

NCACPA participates in the “Facilitated State Board Access” pilot program beginning October 24, 2007

On October 24, 2007, NCACPA along with the state societies from Ohio, Oklahoma, South Dakota, Tennessee and Texas began participation in the AICPA Peer Review “Facilitated State Board Access” pilot program.

What is Facilitated State Board Access?

It is a new process that has been created to help the profession keep up with the evolving changes in the business and regulatory environments and to address the demand for greater peer review transparency.

How will Facilitated State Board Access benefit my firm?

The goal of this new process is to create a nationally uniform system through which CPA firms can satisfy state board peer review submission requirements, increase transparency, and retain control over their peer review results. NCACPA and AICPA are working together to create a process which will become the primary means by which all State Boards of Accountancy obtain peer review results. Over time, this new process will help to make submission of your firm’s peer review information easier. **However, until we are notified by the NC State Board of CPA Examiners, this new process will not replace the current peer review information submission requirements. Therefore, firms receiving an adverse or second modified peer review will follow the current North Carolina State Board requirements.**

What this means for your firm...

Facilitated State Board Access uses the existing peer review process to facilitate the voluntary disclosure of peer review results to selected state boards. To accommodate this new process, alterations have been made to the peer review acceptance process.

Why Facilitated State Board Access?

After carefully evaluating the various options, it was decided the best way to address the demands for greater peer review transparency, while considering member and state CPA society concerns, was to use the existing peer review process to facilitate the voluntary disclosure of peer review results to state boards of accountancy. The intent of this new process is to create a nationally uniform system through which CPA firms can satisfy state board peer review information submission requirements, increase transparency, and retain control over their peer review results. NCACPA and AICPA are working together to create a process which will become the primary means by which all state boards obtain peer review results. Over time, this new process may help make submission of your firm’s peer review information easier.

When will Facilitated State Board Access be implemented?

NCACPA began participation in the pilot and test of the Facilitated State Board Access process on October 24, 2007. After the testing/piloting phase is complete, we will continue the process to assist with any refinements deemed necessary. We expect to complete the pilot and consider the opportunity for early adoption in May 2008 with full national implementation expected by January 2009 in connection with the acceptance of new peer review reports issued under the revised AICPA’s Standards for Performing and Reporting on Peer Reviews.

How will this new process work?

Facilitated State Board Access uses an opt-out process that allows peer review results to be made available to select state boards on a voluntary firm basis, using a secure, state board limited-access-only web site. During the pilot, firms in North Carolina will receive an additional notice and instructions along with their firm's next peer review acceptance letter that notifies them of the Administering Entity's (AE) intent to post their peer review information on the web site. Firms that are not members of the AICPA Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center or Private Companies Practice Section will be given the opportunity to opt out of the process. Below are the details of how the new process will work.

The process will entail:

- Making peer review results available to select state boards on a voluntary firm basis, using a secure, state board limited-access-only web site that will be available only to authorized North Carolina state board representatives. The North Carolina Association of CPAs will post applicable peer review information related to a firm's most recently accepted review to this limited-access-only web site unless the firm requests that its information be excluded. The firm will be notified by the North Carolina Association of CPAs, via a notice included with the firm's peer review acceptance letter of its intention to post the firm's peer review results during the peer review acceptance process and the firm will have 30 days to opt out of the process.
- If the firm does not opt out, the firm's peer review results will be added to the secure state board web site accessible only by authorized North Carolina State Board of CPA Examiners personnel. The firm's managing partner or peer review contact will then receive a confirmation via email (or regular mail if email is not available) notifying them of the posting and offering them the opportunity to make the firm's results available to additional select state boards if they are registered in multiple states. It is anticipated that this option will be beneficial, over time, to firms with multi-state practices.

Firms may request that their results be made available to more than one state board, so long as the state board requires peer review and are not prohibited from obtaining access to peer review information. During the pilot, access will be limited only to those state boards participating in the pilot program.

Firms will be notified by the North Carolina Association of CPAs when the state boards that they have selected to expand access to are participating in the Facilitated State Board Access program. This will remind firms of their selection and provide them with the opportunity to change their decision regarding expanded access.

What documents will be posted under this process?

The number of documents posted to the secure limited-access-only web site may vary based upon the results of the peer review. A firm will not choose which documents will be posted as each of those that are applicable (based on the results of the review) will be posted. It is important to note that unless a firm opts out; all applicable documents will be posted even if it is not a state requirement.

The following documents will be posted to the secure state board web site, as applicable:

- Peer review report
- Letter of comments
- Letter of response
- Acceptance letter

- Letter(s) signed by the reviewed firm indicating that the peer review documents have been accepted with the understanding that the reviewed firm agrees to take certain actions
- Letter notifying the reviewed firm or individual that certain required actions have been completed

Firms that are not members of the AICPA's Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center or Private Companies Practice Section will have the opportunity to opt out at any time even after their information has been posted by notifying the North Carolina Association of CPAs in writing. Once the notification is received, the North Carolina Association of CPAs will remove the posted information. If a firm chooses to opt out, it is important to note that certain information (which is currently publicly available) will be posted to the secure limited-access-only web site. This information will help us to maintain a complete database of all firms in the peer review program.

The information that will remain posted should a firm opt out is as follows:

- Firm's name and address
- Firm's enrollment in the Peer Review Program
- The date of acceptance and the period covered by the firm's most recently accepted peer review
- If the firm's enrollment in the program was terminated

For additional information or questions, please contact Jim Ahler, CEO, or Mary Kelly, Peer Review Coordinator at (800) 722-2836.

Additional information is also available on the [AICPA website](#).