

April 9, 2018

Jodi Ann Ray, IOM, Executive Director/CEO  
Jeff Graham, Peer Review Committee Chair  
Texas Society of CPAs  
14651 Dallas Pkwy, Suite 700  
Dallas, TX 75254-7408

Dear Ms. Ray & Mr. Graham:

On April 9, 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 Texas 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 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,

*Brian Bluhm*

Brian Bluhm, CPA, Chair  
Chair, Oversight Task Force  
AICPA Peer Review Board

cc: Jerry Cross, Director, Peer Review

Laurel Gron, Manager – Peer Review  
AICPA Peer Review Program

## Oversight Visit Report

December 5, 2017

To the Texas Society of CPAs  
Peer Review Committee

We have reviewed Texas Society of CPAs' administration of the AICPA Peer Review Program (program) as part of our oversight program. The Texas Society of CPAs is responsible for administering the program in Texas. 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 Texas 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.

A handwritten signature in black ink, appearing to read "Tom Parry".

Thomas J. Parry, Member, Oversight Task Force  
AICPA Peer Review Program

December 5, 2017

To the Texas Society of CPAs  
Peer Review Committee

We have reviewed the Texas Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated December 5, 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 Texas Society of CPAs, the administering entity for the program, conducted on December 4 and 5, 2017, the following observations are being communicated.

### **Administrative Procedures**

On the morning of December 4, 2017, Jennifer Dintsch, a Technical Manager for the AICPA, and I met with the Director of Peer Review to review the program's administration. We 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.

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 manager handles short-term extension requests with discussion from the committee when the circumstances warrant.

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

The Society has developed a backup plan to support the administrators and technical reviewers if they become unable to serve in their respective capacities.

### **Web Site and Other Media Information**

We met with the director of peer review 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 is accurate and timely. Based on the AICPA staff's review of the Web site material, we noted that the administering entity maintains current information as it relates to the peer review program. In addition, the administering entity has an individual who is responsible for maintaining the Web site and monitors the Web site to ensure peer review information is accurate and timely.

### **Working Paper Retention**

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

### **Technical Review Procedures**

We met with the technical reviewers, to discuss procedures. They perform substantially all technical reviews and meet the requirements for technical reviewers.

We reviewed the reports, letters of response, if applicable, and the working papers for several reviews. While we found that most review issues were addressed properly by the technical reviewers, we did note instances where we believed that further evaluation of the team captains' conclusions regarding isolated instances of nonconformity and the potential impact on the report was warranted.

### **Review Presentation**

All reviews are accepted on-site by one of three RABs whose members rotate. As noted above, except for the further evaluation of the team captains' conclusions regarding isolated instances of

nonconformity and the potential impact on the report, it appears that most technical issues are resolved beforehand.

### **Committee Procedures**

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

On December 5, 2017, we attended portions of the three on-site RAB meetings and later attended the full committee meeting. We observed the committee's acceptance process and offered our comments at the close of discussions.

The meetings were very orderly and it was apparent that the subcommittee members had reviewed the reports and working papers prior to the meeting. However, as with the technical reviewers, it appeared that some committee members were not properly evaluating and considering the systemic cause of nonconforming engagements in reaching a decision on whether the matter should be treated as isolated in determining its impact on the report.

After offering our comments at the close of discussions, we believed that appropriate decisions were made in most instances during the acceptance process, including assigned corrective actions and reviewer monitoring. Reviews were being presented to the RABs on a timely basis.

### **Oversight Program**

The Texas Society of CPAs peer review committee has adopted a formal oversight program that is well documented. We reviewed the document and procedures performed and found it to be comprehensive.

### **Summary**

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

Technical reviewers and committee members should be reminded to carefully evaluate the team captains' conclusions regarding isolated instances of nonconformity and the potential impact on the report.

A handwritten signature in black ink, appearing to read "Tom Parry", written in a cursive style.

Thomas J. Parry, Member, Oversight Task Force  
AICPA Peer Review Program

March 23, 2018

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

Re: Oversight Visit to Texas Society of CPAs

Dear Mr. Bluhm:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the Texas Society of CPA's administration of the AICPA Peer Review Program (program) performed on December 4-5, 2017. 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.

Observations that did not affect the report

#### **Technical Reviewer Procedures**

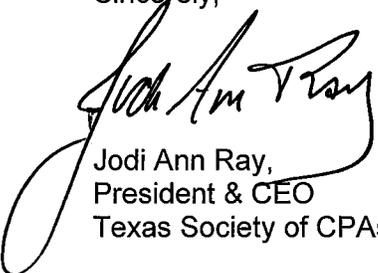
We recognize that team captains' conclusions regarding isolated instances of nonconformity and the potential impact on the report are important and must be clearly documented in the peer review documents. Our technical reviewers look to see that the team captains have appropriately documented their decisions. We will continue to carefully evaluate the team captain's conclusions prior to submitting the peer review documents to the committee for consideration.

#### **Committee Procedures**

Committee members will continue to carefully evaluate the team captain's conclusions regarding isolated instances of nonconformity and the potential impact on the report.

We appreciate Thomas J. Parry's constructive advice and suggestions.

Sincerely,

  
Jodi Ann Ray,  
President & CEO  
Texas Society of CPAs

  
Jeff Graham, CPA  
Chair, Peer Review  
Texas Society of CPAs

cc: Jerry Cross, Director, Peer Review