

VBOA Policy #7

Peer Review Oversight Committee

TITLE:**EFFECTIVE DATE:**

December 31, 2018

AUTHORITY:

Code of Virginia §§ 54.1-4400, 54.1-4403, 54.1-4412.1 and 54.1-4413.3 and VBOA regulation 18VAC5-22-150

POLICY STATEMENT:

The Virginia Board of Accountancy (VBOA) shall establish and maintain the Peer Review Oversight Committee (PROC) for the purpose of:

- Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported in accordance with Standards for Performing and Reporting on Peer Reviews established by the American Institute of Certified Public Accountants (AICPA) Peer Review Board.
- Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the AICPA peer review standards.
- Reporting to the VBOA annually on the conclusions and recommendations reached as a result of performing the functions described above and on whether the VBOA may continue to rely upon 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 AICPA peer review standards. A summary of oversight visits performed by the PROC shall be included with the annual report.

Information concerning a specific firm or peer reviewer obtained by the PROC during oversight activities shall be confidential and the firm's or peer reviewer's identity shall not be reported to the VBOA. Reports submitted to the VBOA will not contain information concerning specific firms or peer reviewers. Members of the PROC will be required to execute a confidentiality statement for the sponsoring organization that they review.

The PROC shall consist of one or more persons, appointed by the VBOA, who hold an active Virginia license. No member of the PROC shall be current members of the VBOA or one of its committees; the Virginia Society of Certified Public Accountants' (VSCPA) Board of Directors, Peer Review or Professional Ethics Committee; or the AICPA's Peer Review Board or the Professional Ethics Executive Committee, including any subcommittees. The PROC 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 PROC 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 state boards of accountancy. The PROC member will be reimbursed for travel expenses in accordance with state travel guidelines.

PROC 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.

The PROC shall make an annual recommendation to the VBOA as to the qualifications of an approved sponsoring organization to continue as an approved sponsoring organization on the basis of the results of the following procedures:

- Where the sponsoring organization is the AICPA, state CPA societies other than Virginia fully involved in the administering AICPA Peer Review Program, or the Public Company Accounting Oversight Board, 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 National Association of State Boards of Accountancy Compliance Assurance Committee meetings.
- With respect to the VSCPA's Peer Review Committee (PRC), PROC shall perform the following functions:
 - 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.
 - During such visits, the PROC member shall:
 - Meet with the PRC during the committee's consideration of peer review documents.
 - Evaluate the VSCPA's procedures for administering the peer review program.
 - Examine, on the basis of a random selection, a number of peer 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 peer reviews.
 - Expand the examination of peer review documents if significant deficiencies, problems or inconsistencies are encountered during the analysis of the materials.

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

- Examine the policies as drafted by the VSCPA to determine that they provide reasonable assurance of conforming with the AICPA peer review standards.
- Evaluate the procedures enacted by the VSCPA to determine that:
 - Assigned peer reviewers are appropriately qualified to perform the peer review for the specific firm.
 - Peer reviewers are using appropriate materials.

- The PRC has provided for consulting with the peer reviewers on problems arising during the peer review and that specified occurrences requiring consultation are outlined.
- The PRC has provided for the assessment of the results of the peer review.
- The PRC has provided for an independent report acceptance body that considers and accepts the reports of the peer review and requires corrective actions by firms with significant deficiencies.
- The VSCPA has a biennial oversight visit and subsequent report issued by the AICPA Peer Review Board Oversight Task Force.

APPROVAL AND REVIEW:

This VBOA policy was reviewed on December 4, 2018.

SUPPRESSION:

This VBOA policy replaces Board Policy #7 that was effective on June 30, 2015.

**VBOA CHAIR AT
LAST REVIEW:**

Susan Quaintance Ferguson, CPA

**VBOA MEMBERS AT
LAST REVIEW:**

D. Brian Carson, CPA, CGMA, Vice Chair
Matthew P. Boshier
W. Barclay Bradshaw, CPA
William R. Brown, CPA
Stephanie S. Saunders, CPA
Laurie A. Warwick, CPA

EXECUTIVE DIRECTOR:

Nancy J. Glynn, CPA