

February 6, 2012

Maria E. Morales, Peer Review Committee Chair  
Puerto Rico Society of CPAs  
Capital Center 1, 239 Arterial Hostas Ave., Suite 1401  
San Juan, PR 00918-1400

Dear Ms. Morales:

On December 5, 2011, 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 Puerto Rico 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 will be posted to the AICPA Peer Review Program Web site.

The next state oversight visit will be in 2012.

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

Sincerely,

*Randy Watson*

Randy Watson, Chair  
Oversight Task Force  
AICPA Peer Review Board

cc: Edna Jimenez, Executive Director  
Maria Laboy, Peer Review Manager  
Lisa Joseph, AICPA Peer Review Program Technical Manager

Peer Review Program  
American Institute of Certified Public Accountants  
Administered by  
Colegio de Contadores Públicos Autorizados de Puerto Rico

July 20, 2011

Mr. Randy S. Watson, CPA  
Chairman  
AICPA Peer Review Board  
Oversight Task Force  
Palladian 1 Corporate Center  
220 Leigh Farm Road  
Durham, NC 27707-8110

Re: Oversight Visit to the Puerto Rico Society of CPA

Dear Mr. Watson:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the Puerto Rico Society of CPAs' administration of the AICPA Peer Review Program (program) performed on April 27 and 28, 2011. 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

#### Administrative Procedures

We recognize the importance of the timeliness preparation and mailing of open reviews overdue letters and review acceptance letters. This is why we had already hired an additional technical reviewer who is currently, among his other duties, ensuring about the timeliness preparation and sending of these overdue and acceptance letters. Also, our Director of Excellence continues devoting a substantial amount of her time to the Program administration and coordination.

Regarding the Peer Review Committee review of the open reviews status, they already started reviewing them on a quarterly basis, thus ensuring about their appropriate monitoring.

Technical Review Procedures and Review Presentation

The Director of Excellence together with the Report Acceptance Body (RAB) will provide ongoing guidance and training in order for the newly hired technical reviewer to appropriately address review issues prior to RAB presentation, thus making the acceptance process more effective and efficient.

We appreciate Mr. J. Philip Coley, CPA's constructive advice and suggestions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maria E. Morales".

Mrs. Maria E. Morales, CPA  
Committee Chair  
Peer Review Committee

Cc: Edna Jiménez, CPA, Executive Director, Puerto Rico Society of CPA (PRSCPA)  
María T. Laboy, CPA, Director of Excellence, PRSCPA  
J. Philip Coley, CPA, AICPA Oversight Task Force Member

## Oversight Visit Report

April 28, 2011

To the Peer Review Committee  
Puerto Rico Society of  
Certified Public Accountants

We have reviewed the Puerto Rico 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 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 Puerto Rico 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.



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

April 28, 2011

To the Peer Review Committee  
Puerto Rico Society of  
Certified Public Accountants

We have reviewed the Puerto Rico 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 April 28, 2011. 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 Puerto Rico Society of CPAs, the administering entity for the Program, conducted on April 27 and 28, 2011, the following observations are being communicated.

#### Administrative Procedures

On the morning of April 27, 2011, I met with the Director of Excellence to review the Program's administration. I believe the administrative processes were being handled in a manner consistent with peer review standards.

I reviewed the files which were still open due to follow-up actions and which had not yet been completed. 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 Director of Excellence handles short-term extension requests with discussion from the committee when the circumstances warrant.

I also reviewed the timeliness of the scheduling process, technical reviews, and the preparation of acceptance and follow-up letters. It was noted that, up until recently, overdue letters for open reviews and review acceptance letters were not being sent on a timely basis. The untimely sending of overdue letters is a repeat observation from prior oversight visits. In recent months, this situation has significantly improved due to the recent hiring of a technical reviewer who has assumed some of the duties previously performed by the Director of Excellence. Providing that the Director of Excellence continues to devote a substantial amount of her time to the Program, it is expected that the overdue and acceptance letters will continue to be sent in a timely manner. In addition, the committee should review the status of open reviews on a basis more frequent than it is currently doing. This will further ensure that open reviews are appropriately monitored.

The Peer Review Committee  
Puerto Rico Society of  
Certified Public Accountants  
April 28, 2011  
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The Puerto Rico Society of CPAs has developed a back-up plan to support the Director of Excellence and the technical reviewer if they become unable to serve in their respective capacities.

### **Web Site**

I met with the Director of Excellence to review the administering entity's procedures to determine if the information disseminated regarding the Program by the administering entity on their web site and via other media is accurate and timely.

After the AICPA staff's review of the Web site material and my review of other media information, I noted that the administering entity 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**

I reviewed the completed working papers for several reviews and found compliance with the working paper retention policies. I also reviewed the retention policies and procedures regarding reviewer feedback forms and noted that these forms are being retained for the appropriate period of time.

### **Technical Review Procedures and Review Presentation**

I met with the technical reviewer to discuss procedures. He performs all technical reviews. However, as previously mentioned, he has only recently begun to perform technical reviews and, because of this relative inexperience as a technical reviewer, several issues regarding the reviews being presented to the report acceptance body ("RAB") on April 28, 2011, should have been resolved and cleared prior to presentation. The technical reviewer is a very capable individual and, with continued guidance and training, will appropriately address review issues prior to RAB presentation. This will ultimately make the acceptance process more effective and efficient.

### **Committee and RAB Procedures**

On April 28, 2011, James W. Brackens, Jr., AICPA Vice President of Firm Quality & Practice Monitoring, and I met with the committee chair and discussed their procedures for disseminating the comments resulting from the AICPA working paper oversights to the appropriate individuals. It was determined that the committee issued reviewer feedback related to these comments when appropriate.

Mr. Brackens and I attended the full committee meeting on the evening of April 28, 2011. The full committee also functioned as the RAB. 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 thoroughly 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, appropriate follow-up actions were assigned, and reviewers were being appropriately monitored. Reviews were being presented to the RABs on a timely basis.

### Oversight Program

The Puerto Rico Society of CPAs' 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.

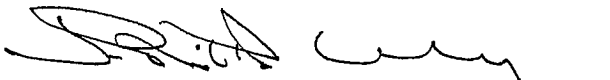
### Summary

My observations to enhance the Puerto Rico Society of CPAs' administration of the Program are summarized as follows:

To ensure that open reviews are appropriately monitored and that overdue and acceptance letters continue to be sent in a timely manner:

- The Peer Review Committee should review the status of open reviews at least quarterly.
- The administering entity should continue to dedicate a sufficient amount of human resources to the administration of the Program, including, but not limited to, ensuring that the Director of Excellence continues to devote a substantial amount of her time to the administration of the Program.

Continued guidance and training should be provided to the technical reviewer to ensure that review issues are properly addressed prior to presentation to the RAB.



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