

January 26, 2018

Sharon H. Bryson, M. Ed., Chief Executive Officer
Henry White, CPA, Peer Review Committee Chair
North Carolina Association of CPAs
P.O. Box 80188
Raleigh, NC 27603

Dear Ms. Bryson & Mr. White:

On January 25, 2018 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 North Carolina 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 2019.

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

Sincerely,

Richard Hill

Richard Hill, CPA, Chair
Chair, Oversight Task Force
AICPA Peer Review Board

cc: Mary Kelly, Peer Review Coordinator

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program

Oversight Visit Report

October 19, 2017

To the Peer Review Committee
North Carolina Association of Certified Public Accountants

We have reviewed North Carolina Association of Certified Public Accountants' administration of the AICPA Peer Review Program (program) as part of our oversight program. North Carolina Association of Certified Public Accountants is responsible for administering the program in North Carolina. 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 administering entity 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 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 North Carolina 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 sets forth recommendations that were not considered to be of sufficient significance to affect the conclusions expressed in this report.

A handwritten signature in black ink, reading "John A. Lynch".

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

October 19, 2017

To the Peer Review Committee
North Carolina Association of Certified Public Accountants

We have reviewed North Carolina Association of Certified Public Accountants' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 19, 2017. That report should be read in conjunction with the 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 North Carolina Association of Certified Public Accountants, the administering entity for the program, conducted on October 18th and 19th, the following observations are being communicated.

Administrative Procedures

On the morning of October 18, 2017, I met with the Peer Review Coordinator to review the program's administration. I believe the administrative processes were being handled in a manner consistent with peer review standards.

In the spring 2017, the AICPA rolled out a new automated document workflow for processing and tracking the peer review process. The new system requires more interaction with firms, reviewers and administration to successfully document and process the peer reviews. The benefits are the scheduling notifications, letters to firms and reviewers are automatically generated by the system and emailed to the appropriate parties. According to discussions with the Peer Review Coordinator, and based on her discussions with firms and reviewers, the required communications were going out on a timely basis. "In flight" reviews generated some technical issues early on, however, those issues for the most part have been resolved. "In flight" reviews were reviews scheduled or in process at the time the new system went live.

We discussed the reviews, which were still open due to follow-up actions, which had not yet been completed. A listing of open reviews was reviewed by the committee. I found that the follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

I also reviewed the policies and procedures for the granting of extensions. I found that the Peer Review Coordinator handles short-term extension requests with discussion from the committee when the circumstances warrant.

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

The Association had developed a backup plan to support the Peer Review Coordinator and technical reviewers if they become unable to serve in their respective capacities.

Web Site

After the AICPA staff's review of the web site material I noted that the administering entity maintains current information as it relates to the peer review program.

Working Paper Retention

I discussed the completed working paper policy with the Peer Review Coordinator and found it consistent with AICPA requirements.

Technical Review Procedures

I had discussions with two of the thirteen technical reviewers, to discuss procedures. Both technical reviewers are experienced reviewers and are also committee members, one of the technical reviewers is also the committee chair.

I reviewed the reports, letters of response, if applicable, and the working papers for several reviews. I believe that most 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.

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 Procedures

I met with the committee chair and discussed their procedures for disseminating the comments resulting from RAB observation reports to the appropriate individuals.

On October 19, 2017, I attended the three on-site RAB meetings as well as the peer review committee meeting. I observed the committee's acceptance process and offered my comments at the close of discussions.

It was apparent that the RAB 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.

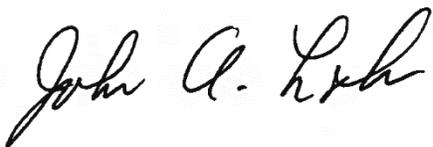
Appropriate decisions were made in the acceptance process, including assigned corrective actions and reviewer monitoring. Reviews were being presented to the RABs on a timely basis.

Oversight Program

The North Carolina Association of Certified Public Accountants' peer review committee has adopted a formal oversight program that is well documented. I reviewed the document and procedures performed and found it to be comprehensive.

Summary

There are no further observations to be communicated to the North Carolina Association of Certified Public Accountants.

A handwritten signature in black ink that reads "John A. Lynch". The signature is written in a cursive, flowing style.

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

AICPA Peer Review Program

Administered by the North Carolina Association of Certified Public Accountants



January 9, 2018

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

Re: 2017 AICPA Oversight Visit to North Carolina Association of CPAs

Dear Mr. Hill:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of North Carolina's administration of the AICPA Peer Review Program on October 18-19, 2017. The oversight visit documents have been disseminated to all NCACPA Peer Review Committee members, technical reviewers, and administrative staff. We are pleased to note there were no specific deficiencies or observations included in the oversight documents on which a written response was required. This letter represents our acknowledgement of the oversight visit.

We appreciate the review John Lynch performed of our administration of the AICPA Peer Review Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon H. Bryson".

Sharon H. Bryson, M.Ed.
NCACPA CEO

A handwritten signature in black ink, appearing to read "Henry L. White".

Henry L. White, CPA
Chair
NCACPA Peer Review Committee

cc: Mary C. Kelly, NCACPA Peer Review Coordinator
Laurel Gron, CPA, AICPA Technical Manager



North Carolina Association of Certified Public Accountants

PO Box 80188, Raleigh, NC 27623-0188 • 3100 Gateway Centre Blvd, Morrisville, NC 27560-9241
Phone 919-469-1040 • 800-722-2836 • Fax 919-378-2000 • www.ncacpa.org