK	California Society of CPAs	ME	New England Peer Review	OR	Oregon Society of CPAs
AZ	California Society of CPAs	Mariana Isl	Oregon Society of CPAs	PA	Pennsylvania Society of CPAs
AR	Alabama Society of CPAs	MD	Maryland Society of CPAs	PR	Colegio de Contadores Publicos Autorizados
CA	California Society of CPAs	MA	Massachusetts Society of CPAs	RI	New England Peer Review
CO	Colorado Society of CPAs	MI	Michigan Society of CPAs	SC	Peer Review Alliance
CT	Connecticut Society of CPAs	MN	Minnesota Society of CPAs	SD	Oklahoma Society of CPAs
DE	Pennsylvania Society of CPAs	MS	Alabama Society of CPAs	TN	Tennessee Society of CPAs
FL	Florida Institute of CPAs	MO	Missouri Society of CPAs	TX	Texas Society of CPAs
GA	Georgia Society of CPAs	MT	Nevada Society of CPAs	UT	Nevada Society of CPAs
Guam	Oregon Society of CPAs	NV	Nevada Society of CPAs	VT	New England Peer Review
HI	Oregon Society of CPAs	NH	Massachusetts Society of CPAs	Virg Is	Pennsylvania Institute of CPAs
Idaho	Nevada Society of CPAs	NJ	New Jersey Society of CPAs	VA	Virginia Society of CPAs
IL	Peer Review Alliance	NM	Colorado Society of CPAs	WA	Washington Society of CPAs
IN	Peer Review Alliance	NY	Pennsylvania Society of CPAs	DC	Virginia Society of CPAs
IA	Peer Review Alliance	NC	North Carolina Association of CPAs	WV	Peer Review Alliance
KS	Kansas Society of CPAs	ND	Minnesota Society of CPAs	WI	Peer Review Alliance
KY	Peer Review Alliance	Ohio	Ohio Society of CPA	WY	Nevada Society of CPAs

# Peer Review Period

- **Every three years**
- **Covers a one year period**
- **Engagements selected typically with balance sheet dates that fall within that one year**
  - First time review –
    - Must enroll by **report date**
    - Due date is 18 months from the **report date** of the INITIAL engagement
- **Step up to next level due date is the:**
  - Earlier of the next peer review or
    - 18 months from the **year end** of the engagement
    - 18 months from the **report date** if it is a financial forecast, projection or agreed upon procedures

# Selecting a Peer Reviewer

The following slides were taken from the AICPA website under peer reviews for CPA Firms

<http://www.aicpa.org/INTERESTAREAS/PEERREVIEW/COMMUNITY/CPAFIRMS/Pages/default.aspx>

# Selecting a Peer Reviewer

## Is The Reviewer A Peer?

Think about asking the following questions to help determine if a potential peer reviewer is truly a peer:

- How does the reviewer's firm size compare in terms of billings and number of personnel?
- What size are the reviewer's firm's clients?
- What size are the firms that the reviewer provides services for?
- Does the reviewer (or the reviewer's firm) specialize in the same industries and have at least the same depth of knowledge as our own firm in those areas?
- If my firm is a member of a quality center, is the reviewer's firm also a member?
- Does the reviewer perform similar kinds of other engagements?
- How many industry specific audits does the reviewer perform in the firm?
- How would the reviewer describe the "Tone at the Top" in the firm?

# Selecting a Peer Reviewer

## How Do I Evaluate Competency?

Some questions your firm may want to ask in evaluating technical qualifications are:

- How many reviews has the reviewer performed?
- Has the reviewer ever served on a Peer Review Committee or been a RAB member?
- Has the reviewer ever attended the Annual Peer Review Conference? If so, what was the last year attended?
- Has the reviewer ever been oversighted? If so, what were the results?
- Is the reviewer a member of the GAQC (Governmental Audit Quality Center), the EBPAQC (Employee Benefit Audit Quality Center), the PCPS (Private Companies Practice Section), or the CPEA (Center for Plain English Accounting)?
- Were there any findings noted in the reviewer's peer review?
- Has the reviewer been subject to corrective actions or restrictions due to reviewer performance issues?
- Have there been any communications of suspension from scheduling or performing reviews?
- Is the reviewer involved in any open investigations?



# Selecting a Peer Reviewer

## Should I Ask For References?

In contacting references provided by prospective reviewers, consider the following:

- Whether the reviewed firm is more confident about their practices and procedures as a result of previous peer reviews performed by the reviewer
- The thoroughness of the review
- Whether they would recommend the reviewer and why
- The nature and extent of any communications between the firm and the reviewer
- What the firm liked the most and least about the reviewer and how the process was conducted

## When Interviewing Reviewers, What Should I Consider?

When you are speaking with prospective reviewers, things to consider include:

- Is this a person who will perform a quality review?
- Is this an individual who cares about the firm and the profession?
- How much experience does the reviewer have and is it the right type of experience?
- Are the reviewer's communication skills acceptable?
- Is this an individual with whom the firm can establish a rapport?

# Selection of Peer Reviewer

- **AICPA Website**
- **State Society Websites**
- **Call me for referrals**

# Types of Reviews

## ▪ System Review

- Objective to ensure Firm's quality control for its accounting and auditing practice is **designed** and **complied** with to provide reasonable assurance of performing and reporting in accordance with professional standards
- Engagements include Audits under SASs, Government Auditing Standards (Yellow Book), examinations of prospective financial information under SSAEs) or engagements under the PCAOB standards as their highest level of service

# Types of Reviews

## ▪ Engagement Review

- Objective is to evaluate whether **engagements submitted** are performed and reported in accordance with applicable standards in all material respects.
- Engagements include SSARS (compilations and reviews) SSAEs not included in a system review

## ▪ No Review Required 😊

- If only engagement is preparation of financial statements

# System vs Engagement Review

## System Review or Engagement Review Determination

(Applies to engagements that are not subject to PCAOB permanent inspection)

If an Enrolled Firm Performs These Types of Engagements as Its Highest Level of Service, the Firm Would be Required to Have:	System Review	Engagement Review
<b><i>Statements on Auditing Standards (SAS)</i></b>		
Engagements	X	
<b><i>Government Auditing Standards (GAS)</i></b>		
Financial Audits	X	
Attestation Engagements (Examination, Review, or Agreed-upon procedures under GAS)	X	
Performance Audits	X	
<b><i>Statements on Standards for Attestation Engagements (SSAEs)</i></b>		
Examination Engagements	X	
Reviews		X
Agreed-upon procedures Engagements		X
<b><i>Public Company Accounting Oversight Board (PCAOB) Standards</i></b>		
Audits of non-SEC issuers	X	
Attestation of non-SEC issuers	X	
<b><i>Statements on Standards for Accounting and Review Services (SSARs)</i></b>		
Reviews of financial statements		X
Compilations of financial statements		X
Preparation of financial statements		X

# System Reviews

- **Reviewer will study and evaluate a Firm's quality control policies and procedures that were in effect during the year under review**
- **Firm's quality control addresses**
  - Leadership responsibilities for quality within the firm (tone at top)
  - Ethical requirements
  - Acceptance and continuance
  - Human resources
  - Engagement performance and engagement documentation
  - Monitoring

# System Review – Reviewer will:

- Review Firm's Quality Control Document
- Interview Firm personnel
- Review administrative files (personnel files, hiring policies, independence, CPE files, licenses, etc.)
- Review financial statements and engagement work papers
- Review monitoring documents
- Require firm to sign a Firm Representation Letter which state:
  - The Firm is in compliance with rules and regulations of state boards of accountancy
  - A list of ALL engagements have been provided to Reviewer
  - Not under investigation by regulatory bodies etc

# Engagement Reviews

- Reviewer will study and apprise a sample of the Firm's accounting work, including reports issued, documentation prepared by the Firm, and other procedures that the Firm performed



# Engagement Review – Reviewer will:

## ■ Preparation, Compilation and Review Engagements

- Read the financial statements and engagement letters
- Review firm licenses and partner licenses

## ■ Review Engagements only review:

- Analytical procedures, expectations, inquiry of management, etc
- Management Representation Letter

# Representation Letter

We are providing this letter in connection with the peer review of XYZ as of the date of this letter and for the year ended June 30, 20XX.

We understand that **we are responsible for complying with the rules and regulations of state boards of accountancy** and other regulators. We confirm, to the best of our knowledge and belief, that there are no known situations in which XYZ or its personnel have not complied with the rules and regulations of state board(s) of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.

# Representation Letter

We have provided a list of all engagements to the team captain with periods ending during the year under review, regardless of whether issued as of the date of this letter. This list appropriately identified and included, but was not limited to, all engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1 and SOC 2 engagements), as applicable. We understand that failure to properly include engagements subject to the scope of the peer review could be deemed as failure to cooperate. We also understand this may result in termination from the Peer Review Program and, if termination occurs, may result in an investigation of a possible violation by the appropriate regulatory, monitoring, and enforcement body.

# Representation Letter

**[For system reviews; customized where applicable] We have completed and issued the following must select engagements and, to the best of our knowledge and belief, the peer review team has selected and reviewed at least one of each category:**

- **Engagements performed under Government Auditing Standards**
- **Compliance audits under the Single Audit Act**
- **Audits of employee benefit plans**
- **Audits performed under FDICIA**
- **Audits of carrying broker-dealers**
- **Examinations of service organizations (SOC 1 and SOC 2 engagements)**

# Representation Letter

**We confirm that we will implement the remedial plans for nonconforming engagements stated in our response to Finding for Further Considerations Forms 1 and 3.**

We have discussed significant issues from reports and communications from regulatory, monitoring and enforcement bodies with the team captain, if applicable. We have also provided the team captain with any other information requested, including communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of an accounting, audit, or attestation engagement performed and reported on by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. We confirm, to the best of our knowledge and belief, that there are no known restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end.

We understand the intended uses and limitations of the quality control materials we have developed or adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance that is sufficient to assist us in conforming with professional standards (including the Statements on Quality Control Standards) applicable to our accounting and auditing practice in all material respects.

**Signed personally by individual in the firm**

# IMPORTANT MESSAGE FROM AICPA

Firms should understand the following to avoid the common errors:

- **Limited scope benefit plan audits are considered audits** performed under Statements on Auditing Standards (SAS) that should be included in the peer review scope.
- All engagements within the peer review scope should be properly identified based on level of service and industry. For example, if your firm performs the financial audit for an entity, and also performs other services for the same entity (such as the employee benefit plan audit or agreed upon procedures engagement), each of the engagements must be **separately identified** on the listing provided for the peer reviewer.
- All engagements that your firm performed or **expects to perform during the period** covered by the peer review should be included in the peer review scope. This includes engagements with periods ending during the peer review year that **are not completed and issued until after the peer review year end.**

# AICPA - PRIMA

https://prima.aicpa.org/prweb/ssso/Y9wXuOMPv4qPq317ZxUI8Q%5B%5B\*/STANDAF PRIMA User Portal

File Edit View Favorites Tools Help  
Go File Room GoSystemRS Outlook Web App Tallie CRoPs Share Suggested Sites Withum Google Chrome

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AICPA Peer Review Program

Home

Manage My Firm(s)

My Reviews

Reviewer

Home



Hi, Frank Boutillette

My Work

0 Items

Information Only

0 Items

My Notifications

0 Items

My Firm's Open Reviews

My Associated Firm(s)

Case ID	Review Number	Firm Number	Firm Name	Status	Assigned To	Review Type	Task Description
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No Content Available

## Announcements

We are pleased to announce that based on invaluable feedback from peer reviewers, enrolled firms, technical reviewers and administrators, we have implemented more than 70 usability enhancements that should significantly improve your PRIMA experience. For details, see the recently distributed Reviewer Alert and the "PRIMA Enhancements released July 24, 2017" Knowledge Base article

[Read All](#)

## Instructions

[Instructions for Firms](#)

[Instructions for Reviewers](#)

## Recent Work (Read Only)

Review RWW-312303

Review RWW-314793

Resume Update RES-18803

Resume Update RES-17446

Activate Windows  
Scheduling, Set SCH-316579, Activate Windows.

# PRIMA CHALLENGES

- **PRI (peer review information)**

- Ensure that you put the information that you are currently doing for the peer review year under review

- **Annually each firm will have to go into PRIMA and complete a **Firm Profile Information** form**



# AICPA Peer Review Enhanced Oversight Program

## ▪ Objectives

- Focus on Must-Select engagements
  - Single Audits/Yellowbook
  - ERISA Plans
  - Broker-Dealers
- Identify material departures from professional standards
- Evaluate the performance of peer reviewers
- Provide education and feedback to peer reviewers and firms

## ▪ Expansion soon to -

- Construction and NFP industries

# Detection of Non-Conforming is Improving

## ▪ Percent of non-conforming engagements detected by Peer Reviewer

- 2014 - 25%
- 2015 - 55%
- 2016 - 56%
- 2017 - 56%
- 2018 - 68%

**The real question – are firms doing better?**

# Peer Review Findings

## ▪ **Matters for Further Consideration (MFC)**

- Typically when a NO answer occurs to questions in the reviewer checklist where it may need additional review of clarification

## ▪ **Findings for Further Consideration (FFC)**

- Typically is one or more matters that result from a condition where there is *more than a remote possibility* that the reviewed firm will not perform in conformity with professional standards. A finding not rising to a the level of Deficiency is documented on a FFC form and is carried forward to the next peer review.

# Peer Review Findings

## ▪ Deficiency

- One or more findings that the peer reviewer has concluded that due to the nature, causes, pattern, pervasiveness, including relative importance that the Firm would NOT have a reasonable assurance of performing/reporting in conformity with professional standards. Such deficiencies cause a peer review rating of **PASS WITH DEFICIENCY**

## ▪ Significant Deficiency

- One or more deficiencies that the peer reviewer has concluded that the Firm's quality control or compliance with it DOES NOT provide the firm with reasonable assurance of performing and/or reporting in conformity with professional standards. Such deficiencies cause a peer review rating of **FAIL**.

# Reporting

- **Pass** 😊
  - No formal response by the Firm is required
- **Pass with Deficiencies** 😞
  - Will require Firm to formally respond to deficiencies
  - Perform corrective action
- **Fail** 😞😞
  - Will require Firm to formally respond to the significant deficiencies
  - Perform corrective action
- **Three consecutive PWD or FAIL is considered non-cooperation with the AICPA Program and report to Licensing Board**

# System Review Report - PASS

## Report on the Firm's System of Quality Control

To the Partners of XYZ & Co. and the Peer Review Committee of the NJCPA

We have reviewed the system of quality control for the accounting and auditing practice of XYZ & Co. (the firm) in effect for the year ended June 30, 20XX. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

# System Review Report - PASS

## Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

## Required Selections and Considerations

Engagements selected for review included (engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

## Opinion

In our opinion, the system of quality control for the accounting and auditing practice of XYZ & Co. in effect for the year ended June 30, 20XX, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. XYZ & Co. has received a peer review rating of **pass**.

# System Review Report - PwD

## Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not suitably designed or complied with to provide reasonable assurance that its personnel will have the competence necessary to perform engagements in accordance with professional and regulatory requirements. Although the firm's policies require that personnel attain a minimum of 40 hours of CPE courses annually and comply with CPE requirements of the applicable external bodies, it lacks appropriate procedures to determine whether the personnel are in compliance with these requirements. During our review, we noted several personnel who did not comply with CPE requirements of *Government Auditing Standards*. In our opinion, this contributed to audit engagements performed under *Government Auditing Standards* that did not conform to professional standards in all material respects.



# System Review Report - PwD

2. The firm's quality control policies and procedures regarding engagement performance have not been suitably designed or complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. The firm requires the use of a non-industry specific audit program, but does not require that program to be tailored to cover requirements of specialized industries or those subject to regulatory bodies. During our review we noted procedures were not performed to determine if a banking institution met its minimum capital requirements. In our opinion, this contributed to audit engagements in the banking industry that did not conform to professional standards in all material respects.

## Opinion

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of XYZ & Co. in effect for the year ended June 30, 20XX, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. XYZ & Co has received a peer review rating of **pass with deficiencies**.

# Letter of Response - PwD

This letter represents our response to the report issued in connection with the peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 20XX. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. The firm modified its quality control policies and procedures to include monitoring of firm personnel's compliance with regulatory and organization membership requirements. The importance of meeting these CPE requirements was discussed in a recent training session held in connection with a recent firm wide staff meeting. Additionally, the training session included sufficient Yellow Book CPE such that all firm personnel have met the regulatory requirements. The impact to the Yellow Book audits for failure to take sufficient CPE timely is currently being discussed with the Government Accountability Office (GAO) and the firm will remediate as necessary based on that discussion.

2. In addition, at that training session, the importance of proper use of the firm's checklists appropriate to the industry of the engagement being performed was discussed. We discussed the proper resolution of points or topics unfamiliar to the individual completing the checklist or those reviewing its completion. The firm's CPE plan for partners and managers now includes annual updates on industry specific issues. **The omitted procedures have been performed.**

These remedial actions will also be emphasized in our monitoring procedures and internal inspection.

We believe these actions are responsive to the findings of the review.

# Engagement Review Report - PASS

We have reviewed selected accounting engagements of XYZ & Co. (the firm) issued with periods ending during the year ended June 30, 20XX. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in an Engagement Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary)

## **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.



## Peer Reviewer's Responsibility

Our responsibility is to evaluate whether the engagements submitted for review were performed and reported on in conformity with applicable professional standards in all material respects. An Engagement Review does not include reviewing the firm's system of quality control and compliance therewith and, accordingly, we express no opinion or any form of assurance on that system.

## Conclusion

Based on our review, nothing came to our attention that caused us to believe that the engagements submitted for review by XYZ & Co. issued with periods ending during the year ended June 30, 20XX, were not performed and reported on in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. XYZ & Co has received a peer review rating of **pass**.

# Engagement Review Report - PwD

## Deficiencies Identified on the Firm's Conformity With Professional Standards on Engagements Reviewed

We noted the following deficiencies during our review:

1. On one review engagement of a manufacturing client, we noted that the accompanying accountant's report was not appropriately modified when the financial statements did not appropriately present or disclose matters in accordance with industry standards.
2. On a review engagement, we noted that the firm failed to obtain a management representation letter, and its working papers failed to document the matters covered in the accountant's inquiry and analytical procedures. These deficiencies were identified on the firm's previous review.

## Conclusion

As a result of the deficiencies previously described, we concluded that at least one but not all of the engagements submitted for review by XYZ & Co. issued with periods ending during the year ended June 30, 20XX, were not performed and reported on in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. XYZ & Co. has received a peer review rating of **pass with deficiencies**

# Completion of Review

- **Upon completion of the review the reviewer will**
  - Submit the report to the reviewed Firm
  - Submit the report as well as various checklists and documents to the administering entity
  - The Administering Entity will:
    - Review documents submitted to determine compliance with peer review (PR) standards
    - Submit the review to the RAB (Report Acceptance Body)
- **The RAB will**
  - Concur or disagree with Peer Reviewer's conclusions
- **Upon acceptance a letter is sent to Firm stating peer review report has been accepted.**

# Broker Dealers

- **Audits must be performed under PCAOB Standards for years ending after June 1, 2014**
  - Also require new Compliance Report (examination) for carrying BDs and an Exemption Report (review) for non-carrying BDs
- **Audits of all non-SEC issuers are currently subject to PCAOB inspection under interim inspection program and**
  - Included in AICPA Peer Review
  - Administered by PCAOB

# SOC Engagements

## ▪ SOC 1 Engagements

- Reports on controls at service organization relevant to user entities' internal control over financial reporting. Service organizations provide a detailed description of its controls that are relevant to users
  - Type 1 - Report's on whether the description is fairly presented and whether controls are suitably designed
  - Type 2 - Includes whether controls are operating effectively
- Restricted use report, intended for use by user entities of the service organization and their auditors



# SOC Engagements

## ▪ SOC 2 Engagements

- Internal control as it relates to security, availability, or processing integrity of the service organizations system or confidentiality or privacy of the data processed by that system
  - Type 1- Report's on whether the description is fairly presented and whether controls are suitably designed
  - Type 2 - Includes whether controls are operating effectively
- Users are generally management of the user entities to make operational decisions

# SOC Engagements

## ▪ SOC 3 Engagements

- Same as **SOC 2** however, they are designed to meet the needs of users who want assurance on controls at a service organization related to security, availability, processing integrity, confidentiality or privacy but do not need detail included in a SOC 2 report.
- General use reports.
- Can be examinations, reviews or AUP.

# SOC Reports and Peer Review

## ▪ SOC 1

- System Review
- Must select

## ▪ SOC 2

- System Review
- Can be a must select

## ▪ SOC 3

- Examinations – System Review not a must select
- Reviews or AUP – Engagement Review

# Quality Control System

- **Every CPA firm must have a system of quality control**
- **Elements of a QC System**
  - Leadership responsibilities (Tone at the Top)
  - Relevant Ethical Requirements
  - Acceptance and Continuance
  - Human Resources
  - Engagement Performance
  - Monitoring

# REVIEWED FIRM ALERT

- AICPA issued November 2016 concerning changes commencing January 1, 2017
- Will **no longer** provide QC Policies and Procedures Documentation Questionnaire (PRP4300 & 4400)
- “Firms are **HIGHLY ENCOURAGED** to use other tools and resources to develop and maintain their system of quality control”
- The have **FREE** tools on their website [www.aicpa.org/pcps/quality](http://www.aicpa.org/pcps/quality)
  - Client evaluation tools
  - Proposal and profitability tools
  - Quality control and peer review tools
  - A tone at the top action plan
  - Tools related to firm competence

# Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice

— For Small- and Medium-Sized Firms



AICPA Audit and Accounting Practice Aid Series

# REVIEWED FIRM ALERT

- **Firms undergoing a System Review will now be required to provide:**
  - A list of the key quality control personnel such Human Resources Director, Quality Control Director and the individual responsible for monitoring to their team captain prior to the commencement of the review.
  - A copy of the [inspection reports for each of the two years subsequent](#) to the prior peer review and any relevant communications about those inspections such as consultant review reports.

# Monitoring

- **A process comprising an ongoing consideration and evaluation of the firm's system of QC, the objective of which is to enable the Firm to obtain reasonable assurance that its system of QC is designed appropriately and operating effectively.**
- **The purpose of monitoring is to evaluate**
  - Adherence to professional standards
  - QC is designed properly and effectively implemented
  - QC policies and procedures have been operating effectively, so reports that are issued are appropriate



# Monitoring

## ▪ **Monitoring procedures include**

- Review of selected administrative and personnel records pertaining to QC elements
- Review engagement documentation, reports and financial statements
- Discussions with firm personnel
- Summarization of the findings from monitoring procedures, at least annually and consideration of the systemic causes that indicate improvements
- Determination of corrective action
- Communication of the findings to appropriate firm personnel

# Monitoring

## ▪ Additional monitoring procedures include:

- Appropriateness of firms guidance materials and practice aids (QCM)
- New developments in professional standards and how they are reflected in the firms policies and procedures
- Compliance with policies and procedures on independence
- Effectiveness of CPE
- Decisions related to acceptance and continuance of clients
- Firm personnel's understanding of firms QC policies and procedures

# Monitoring

- **Two methods**

- Inspection procedures
- Post-issuance review of engagement document, reports and financials

- **Firm cannot substitute a peer review for its monitoring**

- It may substitute its peer review for its inspection of some or all engagements

- **Small firms / Sole practitioners**

- May want to hire an outside firm or find another practitioner to perform reciprocal inspections



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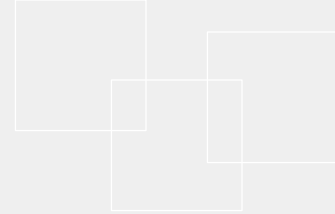
# PEER REVIEW FINDINGS, FOCUS AND HINTS

# Documentation Example

- **Client has one note receivable which is material to the financial statements.**
- **Auditor tested for existence, rights and valuation**
  - No significant findings or issues were noted
  - No significant judgments were made

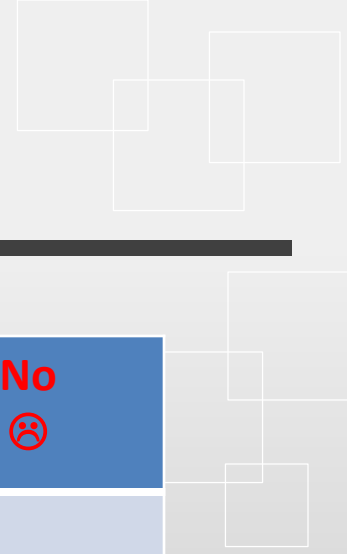
**Does the audit documentation on the following slide comply with AU-C 230 (proper documentation)?**

# Documentation Example



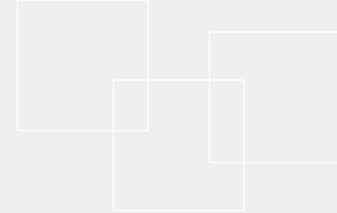
Audit Program Step	N/A Performed by and date	Workpaper reference
Obtain and review note(s) receivable. Test existence, rights and valuation assertions.	FRB 3-3-19	_____

# Documentation Example



Did the auditor document:	YES 😊	No 😞
The nature and extent of the procedures?		X
The timing of the procedures?	X	
The results of the procedures?		X

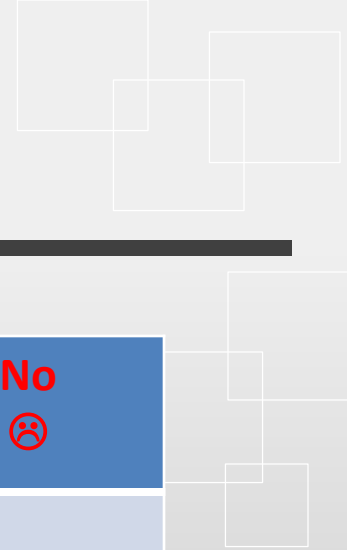
# Documentation Example



Audit Program Step	N/A Performed by and date	Workpaper reference
Obtain and review note(s) receivable. Test existence, rights and valuation assertions.	FRB 3-3-19	See Below
<p><b>FRB note:</b> controller provided audit team with the note issued on 3-3-18. We reviewed note, verifying the existence and that the entity is the holder of the note. Received confirmation from borrower (see WP-2430) which confirms the face amount of \$100,000 was outstanding at year end and the note has a maturity date of 12-1-21. Tied face amount back to the TB.</p>		



# Documentation Example



Did the auditor document:	YES 😊	No 😞
The nature and extent of the procedures?	X	
The timing of the procedures?	X	
The results of the procedures?	X	

# Let's Talk Non-Attest Services

- **AICPA Ethics - ET 1.295 Non-Attest Services**
- **Practitioner needs to be satisfied that the individual assigned to oversee the non-attest services possesses SKE**
- **Non-attest services include tax return preparation, preparing financial statements, cash to accrual journal entries, etc**

# Non-Attest Services

## General Requirements

- Performing Non-attest services (ET sec. 1.295.040) states that if an auditor is performing a non-attest service, independence would not be impaired when all the following safeguards are met:
  1. Management assumes all responsibility for the non-attest services.
  2. Management oversees the non-attest services and the member of management who is responsible possesses suitable skills, knowledge and experience (SKE).
  3. The auditor performing the non-attest service **should assess** (and be satisfied with) the SKE of the member of management who will oversee the services.
  4. The auditor does not assume management responsibilities.
  5. **Prior to performing the non-attest services**, the auditor establishes and documents in writing an understanding with the attest client (objectives of engagement, services to be performed, client's acceptance of responsibilities, auditor's responsibilities, limitations on the engagement).

## Documentation Requirements

- When Providing Non-attest Services (ET sec. 1.295.050) states that for non-attest services performed during the period covered by the financial statements, the auditor should document in writing that the general requirements described in 1.295.040 above were met prior to the period of the professional engagement.

# Non-Attest Services

A practical summary of the documentation required of an auditor that performs non-attest services during the period covered by the financial statements is:

- An engagement letter, audit planning memo or memorandum of understanding that documents the objectives of the engagement, services to be performed, client's acceptance of responsibilities, auditor's responsibilities, limitations on the engagement.
- Documentation that the requirements of 1.295.040 were met prior to the period of the professional engagement (i.e. before the attest engagement began).
  - Note that the Code does not specify the form nor the extent of this documentation, but auditors should consider whether it complies with AU-C 230.
  - **For example, although not explicitly required**, auditors **should consider whether documentation should provide details about the member of management who will oversee non-attest services, that person's SKE** and the auditor's assessment of the SKE. Auditors (and their peer reviewers) should also consider whether the firm appropriately completed the firm's adopted practice aids in compliance with the firm's system of quality control. A departure from a firm's system of quality control that is not a direct departure from professional standards, should generally not be elevated beyond a matter for peer review purposes

# Let's Talk Risk Assessment

## ▪ Reviewer Alert September 2018

- Extra emphasis on firms documenting Risk Assessment
- Common Non-compliance issues
- Peer Review Impact
  - If the non-compliance is not considered isolated, you should issue:
    - A finding if no deficiencies or significant deficiencies related to other engagement performance issues are noted, even if *all* the engagements reviewed are non-conforming solely due to non-compliance with the Risk Assessment Standards
    - A deficiency or significant deficiency if deficiencies and significant deficiencies related to other omitted audit procedures exist
    - A finding if there are deficiencies or significant deficiencies related to elements of a firm's system of quality control that did not result in omitted audit procedures (for example; monitoring or tone at the top)

# Risk Assessment Deficiencies

## ▪ Failure to gain an understanding of internal control when identifying client's risks

- Auditors are expected to perform the following steps when gaining an understanding of internal control; **an audit omitting one or more of these steps results in non-compliance**
  - Consider what could go wrong as the client prepares its financial statements
  - Identify the controls intended to mitigate those financial reporting risks
  - Evaluate the likelihood that the controls are capable of effectively preventing or detecting and correcting material misstatements.
- Some auditors may indicate that the requirements of AU-C 315.14 do not apply to their client because their client has no controls. **This is a false assumption**
- Auditors may default to control risk at the maximum level **without** gaining an understanding of the client's internal control. This is not permitted under the current Risk Assessment Standards, even when not intending to rely on tests of controls
- Auditors may reduce control risk to less than high **without** appropriately testing relevant. **False**

# Risk Assessment Deficiencies (cont.)

## ▪ Insufficient risk assessment

- Regardless of the nature and extent of substantive procedures, performing the audit in accordance with GAAS includes the following requirements for each engagement; omitting one or more of these requirements results in non-compliance
  - Identify the client's risks of material misstatement (RMM) by gaining an understanding of the client and its internal control (Identify RMM)
  - Assess the risks (Assess RMM) and
  - Design or select procedures that respond to those risks (Respond to RMM)
- Failure to identify at least one significant risk almost always represents a **failure** to comply with AU-C 315.28
- Failure to assess risk of material misstatement at **both** the financial statement level **and** relevant assertion-level for significant classes of transactions, account balances or disclosures represents non-compliance with AU-C 315.26
- Some auditors are documenting RMM at the audit area level for every audit area, citing the risk assessment is the same for all assertions, when not all assertions are relevant

# Risk Assessment Deficiencies (cont.)

## ▪ Failure to link procedures performed to the risk assessment

- Audit procedures should be responsive to the client's financial statement- and relevant assertion-level risks for significant classes of transactions, account balances or disclosures. The linkage is at the assertion (not account) level
- Some auditors are performing the risk assessment in accordance with AU-C 315 but designing the audit procedures with little regard for the results of that assessment. If the risks are not properly reduced to an acceptably low level, the auditor hasn't complied with the standards



# Common Findings - Audit

- **Failure to conform the auditor's report to the clarified auditing standards requirements**
- **Failure to date the auditor's report appropriately, such as dating the report significantly earlier than the date of the review of the workpapers and the release date**
- **Failure to appropriately document planning procedures, including:**
  - Risk assessment (and linkage of risks to procedures performed)
  - Planning analytics
  - Understanding of IT environment
  - Internal control testing
- **Failure to appropriately address fraud considerations**

# Common Findings - Audit

- **Failure to obtain appropriate management representation letters and include failures to do the following:**
  - Update letter in conformity with standards
  - Date letter appropriately
  - Include appropriate financial statement periods
  - Include required representations
- **Failure to communicate or document required communications with those charged with governance**
- **Failure to include audit documentation that contains sufficient competent evidence to support the firm's opinion on the F/S**
- **Failure to address the reasons accounts receivable were not confirmed**

# Common Findings - Audit

- **Failure to adequately document sampling methodology**
- **Failure to document consideration of the group audit standard when a component unit was audited by another auditor**
- **Failure to appropriately report on supplementary information such as:**
  - Not identifying all information presented
  - Use of outdated language

# Common Findings - Compilations

- **Failure to prepare reports in accordance with professional standards such as:**
  - Not updated for SSARS 19 and SSARS 21
  - No headings on report for SSARS 19 (none required under SSARS 21)
  - No explanation of degree of responsibility taken with respect to the supplementary information
  - Failure to mention that disclosures were omitted
  - Failure to include a reference to accountant's report on each page of the financial statements (SSARS 19 only)

# Common Findings - Compilations

- **Failure to obtain an engagement letter or failure to contain all elements (ex. objectives of the engagement)**
- **Failure to appropriately label select disclosures as “Selected information – Substantially all Disclosures Required by (applicable reporting framework) Are Not Included”**

# Common Findings - Reviews

- **Failure to obtain appropriate management representation letters**
  - Include all representations required
  - Include all appropriate periods
- **Failure to update reports in conformity with standards SSARS 21**
  - Failure to include paragraph headings (yes this is true)
- **Failure to obtain an engagement letter or failure to have all required elements**
- **Failure to report on degree of responsibility taken with respect to supplemental information**
- **Failure to document expectations or comparison of expectations to recorded amounts for analytical proc.**

# Common Findings - AUP

- **Failure to include in AUP reports:**
  - A title or have the word “Independent” in the title
  - Reference AICPA attestation standards
  - Statement that the sufficiency of the procedures is solely the responsibility of specific parties and a disclaimer of responsibility for the sufficiency of those procedures
  - Identification of the subject matter or written assertion, or character of the engagement
- **Engagement letter did not include all elements**
- **Failure to provide sufficient documentation to understand timing, nature, extent and results of the procedures**

# Code of Professional Conduct

- Failure to establish and document in writing the understanding with the client with regard to **non-attest services provided**
- Failure to address management's responsibilities to oversee and evaluate the results of the services performed
- Failure to **collect fees** for professional services provided more than one year prior to the date of the current report



# Statements on Quality Control

- **Leadership Responsibilities for Quality within the Firm**
  - Failure to have a written quality control document in accordance with SQCS# 10
  - Failure to communicate quality control policies and procedures with staff
  - Failure to devote sufficient resources for the support of its quality control policies and procedures
- **Relevant Ethical Requirements**
  - Failure to obtain written confirmation on independence for all personnel

# Statements on Quality Control

## ▪ **Acceptance & Continuance**

- Failure to obtain a license in all states where engagements were accepted
- Failure to evaluate the risk of performing an engagement in a specialized industry and/or to obtain the necessary knowledge of current standards in specialized areas prior to performance of the audit

## ▪ **Human Resources**

- Failure to design policies that ensure partners and staff obtain appropriate CPE to meet state board requirements, membership requirements, etc.
- Failure to design policies to require relevant CPE for levels of service and industries of engagements performed
- Failure to maintain current licenses within all jurisdictions the firm practices

# Statement on Quality Control

## ▪ Engagement Performance

- Failure to properly complete or utilize purchased practice aids to assist in performing and documenting engagements
- Failure to establish appropriate criteria for Engagement Quality Control Review (EQCR)
- Failure to perform EQCR on engagements that meet the firm's criteria
- Failure to maintain current quality control materials for the performance of engagements
- Failure to establish a policy for the retention of engagement documentation

# Statement on Quality Control

## ▪ **Monitoring**

- Failure to design appropriate policies and procedures for the completion of monitoring
- Failure to include all elements of quality control in monitoring procedures
- Failure to document the results of monitoring and inspections

# Common Findings - FASB

## ▪ Failure to:

- Disclose date through which subsequent events were evaluated
- Correctly classify cash flows, present gross amounts instead of net and identify non-cash transactions on the cash flow statements
- Disclose related party transactions, debt maturation schedules and significant estimates
- Disclose fair value hierarchy of investments, descriptions of levels, descriptions of assumption methods used and tabular presentation
- Perform sufficient procedures or sufficiently document the procedures to obtain assurance of the fair value measurements

# Common Findings – Gov't (A-133)

- **Failure to include all of the required elements of professional standards in the Independent Auditor's Report including the following omissions:**
  - reference to the engagement being performed in accordance with *Government Auditing Standards*,
  - identification of the governmental entity's major funds and opinion units presented, and addressing supplemental information and required supplemental information,
  - reference to prior year financial statements when comparative years are presented,
  - reference to the Yellow Book Internal Control report

# Common Findings – Gov't (A-133)

- **Failure to include all of the required elements of professional standards in the Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters including:**
  - omitted "Independent" from report title, omitted or incorrect reference to material weaknesses or significant deficiencies included in the Schedule of Findings and Questioned Costs,
  - indication that there were no significant deficiencies identified,
  - omitted a clause stating that the entity's responses were not audited and that the auditor expresses no opinion on those responses, and
  - omitted purpose alert

# Common Findings – Gov't (A-133)

- **Failure to prepare an engagement letter or issue an agreed upon procedures report related to REAC submissions**
- **Failure to properly and consistently report the results of the single audit between the auditor's reports, the Schedule of Findings and Questioned Costs, and the Data Collection Form, including major program determination and threshold, low-risk auditee status, and evaluation of findings.**



# Common Findings – Gov't (A-133)

## ▪ Documentation and Performance, failure to:

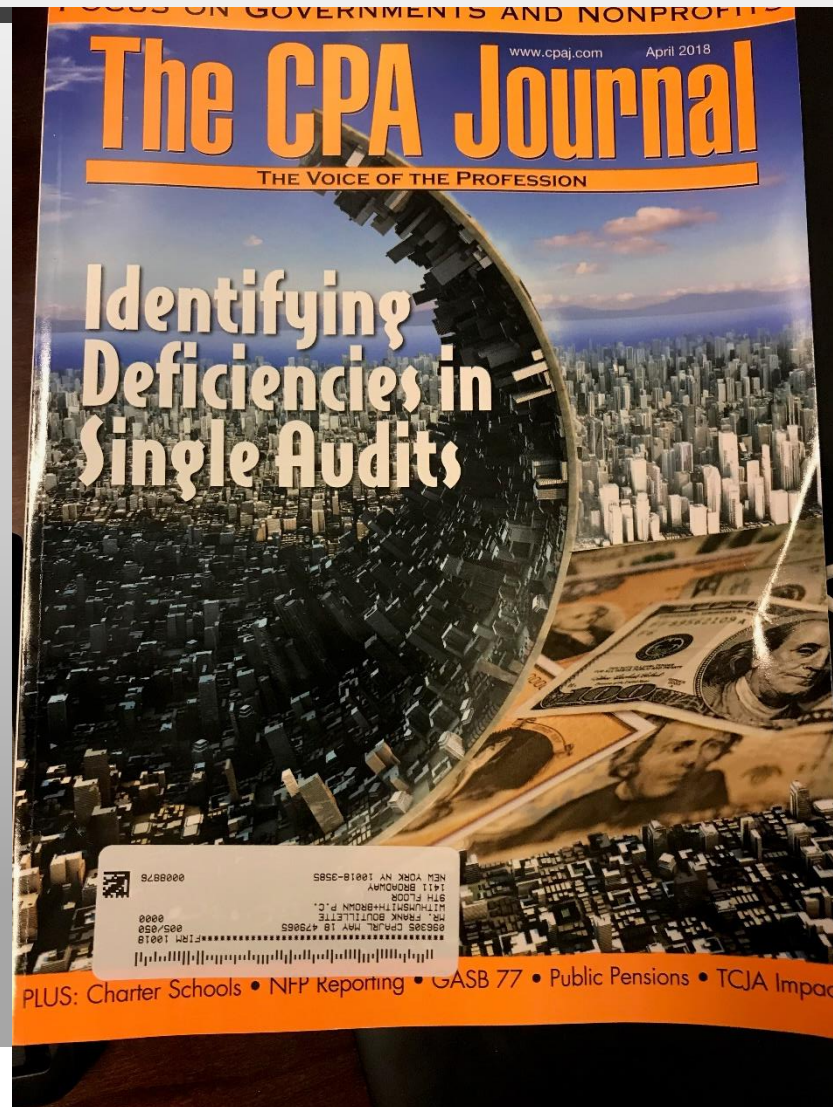
- Properly document independence considerations required by Yellow Book, including the **evaluation of management's SKE to oversee non-audit services**
  - Evaluation of threats and safeguards applied to reduce threats to acceptable levels
- **Meet Yellow Book CPE (80 hrs A&A and 24 hrs directly related to Govt auditing)**
- Communication with those charged with governance

# Common Findings – Gov't (A-133)

## ▪ **Documentation and Performance, failure to:**

- Failure to identify and test major programs
  - Resulted from using preliminary expenditures when final expenditures resulted in high risk Type A program
  - Failure to cluster
  - Failure to properly perform Type A and B program risk assessments
- Failure to document controls over preparation of the Schedule of Federal Awards (SEFA)

# Common Findings – Gov't (A-133)



# Common Findings - ERISA

## ▪ Failure to

- sufficiently perform participant testing related to demographic data and payroll
- sufficiently perform and document reliance on SOC 1 reports
- sufficiently perform procedures related to benefit and claims payment testing including evaluating participant's eligibility, examining approvals and recalculation of benefit or claims amounts
- report significant plan information, such as related party (party in interest) transactions and prohibited transactions between a plan and a party in interest
- obtain an understanding of the actuary's objectives, scope of work, methods and assumptions, and consistency of application on defined benefit plans
- present a complete Schedule of Assets (Held at End of Year)

# Common Findings – Broker Dealers

- Failure to comply with SEC Independence Rules, including not preparing financial statements for clients
- Failure to perform sufficient revenue testing by placing too much reliance on a SOC 1 report
- Failure to make or document the required communications with the audit committee (or board)
- Failure to obtain a concurring review as required by PCAOB Standards
- Failure to utilize practice aids that address PCAOB standards



# **WORTH THE PRICE OF ADMISSION FOR NJ/NY FIRMS**



New Jersey Office of the Attorney General  
 Division of Consumer Affairs  
 New Jersey State Board of Accountancy  
 124 Halsey Street, 6th Floor, P.O. Box 45000  
 Newark, New Jersey 07101  
 (973) 504-6380



## Affidavit for Exemption from Peer Review

Firm name \_\_\_\_\_

Firm registration number (20CB00????00 or 20CZ00????00) \_\_\_\_\_

Address of practice \_\_\_\_\_  
Street address City State ZIP code

Business telephone \_\_\_\_\_ Extension \_\_\_\_\_ FAX number \_\_\_\_\_  
(include area code) (include area code)

Firm e-mail address \_\_\_\_\_

*In accordance with N.J.A.C. 13:29-5.4 et seq., participation in the Peer Review Program (Program) is required of each firm licensed with the New Jersey State Board of Accountancy (Board) that performs any attest service or any accounting and/or auditing engagements including audits, reviews, compilations, forecasts, projections or special reports. A firm that issues only compilations where no report is required under the Statements on Standards for Accounting and Review Services (SSARS) is not required to participate in the Program.*

The following must be completed for firms claiming an exemption.

I, \_\_\_\_\_, certify or affirm that:  
Resident Manager-in-Charge (Print clearly)

1. I am responsible for the overall management of the above-named firm.
2. I have direct knowledge or have satisfied myself that I have complete understanding of the types of services provided by the firm.
3. I have reviewed and understand the requirements of N.J.A.C. 13:29-5.1 et seq.
4. I have reviewed the firm's work product for the last 12-month period, and none of the services requiring participation in the Board's Peer Review Program, as noted above, apply to the firm.
5. I understand that I am required to notify the Board of any change in status within 30 days of such change and that I will cause the firm to become compliant with the Board's Peer Review Program.

I make this statement under penalty of perjury. I understand that false swearing or perjury in any communication to the Board is a violation of Board rules that may subject me to discipline by the Board.

\_\_\_\_\_  
Signature of Resident Manager-in-Charge Personal CPA License number Today's date

Sworn and subscribed to before me this \_\_\_\_\_

day of \_\_\_\_\_, \_\_\_\_\_  
month year

\_\_\_\_\_  
Name of Notary Public (please print)

\_\_\_\_\_  
Signature of Notary Public



# NEW YORK

- **Firms that do not provide attest services are required to notify the Department that the firm does not perform attest services and it is not required to participate in the peer review program. Annually, firms are sent a CPA Form 6PR to report this information. Firms are required to return the form within 30 days of its receipt to the Department**



## Certified Public Accountant Form 6PR Peer Review, Competency, and Annual Statements

**Instructions:** Complete Sections I, II and III. Be sure to sign and date the affirmation and return the entire form along with the appropriate fee and any required documentation to the Office of the Professions at the address at the end of the form.

**Federal Employer Identification** \_\_\_\_\_ **Print Date** \_\_\_\_\_

**Statement Filing Date** \_\_\_\_\_

**Firm Number** \_\_\_\_\_

**Firm Name** \_\_\_\_\_

**Mailing Address**  
(Indicate changes to the right)

**Telephone Number** \_\_\_\_\_ **E-mail Address** \_\_\_\_\_

**CPA responsible for peer review** \_\_\_\_\_ **License ID** \_\_\_\_\_

### Section I, Peer Review Statement - Education Law Section 7410 and Regulations of the Commissioner Section 70.10

In accordance with the Mandatory Peer Review Program, a firm must participate in this program if it performs attest services. Attest services include audits, reviews and examinations conducted under the following standards: Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements on Standards for Attestation Engagements, Government Auditing Standards, and audits of non-SEC issuers performed pursuant to the standards of the PCAOB.

Complete A, B and C as appropriate.

- A. Fill out this section if the firm is not required to participate in a peer review program.
- The firm is not required to participate in a peer review program because the firm does not provide any attest services as defined in Education Law Section 7401-a(1).
- B.  Initial peer review. The firm has enrolled into the peer review; however, has not had a peer review conducted.
- Date initial peer review needs to be completed by (18 months from when the initial services were performed) \_\_\_\_\_
- Provide a copy of your enrollment letter. If your firm will provide attest services, the firm will be required to provide evidence of enrollment in an acceptable peer review program within 30 days and you must complete the peer review within 18 months of the date such services were first provided.
- C. The firm is participating in the peer review program. For firms that have already had a completed peer review.
- AICPA firm number
- Last Peer Review Period \_\_\_\_\_ If over three years, provide a letter of explanation for the overdue peer review.
- Next Peer Review Due Date (from former acceptance letter) \_\_\_\_\_
- Last Peer Review Rating  Pass  Pass with Deficiencies  Fail (Must complete item C of the Competency Statement Section below)
- Sponsoring Organization (Administering Organization)
- AICPA Peer Review Program administered by NPRC
- AICPA Peer Review Program administered by PICPA
- AICPA Peer Review Program administered by \_\_\_\_\_
- Is the firm registered with the PCAOB?  Yes  No
- Did you provide access for your peer review to New York State Board in PRIMA on the AICPA website?  Yes  No
- If yes, no further action is required.
- If no, it is required that the firm provide access to these documents in PRIMA as per the Regulations of the Commissioner.

**Section II, Competency Statement****Attest and Compilation Services Statement**

This section needs to be completed even if the firm is exempt from the mandatory peer review program.

A. Does your firm provide attest or compilation services?

Attest  Yes  No

Compilations  Yes  No

If no to both, go to the Affirmation section. If yes to either, complete items B and C.

Any licensee who supervises attest or compilation services or signs or authorizes someone to sign an accountant's report on the financial statements of a client for attest or compilation services still must meet the competency requirements as required under the Rules of the Board of Regents Section 29.10(a)(13).

B. Attest and Compilation Competency Rules: Any licensee who supervises attest services or signs or authorizes someone to sign an accountant's report on the financial statements of a client for attest or compilation services must:

- a. have completed at least 40 hours of continuing education in the area of accounting, auditing or attest during the prior three calendar years or in the calendar year in which the services is performed; and
- b. have maintained the level of education, experience and professional conduct required by generally accepted professional standards, relating to the attest and/or compilations services performed.

Have the licensees met the competency requirements as outlined above?  Yes  No

C. Failed Peer Review Rating: If the firm has a failed peer review rating, it must meet additional competency requirements.

Have the licensees had at least 1,000 hours of experience within the previous five years in providing attest services or reporting on financial statements gained through employment in government, private industry, public practice or an educational institution satisfactory to the State Board for Public Accountancy?

Yes  No  Not Applicable

**Section III, Annual Statement - Education Law Section 7408(3)(e) and Regulations of the Commissioner Section 70.8**

1. Does the firm have one or more offices in New York State? (If not listed above, provide a list of the physical address of each office location in New York and the name of the responsible individual in charge of that office.)  Yes  No
2. Has the firm applied for or does it hold a registration, permit, or license as a public accounting firm in another state? (If yes, provide a list of any additional state(s), including the firm registration number and the status of any pending application.)  Yes  No
3. Has the firm formally dissolved and terminated operations? (Firms not formally dissolved must maintain a registration. If dissolved, attach proof of dissolution, including dissolution date.)  Yes  No
4. Has the firm been acquired by another firm? (If yes, include an explanation, including the name of the acquiring firm and the date acquired.)  Yes  No
5. Has the firm been subject to disciplinary action or been denied a registration, permit or license by another state or jurisdiction in the last 3 years? (If yes, attach an explanation.)  Yes  No

**Affirmation**

Under penalty of perjury, I affirm to the best of my knowledge that the statements made on this form are true and accurate, our firm is in compliance with the Mandatory Peer Review Program in accordance with the Education Law Section 7410, and that our licensees who supervise attest or compilation services meet the competency requirements.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Find the status of your corporation by checking our online license verifications service on the Office of the Professions' website at:  
[www.op.nysed.gov/opsearches.htm](http://www.op.nysed.gov/opsearches.htm)

Reminder: Each firm must notify the Department of its change in status within 30 days and provide the Department with evidence of enrollment in an acceptable peer review program. A change of status is either the date of the firm's initial registration or the firm's initial performance of services requiring a peer review under this program. The firm shall have a peer review completed within 18 months of the firm's initial registration or performance of services.

**Mail this form to:** New York State Education Department, Office of the Professions, New York State Board for Public Accountancy, 89 Washington Avenue, Albany, NY 12234-1000.

# Where to find more information

## ▪ AICPA website

- <http://www.aicpa.org/members/div/practmon/index.htm>

## ▪ Frank Boutillette

- [fboutillette@withum.com](mailto:fboutillette@withum.com)
- 212-829-3238