

April 3, 2017

Chrisley Reed, CPA  
California Society of CPAs  
1800 Gateway Dr., Ste. 200  
San Mateo, CA 94404

Dear Mr. Reed:

On March 30, 2017, the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight visit for the California Society of CPAs, the administering entity for the AICPA Peer Review Program, and the administering entity's response thereto. A copy of this acknowledgement, the two oversight visit documents, and your response have now been posted to the AICPA Peer Review Program website.

The next administering entity oversight visit will be in 2018.

The AICPA Peer Review Board appreciates your cooperation and efforts in making the peer review program a success.

Sincerely,

*Brian Bluhm*

Brian Bluhm, CPA  
Vice Chair, Oversight Task Force  
AICPA Peer Review Board

cc: Loretta Doon, CPA, CGMA, Chief Executive Officer  
Linda McCrone, Director of Technical Services & Peer Review

Laurel Gron, Manager – Peer Review  
AICPA Peer Review Program

## Oversight Visit Report

November 18, 2016

To the California Society of CPAs Peer Review Committee

We have reviewed the California Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program. Our procedures were conducted in conformity with the guidance established by the AICPA Peer Review Board (the "Board") as contained in the *AICPA Peer Review Program Oversight Handbook*. The administering entity is responsible for administering the AICPA Peer Review Program in compliance with the *AICPA Standards for Performing and Reporting on Peer Reviews* (the "Standards"), interpretations, and other guidance established by the Board. Our responsibility is to determine whether (1) administering entities are complying with the administrative procedures established by the Board as set forth in the *AICPA Peer Review Administrative Manual*, (2) the reviews are being conducted and reported on in accordance with the Standards, (3) the results of the reviews are being evaluated on a consistent basis by all administering entity peer review committees, and (4) information disseminated by administering entities is accurate and timely.

Based on the results of the procedures performed, we have concluded that the California Society of CPAs has complied with the administrative procedures and Standards in all material respects as established by the Board.

As is customary, we have issued a letter of oversight visit procedures and observations that details the oversight procedures performed and sets forth recommendations that were not considered to be of sufficient significance to affect the conclusions expressed in this report.

A handwritten signature in blue ink that reads "Debra Seefeld".

Debra Seefeld, Member, Oversight Task Force  
AICPA Peer Review Program

November 18, 2016

To the California Society of CPAs Peer Review Committee

We have reviewed the California Society of CPAs' administration of the AICPA Peer Review Program (the "Program") as part of our oversight program and have issued our report thereon dated November 18, 2016. That report should be read in conjunction with any observations in this letter, which were considered in determining our conclusions. The observations described below were not considered to be of sufficient significance to affect the conclusions expressed in that report.

The oversight visit was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*. An oversight program is designed to improve the administering entity's administration of the AICPA Peer Review Program through feedback on its policies and procedures, and to provide resource assistance from an AICPA Peer Review Board Oversight Task Force member on both technical and administrative matters.

In conjunction with the oversight visit of the California Society of CPAs, the administering entity for the Program, conducted on November 16-18, 2016, the following observations are being communicated.

### **Administrative Procedures**

On the morning of November 16, 2016, Laurel Gron and I met with the Director of Technical Services and the Peer Review Manager to review the Program's administration. We believe the administrative processes were being handled in a manner consistent with peer review standards.

We reviewed files which were still open due to follow-up actions and which had not yet been completed. We found that follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

We also reviewed the policies and procedures for the granting of extensions. We found that the Director of Technical Services handles short-term extension requests with discussion from the committee when the circumstances warrant.

We also reviewed the timeliness of the scheduling process, technical reviews, and the preparation of acceptance and follow-up letters. We found no problems in these areas.

The California Society of CPAs has developed a back-up plan to support the Director of Technical Services and the Peer Review Manager if they become unable to serve in their respective capacities. We believe that the back-up plan is sufficient to enable the Society to maintain the administration of the program if circumstances ever warranted its implementation. Because the California Society of CPAs has several technical reviewers, there is adequate back-up in the event one or more technical reviewers become unable to fulfill their responsibilities.

### **Web Site**

We met with the Director of Technical Services to review the administering entity's procedures to determine if the information disseminated regarding the AICPA Peer Review Program by the administering entity on their web site is accurate and timely.

After the AICPA staff's review of the web site material, we noted that the administering entity maintains and disseminates current information as it relates to the peer review program. In addition, the administering entity has an individual who is responsible for maintaining the web site and monitors the web site to ensure peer review information is accurate and timely.

### **Working Paper Retention**

We reviewed the completed working papers for several reviews and found compliance with the working paper retention policies, however we noted the following during our review. The notification from the California Society of CPAs to the peer reviewers notifying the reviewers to retain certain peer review documentation prepared during the system and engagement reviews, included a list of documents to be retained but did not properly list the following documents for retention: a) letter(s) relating to peer review document recall considerations, b) written representations from management of the reviewed firm, and c) scheduling information.

### **Technical Review Procedures**

On November 16-17, 2016, we met with three of the California Society of CPAs' technical reviewers to discuss procedures. They are experienced reviewers and perform the majority of the technical reviews.

We reviewed the reports, letters of response, if applicable, and the working papers for several of the reviews being presented to the report acceptance bodies ("RABs") on November 17, 2016. We believe that all review issues were appropriately addressed by the technical reviewers before the reviews were presented to the RABs which contributed to an effective and efficient acceptance process.

Reviews are presented to the RABs by committee members who are not the technical reviewers. Feedback is issued to the technical reviewers when deemed appropriate by the RABs.

### **Review Presentation**

Reviews are brought to the RABs without open technical issues. Accordingly, it was not necessary for the RABs to spend a great deal of time reviewing specific technical issues.

### **Committee and RAB Procedures**

I met with the committee chair and discussed the procedures for disseminating the comments resulting from the AICPA working paper oversights and RAB observation reports to the appropriate individuals. It was determined the committee had issued reviewer feedback when appropriate.

On November 17, 2016, we attended the onsite RAB meetings and the peer review committee meetings on November 17-18, 2016. We observed the RABs' acceptance process and offered our comments at the close of discussions.

There were three Report Acceptance Bodies (RABs) meetings simultaneously and the meetings were very orderly. We attended each of the RABs for a portion of the report acceptance considerations and it was apparent that the RAB members had reviewed the reports and working papers prior to the meetings and had a good understanding of the program to reach an appropriate decision for each review.

Appropriate decisions were made in the acceptance process, including assigned corrective actions and reviewer monitoring. Reviews were being presented to the RABs on a timely basis.

### **Oversight Program**

The California Society of CPAs peer review committee has adopted a formal oversight program that is well documented. We reviewed the document and procedures performed and found the oversight program to be comprehensive.

### **Summary**

As a result of the aforementioned observations and to enhance the California Society of CPAs' administration of the Program, the Peer Review Committee should develop and establish appropriate policies and procedures to ensure that:

1. Notifications to the peer reviewers notifying the reviewers to retain certain peer review documentation prepared during the system and engagement reviews, included a complete list of documents to be retained.



Debra Seefeld, Member, Oversight Task Force  
AICPA Peer Review Program

March 14, 2017

Brian Bluhm, Vice Chair  
Oversight Task Force  
AICPA Peer Review Board  
220 Leigh Farm Road  
Durham, NC 27707-8110

Re: Oversight Visit to California Society of CPAs Peer Review Committee

Dear Mr. Bluhm:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the California Society of CPAs administration of the AICPA Peer Review Program performed on November 16-18, 2016. The oversight visit documents have been disseminated to all peer review program committee members, administrative staff, and technical reviewers. We are pleased to note there were no deficiencies in the report. The matter discussed in the letter of procedures and observations will be monitored to ensure it is effectively implemented as part of our administration of the AICPA Peer Review Program.

Working Paper Retention

We have been retaining the appropriate documentation in accordance with the AICPA peer review working paper retention policy. However, the notification we send to peer reviewers to retain certain documents did not list all of the documents for retention. We have corrected our notification to include these additional documents and will continue to monitor this notification.

We appreciate Ms. Seefeld's review of our administration of the AICPA Peer Review Program.

Sincerely,



Chrisley N. Reed, Chair  
California Peer Review Committee

c: Loretta Doon, CEO  
Linda McCrone, Director