

A Fresh Perspective on Peer Review

By Allison Henry, CPA, vice president of professional and technical services at PICPA

The peer review program elevates the quality of professional services provided by CPAs. But to realize its full potential, all parties involved must be fully engaged in the process. The program's value is found in the interaction between the firms and the review team regarding a multitude of practice management issues. Firms should welcome the different perspectives provided by reviewers, and expect their reviewers to provide recommendations that improve efficiencies and elevate quality. For the program to continue to be successful, however, practitioners with solid accounting and auditing backgrounds need to step forward and become reviewers. The choice to do so is both good for their practice and good for the profession.

The following interview with Daniel



Daniel K. Goff, chair of the PICPA Peer Review Committee

K. Goff, CPA, chair of the PICPA Peer Review Committee, explains some of the value that firms derive from the relationship with a peer reviewer, as well as

the impetus for practitioners to become reviewers.

How does a peer review add value to a firm?

In the beginning, having a successful peer review of your firm was supposed to "set you apart" from other firms in your market area. To some extent this is still true, but I believe the real value that peer review brings to a firm is a heightened awareness of how to make quality standards integral to a practice on a day-to-day basis.

What types of practice management issues do you discuss with firms in connection with their peer reviews?

I have been performing peer reviews since 1990 for firms ranging from sole proprietors to large, regional firms. The practice management issues discussed with virtually all of them center around succession planning, professional staff training and retention, the increase in professional standards, and office culture. My clients and I find these conversations, and the sharing of ideas, one of the most meaningful benefits derived from the peer review process.

Do you consider peer reviews to be one-time events, or is there increased value in developing a long-term relationship between the firm and the reviewer?

Developing a long-term relationship, while still maintaining independence, is very useful for both sides of the peer review. In many cases, an established relationship helps both firms provide excellent service to clients. I often talk to three or four peer review clients weekly, either me helping them solve an issue or vice versa. I believe an established relationship can be an enormous benefit in today's business environment.

The practice environment is becoming increasingly complex. How do you see peer review changing over the next five years?

The largest problems I see that will change the peer review process are the shortage of qualified peer reviewers for firms that have industries designated as "specialized," as well as the introduction of international accounting standards, the continuing saga of transparency, and government regulation and intervention.

Is the peer review transparency issue dead?

No, I do not believe so. I do believe, however, that it is terribly misunderstood by the profession. The AICPA and PICPA have taken great strides in trying to explain the concept of transparency, but getting it through membership votes most likely will require changes to the original concept as presented. We need to focus on the reason why peer review exists, and that is to assure quality in our profession. I believe the quality of our profession's work product has increased noticeably as a result of peer review, and that will continue with or without transparency.

How has peer review benefited your practice?

Peer review has benefited our practice in many ways. One of the most significant benefits is all of the information and ideas gathered from the firms I review. I believe peer review can be a forum to share ideas, processes, and other things related to running a successful practice. I learn something from every single firm I review. I then come back and make changes to our quality control system (QCS). Because of this interaction with my peer review clients, our firm's QCS is not static; it changes constantly, which again increases the awareness throughout the entire firm of just how important quality control is to our practice.

What is the current state of the peer reviewer pool?

The current statistics on our qualified peer reviewers are cause for concern for several reasons. The number of reviewers is consistently decreasing from year to year, while at the same time, the average age of the remaining reviewers is increasing. We have been trying very hard to recruit and train new reviewers. Ideal candidates would

be someone at the manager to partner level with an interest in the program's benefits and a commitment to making our profession better.

What advice can you give to someone who wants to become a successful peer reviewer?

New reviewers should volunteer to be a member of the Peer Review Committee. Their involvement will increase their knowledge of the process and introduce them to more experienced reviewers. They should seek counsel from experienced reviewers and, in particular, the Peer

Review Team at PICPA, which is always more than willing to be of assistance to reviewers. Also, PICPA and the Peer Review Committee developed a mentoring program that should be rolled out to the membership shortly.

Did you have a mentor to assist you in your early years as a peer reviewer?

Unfortunately, I did not have a mentor when I started performing peer reviews. I can remember having to stop after reading each question on the checklist, then going to the professional standards

to see what the question meant. It took me forever. Being involved with an experienced reviewer from start to finish would have been invaluable. I had to learn it on my own, which was the case with all of the reviewers at that time. Having a formalized mentoring program supported by PICPA members will enable us to recruit, train, and retain qualified reviewers. ■

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How to Become a Peer Reviewer

Does this describe you?

- Strong accounting and auditing background
- Enjoy meeting other practitioners
- Passionate about the integrity of the accounting profession

Take the first step

Attend the two-day introductory course, "How to Conduct a Review Under the AICPA Practice-Monitoring Program" in Philadelphia, Nov. 5-6, and Cranberry, Nov. 12-13.

NEW! First-time attendees who complete a review in Pennsylvania by Dec. 31, 2008, qualify for a course refund.

Benefit from the experience of others

A formal mentoring program is available through the efforts of the Peer Review Committee.



Find out more about the peer review program and reviewer qualifications by contacting PICPA's Professional & Technical team at (888) 272-2001 or visit www.picpa.org/member/peerreview.