



December 14, 2021

Brad Coffey, CPA
Technical Manager-Peer Review
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110
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Re: Exposure Draft – *Proposed Changes to AICPA Standards for Performing and Reporting on Peer Reviews; Clarification of AICPA Standards for Performing and Reporting on Peer Reviews*

Dear Mr. Coffey:

One of the expressed goals of the Texas Society of Certified Public Accountants (TXCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TXCPA has established a Peer Review Committee (PRC) to represent those interests on peer review matters. The views expressed herein are written on behalf of the PRC, which has been authorized by the TXCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this document have not been approved by the TXCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TXCPA. Please find our responses below to the changes proposed in the above-referenced exposure draft.

Requests for Comments:

Removal of the Requirement for the Majority of Procedures in a System Review to Be Performed at the Reviewed Firm's Office.

1. Please provide your views on the changes described. In addition, please provide your views about the advantages and disadvantages of performing some or all system review procedures remotely.

Response: The committee agrees with the proposed changes and has not seen a decrease in peer review quality when performed remotely. However, we have observed some delays, communication issues and extended review completion times as a result.

Change to the Requirements for Onsite Office Visits in System Reviews.

2. Please provide your views on the changes described. In addition, please provide your views on the advantages and disadvantages of visiting one or more offices of the reviewed firm.

Response: The committee agrees with the proposed change to the requirements for onsite office visits in system reviews.

Removal of the Requirement for Surprise Engagements in System Reviews.

3. Please provide your views on the changes described. In addition, please provide your views on specific peer review risks that may warrant selecting a surprise engagement.

Response: The committee agrees with the proposed change related to the removal of the requirement for surprise engagements.

Removal of the Term "Significant Deficiency" in Engagement Reviews.

4. Please provide your views on the changes described.

Response: The committee agrees with the proposed change to remove the term "significant deficiency" in engagement reviews.

Removal of the Requirement That Peer Review Documents for Single Audit Engagements Be Included in Materials for RAB Meetings.

5. Please provide your views on the changes described.

Response: The committee agrees with the proposed change. However, we also believe that technical reviewers should be permitted to include these single audit documents in the RAB meetings at their discretion.

Removal of Guidance on Performing and Reporting on Reviews of Quality Control Materials

Response: The committee agrees with the proposed change.

Issues for Consideration, Written Comments, or Suggestions

6. Are the requirements in the proposed peer review standards clear and understandable?

Response: The committee agrees that the proposed peer review standards are clear and understandable.

7. Is the application and other explanatory material helpful to support the application of the requirements?

Response: The committee agrees that the application and other explanatory material is helpful to support the application of the requirements.

8. Are the definitions easy to understand and apply? In addition, please provide your views about whether the master glossary is helpful to all users of the standards (refer to PR-C section 100).

Response: The committee believes that the definitions are easy to understand and apply and that the master glossary is helpful to all users.

9. Do the requirements for commencing peer reviews appropriately reflect considerations for both system and engagement reviews? Do you think an engagement letter should be required for all peer reviews?

Response: The committee believes that the current requirement for commencing a peer review is sufficient. Unlike audits, the engagement letter for peer reviews is not needed to satisfy requirements or communications surrounding peer review standards. We believe that engagement letters are a contract between the peer reviewer and the reviewed firm, and should be strongly encouraged as a best practice, rather than required.

10. Is the application and other explanatory material appropriate and understandable regarding committee members who are not team captain-qualified but practicing with a firm that has received a non-pass peer review report rating (refer to paragraphs .17-.19 of PR-C section 400)?

Response: The committee believes that the application and other explanatory material is appropriate and understandable.

Effective Date

11. Please provide your views on the proposed effective date. If you are not in support of the proposed date, please provide reasons for your response. In addition, what are your views on the types of training and resources that would be helpful for stakeholders to begin using the proposed standards?

Response: The Committee believes that the proposed effective date is appropriate.

We appreciate the opportunity to provide input on this exposure draft of proposed changes to AICPA standards.

Sincerely,



Timothy S. Pike, CPA
Chair, Peer Review Committee
Texas Society of Certified Public Accountants