

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY

QUALITY ENHANCEMENT PROGRAM (QEP)

GUIDELINES FOR CLASSIFYING REPORTS

Reports are classified (rated) as follows:

Type 1: Acceptable (no deficiencies)

Type 2: Report with Minor Deficiencies, not requiring a response

Type 3: Report with Deficiencies, requiring a response

Type 4: Substandard (materially misleading/inaccurate), requiring a response from the practitioner

Type 1 Reports contain no deficiencies, or only obviously minor ones for which no comment is necessary.

Type 2 Reports contain deficiencies, but these are minor in nature (such as minor departures from technical reporting or accounting standards). In these cases, the practitioner will receive the comments (for his or her informational purposes), but no additional follow-up (response to the Board) will be necessary.

Type 3 Reports contain more serious departures from reporting or accounting standards. These comments will be provided to the practitioner, and he or she will receive a standard set of recommendations (additional CPE in area of deficiency, suggested library list, etc.). In addition, the practitioner will have to respond to the comments in writing to the Board.

Type 4 Reports are substandard; meaning they are materially misleading or inaccurate. Such statements violate one or more significant reporting standards, seriously depart from GAAP, or do not include material disclosures necessary for a fair presentation. Practitioners will receive more strongly worded recommendations for remedial work in CPE, and may include requests for pre-issuance review of subsequent reports, or even re-issuance. The Board has the authority to mandate workpaper review in extremely serious cases.

GENERAL COMMENTS FOR REVIEWERS

Classifying (rating) reports is a matter of judgment. Your classification and the deficiencies you have noted will be reviewed by other reviewers in order to maintain the necessary consistency.

It is very important for you to use the applicable standards, and in particular, materiality should be considered before making any comment. If you have any questions as to whether a comment is appropriate (because the instance is not material in regard to the financial statements), consult your Team Captain or other members.