



July 6, 2016

Beth Thoresen, Director – Peer Review Operations  
AICPA Peer Review Program  
220 Leigh Farm Road  
Durham, North Carolina 27707-8110  
Via e-mail: [prsupport@aicpa.org](mailto:prsupport@aicpa.org)

Re: Evolution of Peer Review Administration

Dear Ms. Thoresen:

The Peer Review Acceptance Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced discussion paper on the Proposed Evolution of Peer Review Administration. The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee has the following comments related to the questions posed in the above referenced discussion paper:

**Question 1:** The Committee believes that January 31, 2017 provides sufficient time for an Administering Entity (AE) to make decisions as to whether the current AE will remain in peer review in the future. The Committee is not as certain about the December 28, 2018 timeframe for full transition to the new model for those AE's wishing to remain an AE in the future. While two years from the time of commitment, there are plenty of variables to consider such as filling critical positions; timing of receiving additional fees to offset costs involved with new positions; budget concerns over administration and volunteer committees, etc. Another big assumption pointed out is assuming appropriate technology is in place. Not only does the technology need to be in place but it needs to be operational and fully tested at time of implementation. The first phase of PRISM did not meet those needs at the time it was put in place and to this day there are still issues PRISM does not track such as Implementation Plans.

**Question 2:** We do not believe there are additional qualifications needed than those stated for Administrators, Technical Reviewers, Directors, RAB members or Committee members. However, we do feel that the qualifications for the Director, Technical Reviewers, and Administrators can be lessened somewhat by requiring the following:

Director – Minimum five to eight years of experience in accounting or auditing versus eight years.

Technical Reviewer – Minimum three to five years of experience in accounting or auditing versus five years.

Administrators – experience should state work experience in the administration of a compliance or regulatory program, or equivalent experience. Equivalent experience is mentioned for the Manager position but not for Administrators. This should be consistent.

**Question 3:** We do not believe there are any additional procedures that should be standardized at the Committee vs. RAB level at this time.

**Question 4:** Below is a list of additional issues for consideration:

Peer Review Oversight Committees (PROC)(state licensing required committee) – Because many states have different levels of PROC involvement it will be extremely difficult in holding RAB meetings with reviews from various states. PROCs will have to enter and leave these meetings on an on-going basis. Although it is suggested that AEs should avoid RABs comprised of all individuals from one particular market (state) especially when that market's reviews are being presented, the paper does not seem to state that reviewed firms cannot be limited to one market to help ease the issues of PROC participation. It may be difficult to only consider reviews from one state when holding RAB meetings. Until consistency occurs across the states for PROC participation this process will always be a difficult one to address for the AE.

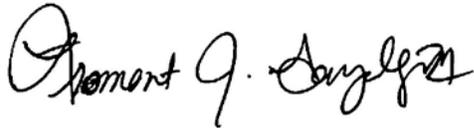
Time Estimates – The Committee believes the time estimates, particularly for the technical review and administrator processes may be overstated based on current staffing and current number of reviews administered by our AE. However, we do understand that these are estimates and it may be better to overestimate the time and number of staff needed.

**Question 5:** While reducing the number of AEs may add some consistency to the program, we do not believe it will gain the desired result the AICPA and other regulators are striving for. When there are thousands of reviewers that perform peer reviews consistency can only be gained by continual education and training of those reviewers. While one reviewer may handle one situation one way, another may handle it a different way. Unless all reviews have oversight performed by the AE these differences will not be resolved at the AE level regardless of how many AE's administer the program.

The Committee would like the AICPA to also reconsider the requirement for technical reviewers to perform a full working paper review (all engagements checklists and quality control policies and procedures). We do not feel that the benefit of doing so outweighs the costs of administering the program. Oversight results of A-133 engagements have proven that full working paper reviews do not necessarily prevent poor reviewer performance, as many of the issues noted during enhanced oversight occurred at the reviewer level and not the technical review or AE level. In addition, full working paper review was a requirement years ago in the program for engagement reviews (off-site reviews at that time) that was subsequently removed as it was determined it was not cost effective at that time. If a reviewer answers "N/A" to a checklist item, the technical reviewer will have no way to determine if that answer is correct or whether it should be

“No”. A reviewer can also check to “yes” to a question, when it is only partially correct and a “no” answer may be more appropriate. Requiring the technical reviewer to perform a full working paper review will not uncover those issues. The focus of the technical review should be more on the consistency of those issues reported on by the reviewer in the MFCs, FFCs, and/or report and not necessarily trying to uncover failures to recognize something by the reviewer. That should be taken up in the process of oversight.

Respectfully submitted,

A handwritten signature in black ink that reads "Froment J. Gonzalez". The signature is written in a cursive style with a large initial 'F'.

Froment John Gonzalez, CPA  
Chair, FICPA Peer Review Acceptance Committee