

February 28, 2017

Ms. Beth Kohn-Cole, CPA
Peer Review Committee Chair
Nevada Society of CPAs
6490 S. McCarran Blvd., D1-28
Reno, NV 89509

Dear Ms. Kohn-Cole:

On January 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 Nevada 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 Oversight Task Force accepted the aforementioned documents with the understanding that appropriate monitoring steps will be implemented, as outlined in your response, to avoid any future recurrences of the deficiency noted.

The next administering entity oversight visit will be in 2017.

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: Anna Durst, CEO
Kary Arnold, Finance & Peer Review Program Manager
Nevada Society of CPAs

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program

Oversight Visit Report

October 4, 2016

To the Nevada Society of CPAs
Peer Review Committee

We have reviewed Nevada Society of CPA's 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 (board) as contained in the *AICPA Peer Review Program Oversight Handbook*. The Nevada Society of CPAs is responsible for administering the AICPA Peer Review Program in compliance with the *AICPA Standards for Performing and Reporting on Peer Reviews*, 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 Program Administrative Manual*, (2) the reviews are being conducted and reported upon in accordance with the standards, (3) the results of the reviews are being evaluated on a consistent basis by all Nevada Society of CPAs 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 *except for the deficiency described below* that the Nevada Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the board.

We noted that there were several procedures established by the board as set forth in the program administration manual that were not complied with in all material respects for a significant period of time since the last oversight visit in 2014. See letter of observation and recommendation for more details. The Nevada Society has hired new personnel and has made progress in correcting this deficiency.

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 considered to be of sufficient significance to affect the conclusions expressed in this report.

John A. Lynch

John A Lynch, Member, Oversight Task Force
AICPA Peer Review Program

October 4, 2016

To the Nevada Society of CPAs
Peer Review Committee

We have reviewed Nevada Society of CPA's administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 4, 2016. That report should be read in conjunction with the observations in this letter, which were considered in determining our conclusions. Several of the observations described below were 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 Nevada Society of CPAs, the administering entity for the program, conducted on October 4, 2016, the following observations are being communicated.

Administrative Procedures

On the morning of October 3, 2016, Sue Lieberum, AICPA Associate Director and I met with the Peer Review Manager and the Chief Executive Officer of the Society to review the program's administration. We noted that the Society's current plan of administration of the peer review program has not been approved by AICPA due to the failure to complete the required oversights as noted below. Also we noted there was a recent change in personnel which was necessary to correct several deficiencies in the administrative processes. AICPA staff has been working with the new personnel to help train and assist with current processes and help determine the actions necessary to process and close past due reviews. The administrative processes were not being handled in a manner consistent with peer review standards.

We reviewed the files, which were still open due to follow-up actions, which had not yet been completed. Currently the follow-up actions were being effectively monitored for completion by the administrative staff with the assistance of the AICPA staff. As noted in the prior oversight there were several reviews that were past due as a result of firms not being notified timely. Only recently was the peer review committee provided with information on the status of the reviews by the new personnel.

We also reviewed the policies and procedures for the granting of extensions. We found that the Peer Review 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. As noted above the Society has addressed the processes and is currently generating the required letters timely. Until recently the letters that should be generated were untimely and resulted in a large backlog of open and late reviews.

We also noted per discussion with the new Peer Review Manager that, in the past, the Society was not following the confidentiality guidelines specified in the peer review standards when requests for information were made by state boards.

We noted that reviewer feedback forms were not uploaded to AICPA SharePoint to facilitate access by other administering entities as well as the committee and technical reviewers.

The Society has developed a backup plan to support the Peer Review Manager. Another individual in the Society as well as another administrative entity will provide support in the event the Peer Review Manager is unable to perform her duties.

Web Site and Other Media Information

We met with the Peer Review Manager 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 for the most part the administering entity maintains current information as it relates to the peer review program. However, we noted there were some links that did not work or other information was outdated. The Web site information was corrected during our visit. Issues with the Web site were noted in the prior oversight visit.

Working Paper Retention

We reviewed the completed working papers and found the Society was in compliance with the working paper retention policies; however, the Society had not followed the retention guidelines for reviewer feedback forms.

Technical Review Procedures

We met with one of the two technical reviewers, to discuss procedures. The two perform all technical reviews and are experienced reviewers.

We reviewed the reports letters of response, if applicable, and the working papers for reviews. We believe that all review issues were addressed properly by the technical reviewer(s) before reviews were presented to the committee. This helped the acceptance process to be effective and efficient.

We noted that the technical reviewers did not have a formal evaluation. This was also noted in the prior oversight visit.

Review Presentation

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

The committee did not receive some of the report acceptance materials timely, but we did not observe that this had any impact on the preparation for this meeting.

In addition, the AICPA has requested the Society communicate future RAB meetings so that they can schedule the AICPA RAB observations. The Society has posted future meetings to AICPA SharePoint subsequent our visit.

Committee Procedures

We met with the committee chair and discussed their procedures for disseminating the comments resulting from the AICPA working paper oversights and RAB observation reports to the appropriate individuals.

On October 4, 2016, we attended the onsite peer review committee meeting, as well as the Society's executive committee meeting. We observed the committee's acceptance process and offered our comments at the close of discussions.

The onsite committee functioned as the report acceptance body (RAB), and the meeting was very orderly. It was apparent that the committee members had reviewed the reports and working papers prior to the meeting 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. For the most part, reviews were being presented to the RABs on a timely basis. The exceptions were a few that got stalled or misplaced in the process as noted previously.

The committee should take appropriate steps to ensure that feedback forms are issued to reviewers as the need arises. This serves as an educational process for reviewers and helps

ensure that problems noted are not repeated in future reviews. The feedback forms should be signed and dated by a committee member.

Oversight Program

The Nevada Society of CPAs peer review committee does not have a formal oversight program. The required selections for the current and prior year onsite oversights were made, but the Society failed to complete the minimum oversights for the prior year and as a result, their plan of administration has not been approved by AICPA.

We also noted that the Society did not follow the guidelines for reviewer resume verification. We noted the Society began a process in July 2016 to review 100% of the reviewers and has not taken the appropriate action on the reviewers that may be ineligible or suspending reviewers for failure to respond within the 30 days of the request. In two instances a request for verification was not sent even though the reviewers were committee members.

Summary

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

The administering entity should complete the required oversight and get their plan of administration for the current year approved as soon as possible.

The administering entity should continue to work with the AICPA staff to get caught up with old reviews. Letters to firms and reviewers should be sent on a timely basis.

The administering entity should follow the program standards for confidentiality for firms. The firms can provide written permission to allow communication with state boards.

The administering entity should review the guidance issued for reviewer feedback and take the appropriate steps to ensure that feedback is issued when necessary. In addition, the feedback forms should be uploaded to AICPA SharePoint within 30 days of issuance. Feedback forms should be retained according to guidelines. A committee member should sign and date the forms.

The Web site should be monitored periodically so the peer review information is current and accurate.

The administering entity should document the annual evaluation of the technical reviewers.

Future RAB meetings should be posted to the AICPA SharePoint to facilitate scheduling RAB observations. Also, the reports being discussed should be sent to the committee members allowing sufficient time to review the reports prior to the RAB meeting.

The administering entity should review the guidelines for verification of reviewer resumes including taking appropriate action for no responses within the time period allowed.

John A. Lynch

John A Lynch, Member, Oversight Task Force
AICPA Peer Review Program

December 8, 2016

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

RE: Oversight Visit to Nevada Society of CPAs

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 Nevada Society of CPAs' administration of the AICPA Peer Review Program performed on October 3 and 4, 2016. The matters discussed herein were brought to the attention of all peer review program committee members, administrative staff, and technical reviewers. 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.

As noted in the report and letter of observations there were several procedures as established by the AICPA Peer Review Board as set forth in the program administrative manual that were not complied with in all material respects for a significant period of time since the last oversight visit in 2014.

The administering entity should complete the required oversight and get their plan of administration for the current year approved as soon as possible. The final oversight for the 2015 year was completed on 11/8/2016 and submitted to AICPA on 11/21/2016. Laurel Gron confirmed receipt on 11/28/2016 and stated that the OTF was notified of the oversight which should complete the Plan of Administration for 2016. Two 2016 oversights have been completed and submitted to the AICPA. Two additional reviews are in the process of being completed with an expected completion date of 12/13/2016. The final three reviews will be scheduled in the next six weeks with an expected completion date no later than 01/31/2017. The 2016 Plan of Administration has been submitted and was approved by the AICPA on 11/30/2016.

The administering entity should continue to work with the AICPA staff to get caught up with old reviews. Letters to firms and reviewers should be sent on a timely basis. As of 11/28/2016 we have closed all but 28 old reviews. These 28 reviews are in various stages of the review process, including several that are going to the RAB on 12/13/2016. We are diligently working with the firms to close these reviews as soon as possible. Since April 2016 we have closed 44 reviews with due dates prior to 12/31/2015. After new personnel took over the peer review duties in April 2016 letters have been mailed timely.

The administering entity should follow the program standards for confidentiality for firms. The firms can provide written permission to allow communication with state boards. During AICPA Oversight, we discussed the specific items we could and could not disclose to the State Board of Accountancy. Since that date we have adhered to those guidelines and have documentation to support this process.

The administering entity should review the guidance issued for reviewer feedback and take the appropriate steps to ensure that feedback is issued when necessary. In addition, the feedback forms should be uploaded to AICPA SharePoint within 30 days of issuance. Feedback forms should be retained according to guidelines. A committee member should sign and date the forms. All feedback forms for 2016 have been uploaded to SharePoint. Forms issued after the date of AICPA Oversight will be signed and dated by a committee member and uploaded to SharePoint within 20 days.

The Web site should be monitored periodically so the peer review information is current and accurate. We have calendar reminders to review the website at least quarterly.

The administering entity should document the annual evaluation of the technical reviewers. Future RAB meetings should be posted to the AICPA SharePoint to facilitate scheduling RAB observations. Also, the reports being discussed should be sent to the committee members allowing sufficient time to review the reports prior to the RAB meeting. The annual review of the technical reviewers will be addressed at the December 2016 RAB meeting per the agenda. All RAB meetings through August 2017 are posted on SharePoint. Since April 2016 RAB documents were sent to committee members in a timely manner; typically, one or two weeks prior to the meeting. The RAB committee has noted that this is sufficient time to review the materials and will notify the NVCPA if more time is needed.

The administering entity should review the guidelines for verification of reviewer resumes including taking appropriate action for no responses within the time period allowed. The guidelines have been reviewed and any reviewers who did not respond in the appropriate period have been notified and the appropriate actions have been taken.

We appreciate the diligence and effort the AICPA Oversight Team focused on the NVCPA Peer Review Administration Program. They provided much information and resources needed to help new personnel bring our program to the appropriate Administrating Entity standards. We believe we have addressed all the issues and procedures and mechanisms are in place to stay timely and accurate on all aspects of peer review. Follow up schedules, documentation programs and correspondence plans are being utilized daily. The Society and the RAB Committee is committed to the highest quality of service to our CPAs.

If you should have any questions, please feel free to contact me.

Sincerely,



Beth Kohn-Cole, CPA

Peer Review Committee Chair