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October 24, 2025

Mr. Brad Coffey
Peer Review Board
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via email to PR_expdraft@aicpa.org

Re: Exposure Draft, Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements*, AICPA Peer Review Board – September 10, 2025

Dear Mr. Coffey:

RSM US LLP (RSM, we) appreciates the opportunity to comment on the American Institute of Certified Public Accountants (AICPA) Peer Review Board's September 10, 2025, Exposure Draft, Proposed Peer Review Standards Update No. 3, *Modernizing Peer Review Administration Requirements* (the Exposure Draft). RSM is the leading provider of assurance, tax and consulting services focused on the middle market, with nearly 18,000 professionals in 77 U.S. cities, six locations in Canada, one in El Salvador and four in India.

Overall, we are supportive of the AICPA Peer Review Board's (Board) proposed revision to the qualifications of a firm to perform a review of a firm that performed or played a substantial role in an engagement under PCAOB standards with a period end during the peer review year. We also believe that the administration of the peer review program of firms operating under alternative practice structures (APS) should be administered by the National Peer Review Committee (NPRC).

Beginning in 1999, RSM, formerly known as McGladrey & Pullen LLP and RSM McGladrey Inc., operated an APS for more than 10 years, which was a notable chapter in the evolution of accounting firm governance and ownership models. In addition, we currently have an APS with our affiliate, RSM Canada LLP. We have long-standing experience, knowledge and expertise that credentializes our firm in understanding the risk and complexities of these structures.

We believe and understand the importance of modernizing the requirements in the peer review program as the regulatory environment changes and business structures in our profession evolve. We believe staying with the status quo complicates the risk to quality and independence that is the bedrock of our profession. We brought this to the attention of the AICPA's Professional Ethics Executive Committee (PEEC) in our June 15, 2025, letter regarding the representation of an APS relating to a top 20 U.S. accounting firm and a Registered Investment Advisor (RIA). The RIA acquired the wealth management practice of the accounting firm; the accounting firm received equity interest in the RIA, and a wealth management principal joined the RIA as an executive. As we discussed, these structures and relationships are complex and create complications for our profession, further requiring rule modernization as well as an evaluation of whether certain peer reviewers have the necessary specialized knowledge, skills and expertise to evaluate the risk in a peer review.

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We strongly believe that the NPRC is best positioned to oversee the peer review of firms operating an APS. The NPRC members have vast, significant and diverse backgrounds with extensive experience in complicated risk, quality and independence matters. This group is best positioned to discharge the review of these peer reviews to better serve our profession and the investing public.

As requested, we have comments on the specific aspects of the proposed interpretations and revisions upon which the Board is seeking feedback. We provide further detail on these areas, as well as other comments below. In certain areas, we propose specific revisions to the proposed standards. Language recommended for deletion is ~~struck through~~. Language recommended for addition is underlined.

1. Regarding the proposed revision to paragraph .35 of PR-C section 100, please provide your views on the following:
 - a. Do you agree with the proposed change? If not, please explain your reasoning.
 - b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.
 - c. Does the corresponding application and other explanatory material proposed in paragraph .A50 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.

Regarding the proposed revision to paragraph .35 of PR-C section 100, we would request the Board be specific about situations where there may be an elevated risk. We understand and interpret the Exposure Draft's wording to describe an APS as a structure that is deemed to present high risk; however, the language allows for ambiguity in the interpretation of what the Board may determine to be elevated risk rather than specifically citing an APS structure. We would also recommend and encourage application guidance related to those structures that the Board believes present high risk in general. The following are recommendations for edits to PR-C section 100:

- .35 Firms are required to have their reviews administered by the National PRC if they meet any of the following criteria: (Ref: par. .A49)
- a. The firm performed or "played a substantial role in" (as defined by the PCAOB) an engagement under PCAOB standards with a period end during the peer review year.
 - b. The firm is a provider of quality management materials (QMM) (or is affiliated with a provider of QMM) that are used by firms that it peer reviews.
 - c. ~~The firm's practice structure is deemed by the board to present an elevated risk to quality and to the profession, or the firm's practice includes certain engagements or services deemed to present such risk.~~ firm is closely aligned with a non-CPA-owned entity (an alternative practice structure).
- (Ref: par. .A50)

[Paragraphs .36–.53 are unchanged.]

Application and Other Explanatory Material

[Paragraphs .A1–.A49 are unchanged.]

.A50 The board ~~currently~~ requires a firm to have its review administered by the National PRC when the firm is closely aligned with a non-CPA-owned entity (an alternative practice structure) because such structures are deemed to present an elevated risk to quality and to the profession. In these situations, the board ~~also~~ requires a member of the review team to have a thorough

understanding (represented on the reviewer's resume) of the independence requirements regarding alternative practice structures ~~and network firms~~.

2. Regarding the proposed revision to paragraph .08 of PR-C section 200, please provide your views on the following:

- a. Do you agree with the proposed change? If not, please explain your reasoning.
- b. Is the revised requirement sufficiently clear and understandable? If not, please explain any suggestions for improvement.
- c. Does the corresponding application and other explanatory material proposed in paragraph .A13 provide sufficient understanding for users to apply the related requirement? If not, please explain any suggestions for improvement.

We request that the Board include a definition of an APS in the revision of paragraph .08 of PR-C section 200 to ensure clarity, or refer to the AICPA's Code of Professional Conduct ET sec. 1.810.050, as there are different models employed in the profession currently (e.g., a private equity investment or employee stock ownership programs). Further, we would encourage the Board to engage in dialogue with PEEC to ensure consistent modernization of the independence rules and application guidance important to the profession and peer review and to further plan for revisions that will be necessary to the peer review standards relating to independence in performing peer reviews.

3. Do you agree with the proposed effective date (for peer review years ending on or after December 31, 2025)? If no, please explain your reasoning and note any concerns or anticipated challenges.

Yes, we agree with the proposed effective date for peer review years ending on or after December 31, 2025.

We appreciate this opportunity to provide feedback on the Exposure Draft and would be pleased to respond to any questions you may have about our comments. Please direct any questions regarding this letter to Jamie Klenieski, Audit Quality and Risk Leader, at 215.648.3014.

Sincerely,

RSM US LLP

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