

ADDITIONS TO AGENDA
SOUTH DAKOTA BOARD OF ACCOUNTANCY
BOARD MEETING,
September 27, 2016

A=Action
D=Discussion
I=Information

A-Additions to Certificates.....	2
D-Addition to Proposed Evolution of Peer Review Administration for State Boards, Maryland Response.....	3-5

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through September 23, 2016

Number	Name	Date Issued	Location
3271	Wayne Marvin Hitt	8/19/16	Sioux Falls, SD
3272	Melinda M. Barrett	8/23/16	Rapid City, SD
3273	Sarah Jean Davis	8/23/16	Rapid City, SD
3274	Justin Lee Werkmeister	8/25/16	Brookings, SD
3275	Andrea Renee Quick	8/30/16	Burnsville, MN
3276	Rebecca Marie Vien	8/30/16	Tracy, MN
3277	Amy Jo Roberts	8/30/16	Minneapolis, MN
3278	Daniel Christian Foster	9/01/16	Sioux Falls, SD
3279	Kirk Russell Overaas	9/16/16	Sioux Falls, SD
3280	Timothy Lee Tordoff	9/16/16	Minneapolis, MN
3281	Wei Zeng	9/22/16	Yankton, SD
3282	Devin M Pfaff	9/22/16	Rapid City, SD

September 21, 2016

Beth Thoresen, Director- Peer Review Operations
AICPA Peer Review Program
AICPA
220 Leigh Farm Road
Durham, NC 27707

Re: Discussion Paper on the Proposed Evolution of Peer Review Administration.

Dear Ms. Thoresen:

On behalf of the Maryland State Board of Public Accountancy (MSBA), I am pleased to submit our comments on the American Institute of Certified Public Accountants (AICPA) Discussion Paper on the Proposed Evolution of Peer Review Administration.

The MSBA fully supports improving the peer review administrative process including improving the consistency and quality of the program. In today's environment of increased scrutiny from regulatory agencies such as the Department of Labor, we feel it essential to satisfy these regulatory bodies as to the effectiveness of and their reliance on the Peer Review Process.

First and foremost, we would like to convey our complete satisfaction with our administering entity for the State of Maryland, the Maryland Association of Certified Public Accountants (MACPA). Our interaction with our administering entity has been seamless as has been our interaction with our Peer Review Oversight Committee (PROC). The purpose of the PROC, as constituted in the state of Maryland, is to provide the Maryland State Board of Public Accountancy an independent means to evaluate and monitor the Peer Review Program administered by the MACPA for the purpose of relying on the administering entity's systems and in accordance with the operating Agreement Between the Maryland State Board of Public Accountancy for State Oversight of the Peer Review Program. We take this oversight role very seriously and would not want to embark on a process that diminishes this oversight.

The MACPA annually conducts approximately 235 peer reviews predominantly for Maryland licensed firms. Over a 3 year period, the MACPA conducts approximately 700 peer reviews. The MACPA has been the subject of a number of AICPA Peer Review Board oversight visits and each visit has resulted in a highly successful review.

PHONE: 410-230-6258 • EMAIL: dennis.gring@maryland.gov • INTERNET: ww.dllr.maryland.gov

With this background information in mind, we would like to convey the following comments as well as to pose some questions:

- We fully support increased training and enhancing the capability of members of the Peer Review Program.
- We are unclear as to how the number of 1,000 peer reviews per year was determined in order to maintain consistency and quality within an Administering Entity. We believe a more effective barometer of the quality and consistency of a particular program is through the AICPA Peer Review Board oversight visits and the results of those visits.
- We are very concerned about the impact of this change in peer review administration on our constituents in the state of Maryland as well as on the workings of the MSBA in governing the profession in the state of Maryland. We do not believe that the proposed changes to peer review administration effectively address the current issues surrounding peer review. We believe the consolidation of the number administering entities will result in a less efficient process of interaction between a State Board and the geographically separate administering entity. For instance:
 - Do you envision a particular state relying on “another PROC” to provide oversight of the administering entity that would satisfy the oversight of the State Board? Or do you envision each State Board appointing a person to the PROC of the geographically separate administering entities?
 - Do you envision the geographically separate administering entity making in person presentations to the State Board? Who would bear the cost of travel and hotel for these presentations?
 - Are you aware of the legislative changes within a particular state that may be required in order to accommodate a geographically separate administering entity?
- Have you considered the impact on state resident CPA firms being subject to a peer review from a geographically separate administering entity? This impact could take the form of the following:
 - Cost of the program.
 - Interaction between the peer reviewer and the CPA firm. Will the interaction become protracted due to the geographic separation?

Beth Thoresen
September 21, 2016
Page 3

- Will the peer review process become elongated because you are now dealing with a larger administering entity located in a separate geography with the concomitant increased bureaucracy and perhaps inefficiencies?
- Today's profession relies on State Boards of Accountancy to address audit quality issues. Addressing these quality issues requires cooperation and communication between the administering entity and the State Board. Communication and cooperation must not suffer under this proposed evolution of the peer review program.

We sincerely appreciate the opportunity to provide our feedback in connection with the Proposed Evolution of the Peer Review Program.

Very truly yours,



Arthur E. Flach, Chairman
Maryland Board of Public Accountancy

cc: File – Maryland Board of Public Accountancy