

## Board Policy #7

<b>TITLE:</b>	Peer Review Oversight Committee (PROC)
<b>EFFECTIVE DATE:</b>	June 30, 2015
<b>AUTHORITY:</b>	§§§ 54.1-4403, 54.1-4412.1 and 54.1-4413.3 of the Code of Virginia and Board Regulation 18VAC5-22-150
<b>POLICY STATEMENT:</b>	<p>(I) The Virginia Board of Accountancy shall establish and maintain the Peer Review Oversight Committee for the purpose of:</p> <ul style="list-style-type: none"><li>(A) Monitoring sponsoring organizations (defined as administering organizations set up to carry out peer reviews in conformity with AICPA Peer Review standards) to provide reasonable assurance that peer reviews are being conducted and reported in accordance with Standards for Performing and Reporting on Peer Reviews (the Standards) promulgated by the AICPA Peer Review Board</li><li>(B) Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the peer review standards</li><li>(C) Reporting to the VBOA on the conclusions and recommendations reached as a result of performing the functions in paragraphs (A) and (B) of this subsection</li></ul> <p>(II) Information concerning a specific firm or reviewer obtained by the PROC during oversight activities shall be confidential and the firm's or reviewer's identity shall not be reported to the VBOA. Reports submitted to the VBOA will not contain information concerning specific firms or reviewers. Members of the PROC will be required to execute a confidentiality statement for the sponsoring organization which they review.</p> <p>(III) The PROC shall consist of one or more members, approved by the VBOA, who are active licensed Virginia CPAs. No member of the PROC shall be current members of the VBOA or one of its committees, the VSCPA's Board of Directors, Peer Review or Professional Ethics Committee, or the AICPA Peer Review Board or the Professional Ethics Executive Committee (including subcommittees). The members should have extensive experience in accounting and auditing and currently or recently be in the practice of public accountancy at the partner level (or an otherwise appropriate level as determined by the VBOA), and shall be members of the VSCPA and the AICPA. The member's current or former firm must have received a report with a rating of pass from its last peer review. PROC members shall be in good standing with all governing bodies including Boards of Accountancy. The PROC member will be reimbursed for travel expenses in accordance with state travel guidelines.</p> <p>(IV) PROC Member Terms: Members shall generally serve a term of three years, with an option requiring approval by the VBOA for a second 3-year term. Terms may be modified to ensure continuity and rotation of PROC members. The VBOA reserves the right to terminate and/or modify member terms as necessary.</p> <p>(V) The PROC shall make an annual recommendation to the VBOA as to the qualifications</p>

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of an approved sponsoring organization to continue as an approved sponsoring organization on the basis of the results of the following procedures:

(A) Where the sponsoring organization is the AICPA, state CPA societies other than Virginia fully involved in the administering AICPA Peer Review Programs, or the PCAOB, PROC shall review the published reports of those entities or successors, to determine that there is an acceptable level of oversight. A member of the PROC shall participate in the AICPA Peer Review Board open sessions and the NASBA Compliance Assurance Committee meetings.

(B) With respect to the VSCPA's Peer Review Committee (PRC), PROC shall perform the following functions:

- (1) A member of the PROC shall attend selected meetings of the PRC, including the meeting where the AICPA Peer Review Board Oversight Task Force presents its results. Certain PRC meetings may be conducted via telephone. In those instances, the PROC member may join the conference call.
- (2) During such visits, the PROC member shall:
  - (i) Meet with the PRC during the committee's consideration of peer review documents
  - (ii) Evaluate the VSCPA's procedures for administering the peer review program
  - (iii) Examine, on the basis of a random selection, a number of reviews accepted by the PRC to include, at a minimum, a review of the report on the peer review, the firm's response to the matters discussed, the PRC's letter of acceptance outlining any additional corrective or monitoring procedures, and the required technical documentation maintained by the PRC on the selected reviews
  - (iv) Expand the examination of peer review documents if significant deficiencies, problems or inconsistencies are encountered during the analysis of the materials

(VI) In the evaluation of policies and procedures of the VSCPA, the PROC shall:

(A) Examine the policies as drafted by the VSCPA to determine that they provide reasonable assurance of conforming with the standards for peer reviews

(B) Evaluate the procedures enacted by the VSCPA to determine that:

- (1) Assigned reviewers are appropriately qualified to perform the review for the specific firm.
- (2) Reviewers are using appropriate materials.
- (3) The PRC has provided for consulting with the reviewers on problems arising during the review and that specified occurrences requiring consultation are outlined.

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(4) The PRC has provided for the assessment of the results of the review.

(5) The PRC has provided for an independent report acceptance body that considers and accepts the reports of the review and requires corrective actions by firms with significant deficiencies.

(6) The VSCPA has a biennial oversight visit and subsequent report issued by the AICPA Peer Review Board Oversight Task Force.

(VII) Annually the PROC shall provide the VBOA with a report on the continued reliance of sponsoring organizations' peer reviews. The PROC report shall provide reasonable assurance that peer reviews are being conducted and reported on consistently and in accordance with the Standards for Performing and Reporting on Peer Reviews (the Standards) promulgated by the AICPA Peer Review Board. A summary of oversight visits shall be included with the annual report.

**APPROVAL AND REVIEW:**

This Board policy was reviewed on June 30, 2015.

**SUPERSESSION:**

This Board policy replaces Board Policy #7 approved on May 27, 2014.

**BOARD CHAIR AT  
LAST REVIEW:**

W. Barclay Bradshaw, CPA

**BOARD MEMBERS AT  
LAST REVIEW:**

Robert J. Cochran, Ph.D., CPA, Vice Chair  
Matthew P. Boshier  
James M. "Jim" Holland, CPA  
Andrea M. Kilmer, CPA, CFF, CGMA  
Marc B. Moyers, CPA  
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Wade A. Jewell