



AICPA[®]

AICPA Peer Review Program

Administered by the Missouri Society of CPAs

AICPA & MOCPA Peer Review Board Termination Resolution

WHEREAS, a firm enrolled in the AICPA Peer Review Program is required to have a peer review once every three years performed in conformity with the AICPA *Standards for Performing and Reporting on Peer Reviews*; and

WHEREAS, a firm enrolled in the AICPA Peer Review Program is required under the AICPA *Standards for Performing and Reporting on Peer Reviews* to cooperate with the peer reviewer, administering entity and the AICPA Peer Review Board in all matters related to the review, that could impact the firm's enrollment in the program;

NOW, THEREFORE, BE IT RESOLVED: A firm is considered not cooperating and its enrollment is subject to termination from the program for reasons including, but not limited to, the following:

- Once the review has commenced, not responding to inquiries or providing information necessary to ensure the review is accepted and completed,
- Not providing documentation including the representation letter, quality control documents, engagement working papers, and all elements of the firm's system of quality control,
- Not responding to matters for further consideration (MFCs) or findings for further consideration (FFCs) timely,
- Limiting access to offices, personnel or other once the review has commenced,
- Not facilitating the arrangement for the exit conference on a timely basis,
- Failing to timely file a letter of response, if applicable,
- Failing to cooperate during oversight,
- Failing to timely agree to and complete required corrective actions or implementation plans,
- Failing to ensure that the firm's peer review is submitted to the AE timely

A firm is considered not complying with the requirements of the program and its enrollment is subject to termination from the program for reasons including, but not limited to, the following:

- Withholding information significant to the peer review,
- Failing to correct deficiencies or significant deficiencies after consecutive non-pass (*pass with deficiencies* or *fail*) peer review reports,
- Failing to correct deficiencies or significant deficiencies after consecutive corrective actions required by the committee on the same peer review,

- Receiving a peer review report with deficiencies or significant deficiencies that indicate the firm is so seriously deficient in its performance that the committee believes educational and remedial corrective actions or implementation plans would not be adequate,
- Failing to provide the AE with a substantive response, and the firm does not revise its response or provides additional responses that are not substantive as determined by the AE,
- Failing to provide substantive responses during the AE's process of determining if information provided by a firm was erroneous or omitted, which results in a significant change in the planning, performance, evaluation of results, or peer review report,
- Failing to timely notify the AE that it is performing a type of engagement or engagement in an industry that the firm had previously represented by written communication to the AE that it was no longer performing and had no plans to perform, in response to a related corrective action or implementation plan and the corrective action or implementation plan was eliminated by the AE based on that representation

The firm will be advised by certified mail, or other delivery method providing proof of receipt, that the AICPA Peer Review Board will appoint a hearing panel to consider whether the firm's enrollment in the AICPA Peer Review Program should be terminated. A firm enrolled in the AICPA Peer Review Program that has been notified that it is the subject of such a hearing may not resign until the matter causing the hearing has been resolved. After a hearing is held, a firm with AICPA members whose enrollment in the AICPA Peer Review Program has been terminated has the right to appeal the panel's decision to the AICPA Joint Trial Board within 30 calendar days of the hearing. Firms without AICPA members whose enrollment in the AICPA Peer Review Program has been terminated have the right to appeal pursuant to fair procedures established by the board within 30 calendar days of the hearing; and

If a firm omits or misrepresents information relating to its accounting and auditing practice as defined by the *AICPA Standards for Performing and Reporting on Peer Reviews* that results in a material departure^{fn 2} in the firm's most recently accepted peer review, acceptance of the peer review documents will be recalled. A hearing panel will determine whether the firm's enrollment in the AICPA Peer Review Program should be terminated. If the hearing panel determines that the firm's enrollment will not be terminated, at a minimum the hearing panel will require that the firm have a replacement review submitted to the administering entity by the due date which will be approximately 60 days after the hearing panel's decision.

Firms that voluntarily notify the administering entity of an omission or misrepresentation resulting in a material departure will not be subject to a hearing panel. This notification from the firm must be prior to the AICPA or administering entity being otherwise notified of or discovering the omission or misrepresentation and prior to the firm receiving notification from another regulatory or monitoring agency. Acceptance of the peer review documents will be recalled and the firm will be required to submit a replacement review to its administering entity by the due date which will be approximately 90 days after the firm's notification to the administering entity.

If a firm's enrollment is terminated for omission or misrepresentation of information relating to its accounting and auditing practice as defined by the *AICPA Standards for Performing and Reporting on Peer Reviews* or subsequent failure to submit a replacement review by the due date established by a hearing panel, the matter may result in an investigation of a possible violation by an appropriate regulatory, monitoring, or enforcement body. If a firm's enrollment is terminated for such an omission or misrepresentation, re-enrollment will be subject to approval by a hearing panel.

^{fn 2} Material departure is defined in the Report Acceptance Body Handbook, Chapter 3, Section VII, Recall of Peer Review Documents.

BE IT FURTHER RESOLVED: That a firm's failure to cooperate with the administering entity would also include failing to receive a pass report rating subsequent to receiving notification via certified mail, or other delivery method providing proof of receipt, after a peer review rating of *pass with deficiencies* or *fail* that a consecutive peer review rating of *pass with deficiencies* or *fail* may be considered a failure to cooperate with the administering entity. In addition, a firm that fails to correct deficiencies or significant deficiencies after consecutive corrective actions required by the committee on the same peer review may also be deemed as a firm failing to co- operate.

BE IT FURTHER RESOLVED: The administering entity has the authority to determine if a firm's response is substantive. If the administering entity determines that a response is not substantive, and the firm does not revise its response or submits additional responses that are not substantive as determined by the administering entity, this would also be deemed as a firm's failure to cooperate.

BE IT FURTHER RESOLVED: The administering entity has the authority to determine if erroneously provided or omitted information by a firm that results in a significant change in the planning, performance, evaluation of results, or peer review report is a matter of noncooperation. The firm's failure to provide substantive responses during the process of resolving such a matter may also be deemed as a firm's failure to cooperate.

BE IT FURTHER RESOLVED: That a firm's failure to cooperate with the administering entity would also include failing to timely notify the administering entity that it is performing a type of engagement(s) or engagement(s) in an industry in which the firm had previously represented by written communication to the administering entity that it was no longer performing and had no plans to perform, in response to a related corrective action or implementation plan wherein the corrective action or implementation plan was eliminated by the administering entity based on the representation.

BE IT FURTHER RESOLVED: A firm's enrollment in the AICPA Peer Review Program will be terminated for failure to cooperate in any of the preceding situations, without a hearing, upon receipt of a plea of guilty from the firm; and BE IT FURTHER RESOLVED: That pursuant to the AICPA *Standards for Performing and Reporting on Peer Reviews*, as to AICPA members, the fact that a firm's enrollment in the AICPA Peer Review Program has been terminated, whether with or without a hearing, will be published in such form and manner as the AICPA Council may prescribe.