

October 22, 2015

National Peer Review Committee
220 Leigh Farm Road
Durham, NC 27707

Re: Administrative Oversight of the National Peer Review Committee

Dear Committee Members:

Oversight procedures were conducted with respect to the administrative functions of the National Peer Review Committee (National PRC) in place for the calendar year 2014. The objective of the procedures was to evaluate whether the National PRC's administrative functions were being conducted in accordance with:

- the AICPA Standards for Performing and Reporting on Peer Reviews
- the National Peer Review Committee Operating Policies & Procedures Manual. This manual is approved by the AICPA Peer Review Board (PRB) through inclusion in the National PRC's Plan of Administration.

In conjunction with the administrative oversight visit of the National PRC, an administering entity for the AICPA Peer Review Program (program), the following observations are being communicated.

Administrative Procedures

Processes

Through our on-going interactions with the Associate Director, Operations Manager, and other staff of the National PRC, we believe the administrative processes were being handled in a manner consistent with peer review standards.

We randomly selected three peer reviews performed during the calendar year 2014 and conducted a thorough review of these files, including:

- Timeliness of the processes of scheduling, technical review, scheduling for RAB consideration, and the preparation of acceptance and corrective action letters (if any).
- Timeliness of letters including, but not limited to, background information requests, scheduling approvals, and late letters (if any).
- Open corrective actions (if any), including monitoring and timeliness of communications and letters.
- Appropriateness of extensions, with particular emphasis on whether these adhered to the policies and procedures for the granting thereof.

In addition to testing propriety of reviewer feedback forms issued within the above sample, we randomly selected an additional ten forms for testing with regard to appropriate signature and timeliness.

We also reviewed the back-up plan to support the associate director, operations manager, and technical reviewers if they become unable to serve in those capacities.

Finally, we reviewed the confidentiality letters for all NPRC members to ensure they have been retained and were properly signed.

Continuing Professional Education

We randomly reviewed the continuing professional education hours obtained by some of the technical managers to ensure amounts and levels were adequate to maintain proficiency.

Web Site and Other Media Information

The administering entity's website contains a limited amount of very general information and links directly to the AICPA Peer Review Program website. We noted that the website and materials provided were current. In addition, the administering entity has an individual who is responsible for maintaining the site and monitors it periodically to ensure peer review information is accurate and timely.

Working Paper Retention

The National PRC has very formalized processes and periodic internal monitoring of those processes:

- Review-specific documentation – the Operations Manager performs a formal review of FFC form file maintenance and ensures adherence to document retention policies on a quarterly basis.
- Reviewer-specific documentation – electronic copies are maintained of all reviewer feedback forms and deficiency letters. National PRC has been an administering entity under the AICPA peer review program for fewer years than the retention period; therefore, no destruction is anticipated within the next year. The electronic data is subject to the AICPA IT system controls and, as such, is backed up regularly.

We found no exceptions to the document retention policies in our testing of the above-described files.

Technical Review Procedures

The National PRC Technical Managers are thoroughly trained in the contents of guidance upon hire. The National PRC staff and the AICPA peer review staff are cross-trained. Therefore, the Technical Managers assist the PRB in the development of guidance and oversight of the peer review program.

In addition, the National PRC has very formalized review processes in place. In order to ensure the appropriate matters, including open issues, are identified and communicated to RABs, the National PRC requires a concurring review on peer reviews meeting certain pre-established criteria.

Further, a pre-issuance review of key documents on all peer reviews is performed by the Senior Technical Manager prior to RAB presentation.

For large firm reviews, the full National PRC receives detailed review information, including Summary Review Memorandums (SRM), planning memos, and other detailed materials. Panels consisting of members of the National PRC are utilized on certain large firm reviews meeting predetermined criteria.

Summary

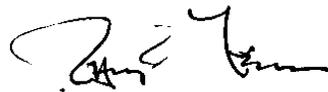
Our observations to enhance the administration of the program are summarized as follows:

- The administering entity should focus on ensuring the confidentiality letters are properly maintained in one central place. Signed copies of two of the total seventeen letters could not be located.

Sincerely,



Lawrence Gray
Chair- National Peer Review Committee
Member- Oversight Task Force-NPRC



Jeffrey Gendreau
Member- Oversight Task Force-NPRC