April 3, 2017

Mr. Jeremy Ryan, CPA
Peer Review Committee Chair
Colorado Society of CPAs
7887 E. Belleview Ave., Suite 200
Englewood, CO 80111-6076

Dear Mr. Ryan:

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 Colorado 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: Mary Medley, CEO
Susan Vachereau, Member Services Director
Jill Turner, Peer Review Coordinator
Colorado Society of CPAs

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program
Oversight Visit Report

October 25, 2016

To the Peer Review Committee
Colorado Society of
Certified Public Accountants

We have reviewed the Colorado Society of Certified Public Accountants’ (the “Society”) administration of the AICPA Peer Review Program (the “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, except for the deficiency described below, the Colorado Society of Certified Public Accountants has complied with the administrative procedures and Standards in all material respects as established by the Board.

During our visit, we became aware that the Society violated the confidentiality provisions of the Standards and related interpretations by allowing an official of a state board of accountancy to attend a meeting at which peer reviews were discussed and evaluated. Furthermore, relevant state board regulations prohibit anyone performing enforcement-related work for a state board from serving on its peer review oversight committee. Although no such committee has been established by the state board, the Society erroneously believed that such attendance was permitted under state accountancy rules governing oversight of the Society’s administration of the Program. Even though the obtaining of a confidentiality agreement would not have permitted the official’s attendance at the meeting, the Society has obtained representations from the attending official that the confidentiality requirements of the Program have and will continue to be respected. We recommend that all affected Society personnel, as well as the Society’s Peer Review Committee, be reminded of the confidentiality provisions of the Standards and related interpretations. We further recommend that the Society design and implement appropriate policies and procedures to ensure that only authorized individuals are allowed attendance at meetings at which peer reviews are discussed and evaluated.

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.

J. Phillip Coley, Member, Oversight Task Force
AICPA Peer Review Program
October 25, 2016

To the Peer Review Committee
Colorado Society of
Certified Public Accountants

We have reviewed the Colorado Society of Certified Public Accountants’ (the “Society”) administration of the AICPA Peer Review Program (the “Program”) as part of our oversight program and have issued our report thereon dated October 25, 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 Society, an administering entity for the Program, conducted on October 24th and 25th, 2016, the following observations are being communicated.

**Administrative Procedures**

On the morning of October 24, 2016, Rachelle Drummond, AICPA Senior Technical Manager, and I met with the Society’s Member Services Director and Peer Review Coordinator to review the Program's administration. It should be noted that, in March 2016, the Society began administering the Program for New Mexico firms which resulted in some transitional issues regarding timeliness of correspondence, monitoring of open reviews, etc. that were beyond the Society’s control. We believe that any comments or recommendations hereinafter described did not result from such issues.

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 Society’s Peer Review Coordinator 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 peer reviewer second workpaper overdue letters were not being sent. The failure to send letters in a timely manner was also noted during the Society’s 2014 oversight visit. In addition, Facilitated State Board Access postings of peer review results were not being made in the prescribed timeframe and, in some instances, incomplete or incorrect review statistics had been reported.
The Society has developed a back-up plan to support the Society’s peer review staff if they become unable to serve in their respective capacities.

Web Site

We met with the Member Services Director and Peer Review Coordinator 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 and in other media is accurate and timely.

After the AICPA’s review of the web site material, we noted that some of the material is not current and that some of the website’s links did not function properly. Website issues were also noted during the Society’s 2014 oversight visit.

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 October 25, 2016, we met with two of the Society’s technical reviewers to discuss procedures. We reviewed the reports, letters of response, if applicable, and the working papers for several of the reviews scheduled for presentation to the report acceptance body (“RAB”) on October 25, 2016. As hereinafter described, we believe that some review issues should have been better addressed by the technical reviewers before the reviews were presented to the RAB.

Review Presentation

During our observations of the RAB meetings, we noted that some review issues were not identified by the technical reviewers and RAB members. These issues involved inappropriate report language and an inappropriate determination that a matter was isolated.

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 October 25, 2016 and November 21, 2016, we attended or telephonically participated in the RAB meetings. We observed the RABs’ acceptance process and offered our comments at the close of discussions. We also attended the peer review committee meeting on October 25, 2016.
The RAB meetings were very orderly and, except for one instance, it was apparent that the RAB members had reviewed the reports and working papers prior to the meeting. One RAB member indicated that he had not received any of the documents for the reviews that were to be evaluated.

We recommended that, for one review, reviewer feedback should have been issued for the reviewer’s failure to identify important issues as well as having to revise several peer review documents. Reviews were being presented to the RAB on a timely basis.

**Oversight Program**

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

1. Facilitated State Board Access postings of peer review results are made in a timely manner.
2. Reviewer overdue letters are sent as required.
3. Website peer review information is current and that website links function properly.
4. Reviewer feedback forms are transmitted to the AICPA as required.
5. If RAB members have not received review documents in sufficient time to adequately prepare for a RAB meeting, they should request such documents from the appropriate peer review administrative staff.
6. Technical reviewers and RAB members carefully review all submitted peer review documents to ensure that peer review reports contain all the required elements, all important matters are appropriately identified, matters are appropriately identified as isolated, and that reviewer feedback is issued when warranted.
7. Statistics for completed reviews are accurately and completely reported.

J. Phillip Coley, Member, Oversight Task Force
AICPA Peer Review Program
March 13, 2017

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

Re: Oversight Visit to Colorado Society of CPAs

Dear Mr. Bluhm:

This letter represents the Colorado Society of CPAs (COCPA) response to the report and letter of procedures and observations issued in connection with the review of the COCPA’s administration of the AICPA Peer Review Program (Program) performed on October 24-25, 2016. The matters discussed here were brought to the attention of all peer review program committee members, administrative staff, and technical reviewers. In addition, these matters will be monitored to ensure they are effectively implemented as part of our administration of the AICPA Peer Review Program.

Deficiency Noted in the Report

Regarding the attendance of the Executive Director (ED) of the Colorado State Board of Accountancy at a RAB meeting, it should be noted:

- This was done because the State Board had not (and still has not) established a PROC.
- The ED was not furnished any firm or review materials and did not record anything discussed.
- The ED agreed to confidentiality regarding all matters discussed prior to the meeting.
- All parties understood that the only actions which would be taken regarding any firm reviews would be based solely on input from the FSBA module.
- The COCPA Peer Review Board subsequently considered the matter. No one associated with a regulatory body will be permitted to attend any future meetings.
Observations That Did Not Affect the Report

FSBA
We understand that timely posting of peer review results to the Facilitated State Board Access platform is an integral part of working with our State Boards of Accountancy. We will update all completed reviews within the 30-day requirement.

Reviewer Overdue Letters
We will ensure that reviewer overdue letters are sent immediately when they appear in the PRISM Letter Depot.

Web Site and Other Media Information
We will maintain accurate and timely information on the COCPA website, as well as other media information. Accordingly, we have implemented a procedure through which the peer review program administrator communicates all peer review changes to the website team for immediate updating.

Reviewer Feedback Forms
We have updated our procedures to send the AICPA copies of all Reviewer Feedback Forms as specified in an email sent to AEs on 9/15/15 with an implementation date of 1/1/16.

RAB
We have implemented a new policy which requires any RAB member who does not review documents in sufficient time to adequately prepare for a RAB to recuse himself or herself from the meeting. This new policy will be communicated to and discussed with all RAB and Board members at the next Peer Review Board meeting, May 4, 2017.

Technical Reviewer and RAB Members
We recognize that because of the subjective nature of peer review it takes the technical reviewers and the RAB together to make the appropriate decisions. A detailed reminder will be sent to all technical reviewers and RAB members to carefully review all submitted peer review documents to ensure that peer review reports contain all the required elements, all important matters are appropriately identified, matters are appropriately identified as isolated, and that reviewer feedback is issued when warranted. This also will be a discussion item at the Peer Review Board meeting, May 4, 2017.

Statistics
Beginning immediately, statistics for completed reviews have been and will continue to be accurately and completely reported in PRISM.

Request for Accelerated Oversight
We request the opportunity to schedule an accelerated AICPA Administrative Oversight during 2017 to improve to a pass report. Please advise us on the procedure for doing so.

We appreciated Mr. Coley’s thoughtful and constructive suggestions and advice. Also, having Rachelle Drummond from the AICPA participate in this oversight was an added benefit. Thank you for all the Peer Review team’s efforts in assisting us in performing our responsibilities.
efficiently and effectively. We look forward to continuing our combined efforts on behalf of the profession and the public.

Sincerely,

Jeremy Ryan, Chair
Peer Review Board