

May 9, 2018

Mr. James Clausell, CPA
Peer Review Executive Committee Chair
Georgia Society of CPAs
Six Concourse Parkway, Suite 800
Atlanta, GA 30328

Dear Mr. Clausell:

On May 1, 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 Georgia 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 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
Chair – Oversight Task Force
AICPA Peer Review Board

cc: Boyd Search, CAE, President and CEO
Jessica Mytrohovich, CPA, Director of Finance & Technical Services
Georgia Society of CPAs

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program

Oversight Visit Report

October 10, 2017

To the Georgia Society of CPAs
Peer Review Committee

We have reviewed Georgia Society of CPA's administration of the AICPA Peer Review Program (program) as part of our oversight program. Georgia Society of CPAs is responsible for administering the program in Georgia. 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 Georgia 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 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 except for the deficiency described below that the Georgia Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the board.

During our RAB observation, we noted several instances in which information presented in the RAB package was either incorrect or incomplete, resulting in a number of reviews being either delayed or deferred. Additionally, a number of these circumstances were not identified by the RAB, rather were identified by the observers and communicated to the RAB after the completion of their consideration of the review. These matters are consistent with those identified in the most recent RAB observation report, dated June 22, 2017. The related RAB observation report acknowledgment letter signed by the CEO and the Committee Chair indicates that the comments would be shared with the committee, technical reviewers, and administrators. Based on the volume of issues we identified during the RAB meeting we attended, it appears that the technical reviewers have not been using prior RAB observation comments to improve the RAB packages and that RAB members were also not using the prior observation comments to improve the RAB's consideration of reviews presented to them.

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, appearing to read "B. Bluhm".

Brian Bluhm, Member, Oversight Task Force
AICPA Peer Review Program

October 10, 2017

To the Peer Review Committee
Georgia Society of CPAs

We have reviewed Georgia 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 10, 2017. That report should be read in conjunction with the observations in this letter, which were considered in determining our conclusions. Except for the issues affecting the RAB packages further explained in this letter, 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 Georgia Society of CPAs, the administering entity for the program, conducted on October 9-10, 2017, the following observations are being communicated.

Administrative Procedures

On the morning of October 9, Karl Ruben, AICPA Technical Manager, and I met with the Director of Finance and Professional Services and the Peer Review Coordinator to review the program's administration. The Society has experienced turnover in personnel which resulted in various delays and/or omissions in the administration of the program. For example, the Society's most recent plan of administration was submitted late because required oversights, verification of reviewer resumes, and the Society's 2016 administrative oversight were not completed in a timely manner. The personnel currently responsible for administering the program have been working with AICPA staff and staff from other administering entities to learn the processes used in administering the program and to determine necessary actions to complete activities that have not yet been completed and/or are in process.

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, based her discussions with firms and reviewers the required communications were going out on a timely basis.

We reviewed the files, which were still open due to follow-up actions, which had not yet been completed. We found that the 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 peer review personnel handle short-term extension requests with discussion from the committee when the circumstances warrant.

Web Site and Other Media Information

We met with administrative personnel 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 other media information (if applicable) 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 had been corrected prior to our visit.

Working Paper Retention

We reviewed the completed working papers and found the Society was in compliance with working paper retention policies.

Technical Review Procedures

We met with one of the Society's three technical reviewers to discuss procedures. He performs a significant number of the Society's technical reviews and is an experienced reviewer.

We reviewed the reports, letters of response, if applicable, and the working papers for several reviews. We noted several reviews in which technical matters had not been sufficiently addressed by the technical reviewers, resulting in extended deliberation by the RAB, as well as the delay or deferral of a number of reviews, and reviewer feedback that was not originally proposed by the technical reviewer. The matters noted included, but were not limited to, the following –

- On a system review, a deficiency in the peer review report combined two deficiencies. Peer review standards indicate that the reviewer should avoid combining multiple systemic causes into one deficiency.
- On three system reviews, the Summary Review Memorandum did not include the team captain's basis for not considering a different report rating when circumstances indicated a different report rating may have been appropriate.
- On three system reviews, the systemic cause included on the FFCs did not appear adequate.
- On a system review for a larger firm, the risk assessment was not considered to be comprehensive enough to allow the RAB to conclude whether the scope of the review was appropriate.
- On a system review that commenced after January 1, 2017, the form of the peer review report was incorrect.

Technical matters not being sufficiently addressed by the technical reviewers prior to reviews being presented to the RAB is a repeat finding from the Society's most recent RAB observation report. The Committee should ensure that findings from RAB observation reports be shared with the technical reviewers, and that the technical reviewers incorporate necessary changes in the technical review process to improve the quality of the peer review documents presented to the RAB.

Review Presentation

On October 9, 2017, we attended the RAB meeting, in which we observed the RAB's acceptance process and offered our comments at the close of discussion for several reviews. As detailed above, we noted several reviews in which reviews were brought to the RAB with open technical issues, a number of which were not identified by the RAB, rather considered after our comments. The RAB appropriately considered those comments, which resulted in a number of reviews being delayed or deferred, as well as reviewer feedback being provided to reviewers.

The agenda for the RAB meeting included approximately 35-40 reviews, and while the RAB members generally appeared to be appropriately prepared for the meeting, they did not have time to consider all of the reviews on the agenda, and had to conclude the meeting the following week. We recommend that the Committee consider scheduling RABs on a more frequent basis, which would allow RAB members an opportunity to more effectively consider each of the reviews being presented for acceptance.

Committee Procedures

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

On October 10, 2017, we attended the on-site peer review executive committee meeting. We observed the committee's consideration of prior RAB observation reports, evaluation of the status

of the Society's 2018 Plan of Administration, and the committee's consideration of problem reviewers.

Oversight Program

The Georgia Society of CPA's peer review committee has adopted a formal oversight program that is well documented. As noted above, the Society did not complete 2016 oversights in a timely manner.

Summary

Our observations to enhance Georgia Society of CPA's administration of the program are summarized as follows:

- The committee should ensure that administrative personnel are provided with the necessary training and resources to ensure that administrative procedures are completed in a timely manner.
- The administering entity should complete all components of its 2018 plan of administration to ensure it is submitted timely.
- The Society's peer review website information should be monitored periodically to ensure that peer review information is current.
- The committee should consider whether it would be beneficial to schedule additional RABs to allow for an agenda of a more manageable size, and allow RAB members to be sufficiently prepared for the meeting.
- Technical reviewers should ensure that all technical matters are addressed prior to the reviews being presented to the RAB, or in circumstances that the technical reviewer has identified matters that warrant RAB consideration, specifically identify those matters for the RAB members so that they can be considered during the RAB member's preparation for the RAB meeting.



Brian Bluhm, Member, Oversight Task Force
AICPA Peer Review Program

April 11, 2018

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

RE: 2017 AICPA Biennial Oversight

The Georgia Society of CPAs (GSCPA) has received and reviewed your Biennial Oversight Report dated October 10, 2017 issued in connection with the on-site oversight that took place on October 9-10, 2017. The matters discussed in this letter will be examined with all peer review program committee members, administrative staff and technical reviewers. Staff has made efforts to implement solutions to these items and will continue to monitor and adapt to ensure the program is administered effectively. We very much appreciate your feedback and are grateful for the insights provided. Please see below *in italics* our responses to the deficiency, recommendations and observations provided in the summary of your letter.

1. During our RAB Observation, we noted several instances in which information presented in the RAB package was either incorrect or incomplete, resulting in a number of reviews being either delayed or deferred. Additionally, a number of these circumstances were not identified by the RAB, rather were identified by the observers and communicated to the RAB after the completion of their consideration of the review. These matters are consistent with those identified in the most recent RAB observation report, dated June 22, 2017. The related RAB observation report acknowledgment letter signed by the CEO and the Committee Chair indicates that the comments would be shared with the committee, technical reviewers, and administrators. Based on the volume of issues we identified during the RAB meeting we attended, it appears that the technical reviewers have not been using prior RAB observation comments to improve the RAB packages and that RAB members were also not using the prior observation comments to improve the RAB's consideration of reviews presented to them.

GSCPA administrators communicated the feedback received from the observations to the technical reviewers and RAB. Staff will be scheduling a meeting with all peer review volunteers and technical reviewers to go over common issues observed during RAB observations and Biennial Oversight in the last year. This meeting will serve to provide additional guidance and instruction related to common issues found during the peer review process. Additionally, GSCPA administrators have begun to review the RAB packages prior to the meetings to ensure that correct formats are being used prior to Technical Review to reduce delayed acceptance related to report formatting or using older report templates. Additionally, GSCPA will continue to reimburse RAB members for training attended to further their peer review education and will reimburse Technical Reviewers for attendance at the peer review conference. Both reimbursement programs are done to ensure that the volunteers and technical reviewers have access to any training necessary to continue their involvement and strengthen our program. Staff will continue to remind volunteers that a free RAB training course on the AICPA website is available. Staff is also working to schedule more frequent meetings of the RAB, as is discussed in item number 5.

2. The committee should ensure that administrative personnel are provided with the necessary training and resources to ensure that administrative procedures are completed in a timely manner.

Staff is planning to attend the Peer Review Conference in Minnesota in July 2018. Additionally, staff will continue to take on-demand and live CPE related to peer review to supplement knowledge and will attend open board sessions of the peer review board, bi-weekly calls, and small group calls. Since the completion of the oversight, the CPA on staff has completed the online peer reviewer curriculum "Becoming an AICPA Peer Review Team or Review Captain." The CPA on staff will sign up for the "Becoming an AICPA Peer Review Team or Review Captain" training when dates and locations become available on the AICPA's website.

3. The administering entity should complete all components of its 2018 plan of administration to ensure it is submitted timely.

GSCPA submitted the Plan of Administration Information on September 25, 2017, ahead of the AICPA due date of November 1, 2017. GSCPA received conditional approval of this information on December 14, 2017. GSCPA has submitted the finalized Plan of Administration, along with the CPA waiver by the April 2, 2018 deadline. To ensure GSCPA continues to complete this information on time, GSCPA will make efforts to conduct more of the oversights during the summer months to ensure they are completed and presented to the RAB before the next deadline.

4. The Society's peer review website information should be monitored periodically to ensure that peer review information is current.

GSCPA staff have added monthly calendar reminders to review website links to confirm they are functioning. This was done to verify that staff reviews website content at regular intervals and update content as needed.

5. The committee should consider whether it would be beneficial to schedule additional RABs to allow for an agenda of a more manageable size, and allow RAB members to be sufficiently prepared for the meeting.

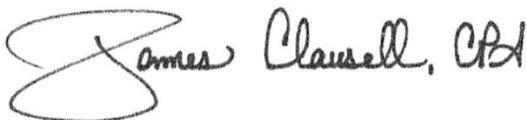
Staff is preparing the 2018-2019 volunteer schedule. As part of this, staff realizes smaller, more frequent meetings would be beneficial to the committee and will schedule meetings that are no more than a month apart to ensure fewer files are being reviewed. Staff has already added an additional meeting in 2017-2018 to ensure timely review and an agenda of a more manageable size going forward for the remainder of the current volunteer year. Additionally, staff is inviting all technical reviewers to all future calls to make sure technical reviewer workloads are not too great and they are able to review files more thoroughly. Staff has also met with the Peer Review Committee and will be working to schedule a meeting with all volunteers and technical reviewers related to the peer review program to go over common issues in review files, as well as the benchmarks related to the program.

6. Technical reviewers should ensure that all technical matters are addressed prior to the reviews being present to the RAB, or in circumstances that the technical reviewer has identified matters that warrant RAB consideration, specifically identify those matters for the RAB members so that they can be considered during the RAB member's preparation for the RAB meeting.

Staff had a call with technical reviewers and the committee chair in December to go over common issues facing reviewers. Staff has emailed and notified technical reviewers of the comments on this observation. Additionally, we plan to have all technical reviewers on every RAB call going forward to ease the technical reviewers' workloads and so the technical reviewers can learn of issues facing reviews and reviewers as they happen. We will continue to hold quarterly calls with technical reviewers allowing them to discuss issues they are seeing with our reviews and so we can further communicate and discuss feedback received from RAB Observations and other oversights. Staff is taking steps to better monitor the performance of reviewers as well as technical reviewers. Staff has begun to review working papers for formatting issues related to template changes as this was a frequent reason for delayed acceptance at the October 2017 RAB meeting. Staff is reaching out to team captains to have them correct the issue prior to releasing documents to technical reviewers for review. Staff is working to complete additional trainings so that they can bring issues to the attention of the technical reviewers. Staff involvement is not meant to supersede or replace technical reviewers, but is meant to assist in the evaluation of volunteer and technical reviewer performance and to catch issues in real time to ensure the program is complying with standards and considering all relevant factors.

GSCPA will continue to monitor, adapt, and modify our responses to the issues identified in this report to certify the root problems are addressed. Staff will continue to address these issues and our responses with all stakeholders. We appreciate Mr. Bluhm's constructive advice and suggestions and will continue to work towards implementation and improvement in our administrating entity.

Respectfully,



James Clausell, CPA
GSCPA Peer Review Executive Committee Chair



Boyd Search, CAE
President and CEO

CC: Jessica Mytrohovich, CPA
GSCPA Peer Review Executive Committee