

IMPORTANT NOTICE REGARDING THE ADMINISTRATION OF THE PEER REVIEW PROGRAM FOR MISSISSIPPI FIRMS

June 10, 2019

TO MANAGING PARTNER AND PEER REVIEW CONTACT:

After careful consideration and upon the recommendation of the MSCPA Peer Review Committee, the Board of Governors voted unanimously at the May 9, 2019, meeting to transfer the administration of Mississippi firms' peer review to the Alabama Society of CPAs. The transition date is scheduled for July 1, 2019. While a later transition date was originally planned, the earlier date will allow for a more economical and efficient transition to coincide with the Society's year end which is June 30.

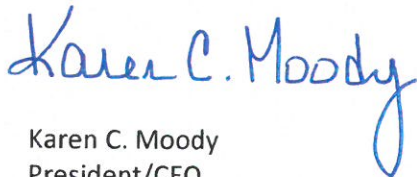
The MSCPA Board of Directors, staff and Peer Review Committee have worked diligently over the past two years to evaluate the administration process and the challenges and difficulties that the MSCPA would face going forward as a result of the AICPA's enhancements to audit quality in the peer review program. The administration of the program now requires significant investment in additional staff and financial resources in order to meet the new benchmarks required by the AICPA Peer Review Board and its Oversight Task Force. The MSCPA Board determined that it is in the best interest of our members to partner with another state to more effectively provide the administration of the program. This will allow MSCPA staff to focus on strategic objectives identified by the Board that will benefit our current and future members. Mississippi is one of several administering entities to make this difficult decision, and others are expected to follow suit.

Alabama was selected based on a number of factors which include: 1) the comparability of the size of firms they administer to Mississippi firms; 2) the regional location close to Mississippi; 3) the fact that they have a dedicated, experienced team of full-time staff, including a CPA (now required by peer review standards) to effectively administer the program; and, 4) the opportunity for MSCPA Peer Review Committee members to stay involved if they so choose. Recently the Arkansas Society's peer review administration transferred to Alabama as well which creates an opportunity for all three states to work together. Using committee members from three states during the acceptance process will enable the Alabama staff to more effectively mitigate any familiarity threats, which is now a requirement in the peer review standards. The Alabama staff will be able to offer the personal assistance that Mississippi firms have come to expect. The Mississippi State Board of Public Accountancy has also expressed approval of the transition.

Under our current fee structure, the peer review program has historically operated at a loss or near breakeven. Our fees are some of the lowest of all administering entities. While member firms will experience an increase in fees with Alabama, projections show the increase to be comparable or less than the increase that MSCPA would implement to continue to administer the program to cover the additional required staff. Firms will receive a letter from the Alabama Society of CPAs that provides important information, including Alabama's fee structure.

We are pleased to partner with the Alabama Society of CPAs in administering this important program, and we will work closely together to ensure a smooth transition for all firms. If you have any questions regarding the transition, please contact us at kmoody@ms-cpa.org or ngillis@ms-cpa.org or 601-856-4244.

Sincerely,



Karen C. Moody
President/CEO



Annette P. Herrin
Chairman, MSCPA Board of Directors