



Peer Review Update

Background

AICPA's Peer Review Board has implemented a requirement for Administering Entities (AEs) to have a designated "CPA on Staff" by 1/1/2021. This position is responsible for the AE's compliance with peer review program standards. Mike Manspeaker has tentatively agreed to step into this role for Maryland Association of CPAs (MACPA) starting in the fall of 2020.

MACPA and NCACPA are exploring options for a mutually agreeable arrangement to meet the CPA on Staff requirement and to share administrative resources. One option under consideration is the creation of a new entity, supported by both state societies.

Update – August/September 2019

- In August, Nikki Vann met with Skip Falatko, CFO for the MACPA to discuss financial considerations and other administrative details related to the creation of a new AE entity.
- A 2020 waiver request for the CPA on Staff position must be submitted to AICPA by 11/1/2019.
 - MACPA and NCACPA will coordinate a response and identify Mike Manspeaker as the representative to fill the CPA on Staff role by the 1/1/2021 due date.
- MACPA will increase peer review fees. The new fee structure will be comparable to NCACPA and other neighboring AEs and should help to offset expenses related to the new CPA on staff position and start-up/operating expenses of the new entity.
- Plans are being finalized for a new invoicing process. Currently, Maryland firms are invoiced an annual fee plus a scheduling and evaluation fee which is invoiced in the year a peer review is performed. The new billing process will be simplified to one invoice sent annually in April to all enrolled peer review firms which aligns with NCACPA's approach.
- Blue Ocean Ideas, MACPA's brand and communications consulting firm, to develop a comprehensive communication plan to inform enrolled firms about the new fees and invoice timing – *pending MACPA Board approval.*

Next Steps

- MACPA is seeking approval on proposed peer review fees and billing schedule.
- MACPA is working on a communications plan explaining the new billing process to include all enrolled firms.
- NCACPA is continuing to speak with a possible candidate for the "CPA on Staff" role to ensure we have a back-up should this become not mutually beneficial.
- NCACPA/MACPA to finalize pro forma financial statements, discuss administration and technology parts of the program and determine the need for any initial investment or cash infusion to new entity.

Board Action

- *MACPA – Board will be asked to approve new fees and ongoing coordination efforts with NCACPA.*
- *NCACPA – No Board action needed at this point until MACPA receives approval on the aforementioned matter.*