

February 2, 2011

Oversight Task Force  
of the National Peer Review Committee  
American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707

Dear Task Force Members:

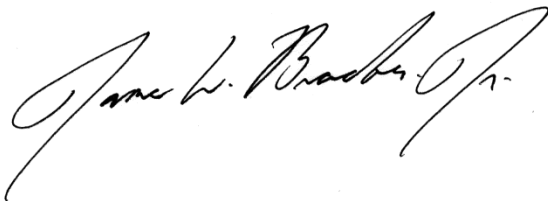
We received the attached letter as a result of the oversight procedures of the administrative functions performed by Albert Denny at the request of the National Peer Review Committee. The staff of the National Peer Review Committee has addressed the findings identified in the letter as follows.

- In the event of no response to an initial e-mail request to a team captain for delinquent peer reviews, guidance in the RAB Handbook should be followed and any subsequent request should utilize the letters outlined in the manual. NPRC RESPONSE: Going forward, NPRC technical reviewers will follow the guidelines required in the RAB Handbook by using the appropriate letters at the appropriate time. Specifically, NPRC technical reviewers will send an informal email, followed up with a phone call. If a response is not received within a week, a follow-up email and phone call will be made. If a response is not received within a week following the second phone call, formal letters will be issued to the team captain. The technical staff was trained on this during the technical staff meeting on January 11, 2011. A senior technical manager will monitor reviews in technical review status on a monthly basis to verify that staff is following up with the team captains according to the RAB handbook.
- There should be follow up regarding confidentiality agreements not yet received from NPRC committee members. NPRC RESPONSE: The operations team has mailed confidentiality agreements to all NPRC members for the 2010-2011 year, which began October 1, 2010. Some of these letters have been received and staff is actively following up on those that have not. Once returned, the confidentiality letters will be housed in a central repository to allow easy reference and retrieval. Going forward, staff will verify that a signed confidentiality agreement has been received from a member before transmitting committee or RAB documents to him/her. Additionally, the NPRC Policies and Procedures Manual has been updated to indicate that NPRC members cannot vote if their confidentiality agreement has not been signed and returned to staff.

- A centralized filing system should be established to maintain FFC forms until the subsequent peer review. Currently, FFCs are stored with the electronic version of the RAB acceptance package, which can include information that should be purged 120 days after completion of the review. NPRC RESPONSE: Operations staff has created an electronic repository for the FFC forms and has destroyed all inappropriately preserved documents. Following each RAB, operations staff will file all FFC forms on the shared drive. Staff will then determine which reviews were completed more than 120 days in the past, destroy the working papers associated with those reviews, and send the proper letter informing the Team Captain of the retention requirements of the AICPA PRP. A copy of the retention letter will be placed in the review folder. The review folder will then be placed in our files and the appropriate destruction date marked on the outside of the folder. All electronic working paper documents and copies of review documents will be purged from our team's shared drives. RAB packages will be destroyed 120 days after the RAB date. This process will be monitored by the Operations Manager on a quarterly basis.
- Copies or other record of letters to team captains regarding working paper retention should be maintained. NPRC RESPONSE: As noted above, a copy of the letter sent to the team captain will be retained in the review folder for all working papers returned in the future. This process will be monitored by the Operations Manager on a quarterly basis.

We believe these steps fully address the findings of the oversight procedures applied to the National PRC administrative functions. We found this to be a very valuable process that has allowed us the opportunity to improve our processes related to administering the AICPA Peer Review Program for firms that have their reviews administered by the National Peer Review Committee.

Sincerely,

A handwritten signature in black ink, reading "James W. Brackens, Jr." The signature is written in a cursive style with a large, sweeping initial "J".

James W. Brackens, Jr., CPA  
VP—Firm Quality and Practice Monitoring