Compliance Assurance Committee

NASBA

2009 Regional Meetings
June 4, 2009 – Oklahoma City
June 18, 2009 – Indianapolis
Mark P. Harris

NASBA’s Compliance Assurance Committee

• Explore, develop and implement opportunities for state boards to become involved in standard setting and oversight of mandatory compliance assurance review programs. Develop and implement a plan for a compliance assurance review program.

• Oversight Evaluation Task Force - Jim Goad (AR)
  ▪ Charles Clark (ID), Edwin Jolicoeur (WA), Henry Krostich (NY), Ginger Powell (KS)

• Peer Review & UAA Article 7 Task Force - Jim Ciarcia (CT)
  ▪ Alicia Foster (MD), Bennie Hadnott (NJ), Lamar Harris (AL), Robert Petersen (CA)

• SBA Oversight Committee Implementation Task Force-Jim Burkes (MS)
  ▪ Doris Cubitt (SC), Sharon McNair (NV), Janice Gray (OK)
AICPA’s Peer Review Programs

- CPCAF (Center for Public Company Audit Firms)
  - 800 - 900 firms:
    - Inspected by PCAOB
    - Audit non-SEC Clients using PCAOB Standards
    - Many firms are voluntary members in this center
    - Firm-on-firm peer review program of Non-SEC issuer practice
    - Public File submission of results
    - Administered by Peer Review Board & the National Peer Review Committee

- AICPA Peer Review Program
  - 32,000 firms
  - Administered by Peer Review Board & 41 State CPA Societies

CPCAF Peer Review Program - Administration & Oversight

- AICPA Peer Review Board
  - Issues Standards, Interpretations & Educates Reviewers

- National Peer Review Committee - 15 members
  - Closed session meetings, acting as the 42nd AE / RAB
  - Extensive oversight by members and AICPA staff
    - Panel Reviews
    - On-site - concurrent evaluation
    - Regulatory presence is eminent
AICPA Peer Review Program Oversight Model

1) PRB’s Oversight Task Force: visits 41 Administering Entities
   - Work program & checklists (available upon request)
   - Posted Results of Administering Entity Oversight Visits
     www.aicpa.org/members/div/practmon/oversight_documents.htm
     - Annual Report on Oversight - 12/12/08 & 10/3/07

2) AICPA Staff Conduct 300 Working Paper Reviews (Durham)

3) State Society PR Committee’s Oversight Procedures Emphasizing
   Reviewers’ Qualifications and Performance - external reporting planned*

4) State Board Peer Review Oversight Committee

Guiding Principles of Oversight

- Ensure a program that is effective and uniform
  - Provide forum opportunities

- Transparency increases understanding & confidence

- Oversight Reporting - responding to calls for transparency
Criteria for Reliance on Oversight

- Adequacy & Integrity
- Independence
  - From the auditing profession
  - Source of funding
- Transparency

UAA Rules

- Article 7
  - Rule 7-4 (b) “An Oversight Committee shall be appointed by the Board....and report to the Board...”
  - Rule 7-5 - the Board shall have access to the reports
Oversight Reporting

- PRB Annual Reports (issued 12/08 & 10/07)
- Component #1 - Oversight Task Force A E visit letters ('08)
- Component #2 - AICPA Working Paper Reviews
- Component #3 - State Admin. Entities - 2009 ?
- Component #4 - State Boards’ PROC’s

Oversight Reporting

- AICPA’s BOD TF report (issued Feb, 2006) called for:
  - a plain English description of Oversight processes, objectives and structure
  - Pg 20, the Peer Review Board recognizes, 
    “..oversight ..is critical to the continued success of Peer Review..and supports independent state board of accountancy oversight....to provide a level of assurance ....”