



September 28, 2018

Michael Fawley, CPA  
Peer Review Committee Chair  
National Peer Review Committee  
220 Leigh Farm Rd  
Durham, NC 27707

Dear Mr. Fawley:

I have conducted the administrative oversight for the National Peer Review Committee (NPRC). The oversight visit was conducted according to the administrative oversight procedures in the *AICPA Peer Review Program Oversight Handbook*, except as discussed below. The administrative oversight program is designed to provide reasonable assurance that the AICPA Peer Review Program is being administered in accordance with guidance as issued by the AICPA Peer Review Board.

This oversight visit did not include observation of peer review report acceptance by the NPRC or its Report Acceptance Bodies (RABs). Regular RAB observations by the AICPA Peer Review Board Oversight Task Force are scheduled to commence in the near future.

In conjunction with the administrative oversight visit of the NPRC, an administering entity for the AICPA Peer Review Program conducted off-site between September 6<sup>th</sup> and the 28<sup>th</sup>, the following observations are being communicated.

### **Administrative Procedures**

I conducted numerous phone conversations with an AICPA Peer Review Program Manager 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, 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 NPRC.

I also reviewed the policies and procedures for the granting of extensions. Extension requests up to 90 days can be approved by Staff. Longer term extensions are considered by the RAB.

I reviewed the timeliness of technical reviews and the preparation of committee decision letters. I noted instances where committee decision letters issued to firms were not in compliance with requirements.

I examined confidentiality agreements for all NPRC members to ensure they were retained and signed and noted no exceptions.

I reviewed the back-up plan to support the administrative and technical review process.

### **Website Information**

I reviewed the information included on the NPRC's section of the AICPA website. I noted the administering entity maintains current information as it relates to the peer review program. In addition, the administering entity has individuals who are responsible for maintaining the website and monitors the website to ensure peer review information presented is accurate and timely.

### **Working Paper Retention**

I reviewed the completed workpapers for several reviews accepted more than 120 days before my visit and found compliance with the working paper retention policies for completed reviews.

### **Technical Review Procedures**

I had phone conversations with some technical reviewers to discuss procedures. I reviewed continuing education summaries and professional licenses of a sample of individuals performing technical reviews and reviewed information related to participation in a peer review. All individuals had participated in a peer review (including oversight of a peer review) during the period. Information related to required training was also reviewed without exception.

I reviewed the reports, letters of response, if applicable, and the working papers for several reviews. I believe that review issues were addressed properly by the technical reviewers before reviews were presented to the committee.

### **Oversight Program**

The NPRC Oversight Task Force staff liaison administered the process for verification of reviewer resume information. The reviewer resume verification process appears to be in conformity with the AICPA Peer Review Program Oversight Handbook.

## **Summary**

My observations to enhance NPRC's administration of the program are summarized as follows:

1. The procedures for issuing committee decision letters to firms should be reviewed to provide reasonable assurance that the letters are in compliance with current wording requirements.

*Suzanne Heidenreich*

Suzanne Heidenreich, CPA

cc: James Brackens, VP-Ethics & Practice Quality  
Gary Freundlich, Director – Peer Review