

March 15, 2017

Robert Heemer, CPA
Michigan Association of CPAs
5480 Corporate Drive, Suite 200
Troy, MI 48007-5068

Dear Mr. Heemer:

On March 13, 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 Michigan Association 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: Peggy Dzierzawski, CAE, President and CEO
David Pickering, Peer Review Manager

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program

Oversight Visit Report

September 13, 2016

To the Peer Review Committee
Michigan Association of
Certified Public Accountants

We have reviewed the Michigan Association of Certified Public Accountants' 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 Michigan Association of Certified Public Accountants 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 may set forth recommendations that were not considered to be of sufficient significance to affect the conclusions expressed in this report.

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J. Phillip Coley, Member, Oversight Task Force
AICPA Peer Review Program

September 13, 2016

To the Peer Review Committee
Michigan Association of
Certified Public Accountants

We have reviewed the Michigan Association of Certified Public Accountants' (the "Association") administration of the AICPA Peer Review Program (the "Program") as part of our oversight program and have issued our report thereon dated September 13, 2016. That report should be read in conjunction with any observations in this letter, which were considered in determining our conclusions. Any 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 (the "Board") Oversight Task Force member on both technical and administrative matters.

In conjunction with the oversight visit of the Association, an administering entity for the Program, conducted on September 12th and 13th, 2016, the following observations are being communicated.

Administrative Procedures

On the morning of September 12, 2016, Toni T. Lee-Andrews, AICPA Technical Manager, and I met with the Association's Peer Review Senior Manager and Peer Review Specialist to review the Program's administration. We noted that annual peer reviewer resume verifications were being performed by an Association staff member who was not completely familiar with certain continuing professional requirements for peer reviewers.

Furthermore, and as a result of failing to appropriately monitor open reviews, the Association had failed to suspend an active reviewer from performing peer reviews at a time when the reviewer was ineligible to perform reviews. This reviewer should have been suspended from performing peer reviews because his firm's peer review had not been completed in a timely fashion.

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 Association's Peer Review Senior Manager 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. During this review, we noted that reviewers' feedback forms were not being transmitted to the AICPA in a timely fashion and, in some instances, peer review acceptance letters were not being sent to the reviewed firms within the prescribed time-frame. The failure to send letters in a timely manner was also noted during the Association's 2014 oversight visit.

The Association has developed a back-up plan to support the Association's peer review staff if they become unable to serve in their respective capacities.

Web Site

We met with the Peer Review Senior Manager and Peer Review Specialist 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's review of the web site material, we noted that the administering entity substantively maintains and disseminates current information as it relates to the peer review program. In addition, the administering entity has individuals who are 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.

Technical Review Procedures

On September 13, 2016, we met with one of the Association's three technical reviewers to discuss procedures. She performs many of the Association's 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 body ("RAB") on September 13, 2016. We believe that all review issues were appropriately addressed by the technical reviewers before the reviews were presented to the RAB which contributed to an effective and efficient acceptance process.

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

We 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 September 13, 2016, we attended the off-site RAB meeting as well as the peer review committee meeting. We observed the RAB's acceptance process and offered our comments at the close of discussions.

The RAB meeting was very orderly and it was apparent that the RAB members had reviewed the reports and working papers prior to the meeting. We noted that the RAB members did not fully understand the difference between "delayed acceptance" and "deferral of a review" and the resulting consequences of each. Furthermore, completion dates for imposed corrective action plans and implementation plans were being determined by an Association staff member.

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

Oversight Program

The Association's 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 Association's administration of the Program, the Association's Peer Review Committee should develop and establish appropriate policies and procedures to ensure that:

1. Reviewers are prohibited from performing or scheduling peer reviews when they are ineligible to do so and that disqualification letters are promptly sent to the affected reviewer. Furthermore, and following the guidance as set forth in the "AICPA Peer Review Program Report Acceptance Body Handbook", PRP §3300, the Committee should determine the appropriate actions to be taken regarding those reviews the specific reviewer that was identified has completed, is in process of being completed, or has scheduled while such reviewer was ineligible to perform reviews.
2. Feedback forms that are issued to reviewers are transmitted to the AICPA as required.
3. Peer review acceptance letters are sent to the reviewed firms within the prescribed time-frame.
4. Peer reviewer resume verifications are performed by qualified individuals, ordinarily experienced technical reviewers and/or peer review committee members.

5. RAB members are familiar with the differences between the delayed acceptance of reviews and the deferral of reviews.
6. RABs are determining appropriate completion dates for imposed corrective action plans or implementation plans because they have a better understanding of the sensitivity of when corrective action plans or implementation plans should be completed (e.g. timeliness of engagement remedial actions, pre-issuance reviews, obtaining continuing professional education).

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J. Phillip Coley, Member, Oversight Task Force
AICPA Peer Review Program

March 2, 2017

Debra Seefeld, Chair
Oversight Task Force
AICPA Peer Review Board
Palladian I Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Oversight Visit to Michigan Association of Certified Public Accountants (MICPA)

Dear Ms. Seefeld:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the MICPA's administration of the AICPA Peer Review Program (program) performed on September 12th and 13th 2016. The matters discussed herein were brought to the attention of all peer review program committee members, administrative staff, and technical reviewer(s). In addition, the matters discussed in this letter will be monitored to ensure they are effectively implemented as part of our administration of the AICPA Peer Review Program.

Administrative Procedures

We recognize the importance of reviewer qualifications in their ability to perform reviews. In the case of the suspended reviewer, per PRP guidance, the MICPA Peer Review Committee has considered the reviews completed or in process during the time frame in question. Because the lack of timeliness on the reviewer's own review was the reason for the suspension, the Committee decided that planning and/or evaluation of results would not have been affected. Therefore, no further action would be necessary for reviews that had been complete. Likewise, the same consideration was expressed for reviews that were in process but the Technical Reviewer and RAB will approach them with added skepticism and will continue to evaluate possible future actions that may be deemed appropriate during the RAB acceptance process. Additionally, peer review staff will access the reviewer pool quarterly to verify reviewers' firm peer review completion dates to prevent potential future conflicts.

While tracking and retention of Reviewer Feedback Forms had been performed internally, implementation timing of uploading the forms to PRISM was misunderstood. We are now uploading feedback to the reviewer performance data base immediately following RAB approval.

Acceptance Letters have, generally, been sent out within the prescribed time-frame. In some cases, however, when minor changes were needed, Delayed Acceptance Letters were not utilized effectively. This created a perceived "late" status in PRISM. We are now utilizing the Delayed or Deferred letters more consistently to maintain a more accurate reflection of the review's status.

Reviewer resume verifications are now being performed by a Technical Reviewer rather than by a member of the MICPA peer review administrative staff.

Committee Procedures

RAB members have been instructed as to the difference between a delayed acceptance and deferred acceptance of a review. Additionally, the definitions have been included on the agenda as a reference resource to insure the correct option is being considered during the meeting. To provide more accurate and realistic due dates for corrective action or Implementation Plans, those dates are no longer being determined by a staff member. The Technical Reviewer is providing the recommended dates for consideration with their reviews. After Committee discussion, the dates are either approved or revised per RAB consensus.

We appreciate J. Phillip Coley's constructive advice and suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Heemer, CPA". The signature is fluid and cursive, with the initials "R.A.H." being prominent.

Robert A. Heemer, CPA
MICPA Peer Review Committee Chair