

**Appendix Table 1  
Sample Description**

|   |   | n (% Total) |
|---|---|-------------|
| Aggregate sample                              |   | 163 (100%)  |
| Usable responses <sup>a</sup>                 |   | 152 (93%)   |
| Gender  | Female  | 45 (30%)    |
|   | Male  | 107 (70%)   |
| Age (range 25-81, SD = 12)                    |   | 56          |
| Education (highest degree)                    | Undergraduate                                 | 85 (56%)    |
|   | Graduate                                      | 67 (44%)    |
| Undergraduate major                           | Accounting                                    | 118 (77%)   |
|   | Business                                      | 18 (12%)    |
|   | Other   | 13 (9%)     |
|   | Not reported                                  | 3 (2%)      |
| Professional certifications                   | CPA   | 152 (100%)  |
|   | CGMA <sup>b</sup>                             | 15 (10%)    |
|   | Other <sup>b</sup> (e.g., CIA, CFA, CFE, CVA) | 20 (13%)    |
| Mean experience                               | Current position (range 1-55, SD 14.47)       | 22.13 years |
|   | Public accounting (range 2-57, SD 13.48)      | 28.33 years |
|   | Accounting total (range 2.5-57, SD 12.32)     | 31.40 years |
| Current position in public accounting (n=127) | Partner                                       | 91          |
|   | Manager                                       | 25          |
|   | Senior  | 7           |
|   | Staff   | 4           |
| Size of current employer                      | ≤ 50  | 120 (79%)   |
|   | 51-100  | 4 (3%)      |
|   | 101-300                                       | 5 (3%)      |
|   | 301-500                                       | 3 (2%)      |
|   | > 500   | 20 (13%)    |
| Experience with peer review                   | Vast  | 17 (11%)    |
|   | Moderate                                      | 16 (11%)    |
|   | Limited                                       | 23 (15%)    |
|   | Somewhat                                      | 53 (35%)    |
|   | None  | 43 (28%)    |

a. 11 participants who did not complete the demographic section of the survey reduced the aggregate sample.

b. In addition to the CPA, which was held by all participants.

**Appendix Table 2  
Survey Questions by Theme, Sample Mean, and Standard Deviation**

| Survey Question  | Mean*  | SD                   |
|--|--|----------------------|
| <b>Current Peer Review Perceptions</b>   |  |                      |
| Q1   | The AICPA peer review program improves audit quality.  | <b>3.6626</b> 1.0136 |
| Q2   | Peer review assists firms in maintaining quality control standards.  | <b>3.9068</b> 0.9341 |
| Q3   | Peer reviews are appropriately priced.   | <b>2.8634</b> 0.8624 |
| Q4   | Peer reviewers are excessively compensated.  | <b>2.8535</b> 0.9116 |
| Q5   | CPAs performing attest work (including compilations) to third parties should be subjected to a peer review.  | <b>3.5460</b> 1.1122 |
| <b>Attributes of Peer Reviewer Providers</b>   |  |                      |
| Q6   | CPA firms performing peer reviews should do enough of these reviews so that review revenues constitute a minimum percentage of their total revenues.           | 2.9264 1.0747        |
| Q7   | Peer reviewers should have expertise in the same industry that they are reviewing.   | <b>3.9448</b> 0.8625 |
| <b>Strengthen Peer Reviewers' Qualifications</b>   |  |                      |
| Q8   | Potential peer reviewers should pass AICPA-developed qualification tests.  | <b>4.0250</b> 1.0091 |
| Q9   | AICPA peer review standards should require reviewers to take "higher levels" of CPE (e.g., require participants to pass exams at the end of the CPE sessions). | 3.1411 1.1540        |
| Q10  | The AICPA should develop a credential such as a "Certified Peer Reviewer."   | <b>3.2516</b> 1.2272 |
| <b>Strengthen Peer Review Standards</b>  |  |                      |
| Q11  | The AICPA or state CPA Society should assign the peer reviewer (rather than the reviewed firm selecting the reviewer).   | <b>2.6894</b> 1.2710 |
| Q12  | CPAs who consistently fail to receive satisfactory peer review reports should not be allowed to render attestation services.                                   | <b>4.0000</b> 0.8819 |
| Q13  | Peer review results should be made publicly available.   | 3.1104 1.2472        |
| Q14  | The peer reviewer who renders a "pass" opinion for a CPA firm later found to have committed accounting malpractice should be held accountable.                 | <b>2.7531</b> 1.1532 |
| Q15  | Federal agencies should require mandatory inspections of CPA firms that conduct employee benefit plan or government audits.                                    | 3.0307 1.1623        |
| <b>Improve Bankers' and Other Users' Perceptions of the Peer Review Process</b>  |  |                      |
| Q16  | Bankers and other third parties who rely upon the CPA's work receive "value added" from the peer review process.   | <b>3.4724</b> 1.0848 |
| Q17  | Banks should require creditors to use CPA firms that have acceptable peer review reports.  | <b>3.2795</b> 1.1684 |
| <ul style="list-style-type: none"> <li>■ We used a Five-point Likert scale to collect data where 1 = strongly disagree and 5 = strongly agree.</li> <li>■ All means are significantly different from zero at <math>p \leq 0.00001</math> level</li> <li>■ Bolded values indicate values are statistically significant from a neutral value of 3 (neither agree nor disagree).</li> </ul> |  |                      |

**Appendix Table 3  
Comparison of Respondent Groups**

|   |   | Experienced<br>Mean | Inexperienced<br>Mean | Partner<br>Mean | Manager<br>Mean | Less<br>than 50<br>Mean | Others<br>Mean |
|---|---|---------------------|-----------------------|-----------------|-----------------|-------------------------|----------------|
| <b>Survey Question</b>  |   |                     |                       |                 |                 |                         |                |
| <b>Current Peer Review Perceptions</b>  |   |                     |                       |                 |                 |                         |                |
| Q1  | The AICPA peer review program improves audit quality.   | <b>3.63</b>         | <b>3.80</b>           | <b>3.46</b>     | <b>3.84</b>     | <b>3.63</b>             | <b>4.10</b>    |
| Q2  | Peer review assists firms in maintaining quality control standards.   | <b>3.83</b>         | <b>4.07</b>           | <b>3.77</b>     | <b>4.29</b>     | <b>3.91</b>             | <b>4.28</b>    |
| Q3  | Peer reviews are appropriately priced.  | 2.81                | 2.96                  | 2.84            | 2.76            | 2.87                    | 3.00           |
| Q4  | Peer reviewers are excessively compensated.   | 3.04                | 2.70                  | 2.82            | 2.60            | 2.86                    | 2.66           |
| Q5  | CPAs performing attest work (including compilations) to third parties should be subjected to a peer review.   | <b>3.22</b>         | <b>3.67</b>           | <b>3.46</b>     | <b>4.08</b>     | <b>3.50</b>             | <b>4.03</b>    |
| <b>Attributes of Peer Review Providers</b>  |   |                     |                       |                 |                 |                         |                |
| Q6  | CPA firms performing peer reviews should conduct enough of these reviews so that review revenues constitute a minimum percentage of their total revenues.       | 2.98                | 2.94                  | 2.98            | 2.88            | 3.00                    | 2.73           |
| Q7  | Peer reviewers should have expertise in the same industry that they are reviewing.  | <b>3.75</b>         | <b>4.07</b>           | <b>3.86</b>     | <b>4.28</b>     | <b>3.89</b>             | <b>4.23</b>    |
| <b>Strengthen Peer Reviewer's Qualifications</b>                                  |   |                     |                       |                 |                 |                         |                |
| Q8  | Potential peer reviewers should pass AICPA-developed qualification tests.   | <b>4.07</b>         | <b>4.01</b>           | <b>3.99</b>     | <b>4.36</b>     | <b>4.04</b>             | <b>4.03</b>    |
| Q9  | AICPA peer review standards should require reviewers to take "higher levels" of CPE, (e.g., require participants to pass exams at the end of the CPE sessions). | 3.18                | 3.11                  | 2.97            | 3.32            | 3.13                    | 3.10           |
| Q10   | The AICPA should develop a credential such as a "Certified Peer Reviewer."  | <b>3.48</b>         | 3.12                  | 2.96            | <b>3.72</b>     | <b>3.24</b>             | 3.30           |
| <b>Strengthen Peer Review Standards</b>   |   |                     |                       |                 |                 |                         |                |
| Q11   | The AICPA or State CPA Society should assign the peer reviewer (rather than the reviewed firm selecting the reviewer).  | 2.98                | <b>2.51</b>           | <b>2.44</b>     | <b>2.58</b>     | <b>2.54</b>             | 3.20           |
| Q12   | CPAs who consistently fail to receive satisfactory peer review reports should not be allowed to render attestation services.                                    | <b>4.04</b>         | <b>4.03</b>           | <b>3.92</b>     | <b>4.32</b>     | <b>4.05</b>             | <b>3.90</b>    |
| Q13   | Peer review results should be made publicly available.  | 3.21                | 3.04                  | 2.97            | 3.04            | 2.96                    | 3.63           |
| Q14   | The peer reviewer who renders a "pass" opinion for a CPA firm later found to have committed accounting malpractice should be held accountable.                  | 3.04                | <b>2.61</b>           | <b>2.60</b>     | 2.76            | <b>2.72</b>             | 2.87           |
| Q15   | Federal agencies should require mandatory inspections of CPA firms that conduct employee benefit plan or government audits.                                     | 2.91                | 3.15                  | 2.97            | 3.28            | 2.96                    | 3.37           |
| <b>Improve Bankers' and Other Users' of Perception of the Peer Review Process</b> |   |                     |                       |                 |                 |                         |                |
| Q16   | Bankers and other third parties who rely upon the CPA's work receive "value added" from the peer review process.  | <b>3.66</b>         | <b>3.46</b>           | <b>3.25</b>     | <b>3.80</b>     | <b>3.43</b>             | <b>3.87</b>    |
| Q17   | Banks should require creditors to use CPA firms that have acceptable peer review reports.   | 3.09                | <b>3.44</b>           | 3.07            | <b>3.76</b>     | <b>3.21</b>             | <b>3.67</b>    |

**Notes:**

Univariate significance ( $p \leq 0.05$ ) from a neutral value of 3 appears in bold. Numbers greater than the neutral value of "3" indicate agreement and numbers less than the neutral value of "3" indicate disagreement.