



October 29, 2020

To the National Peer Review Committee

We have reviewed the National Peer Review Committee's administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 29, 2020. 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 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 of the National Peer Review Committee, the administering entity for the program, conducted from October 21–29, 2020, the following observations are being communicated.

Administrative Procedures

On October 26–27, 2020, Richard Hill, Member–Oversight Task Force, and I met with the Technical Director (CPA on staff), Senior Manager, and Operations Manager to review the program's administration. We believe the administrative processes were being handled in a manner consistent with peer review standards.

We reviewed the timeliness of the preparation of committee decision letters. We noted no problems in these areas.

We also reviewed the policies and procedures for granting extensions. Extension requests up to 90 days can be approved by staff whereas longer extensions are considered by the National Peer Review Committee. The administering entity has developed a backup plan to support the administrators and technical reviewers if they become unable to serve in their respective capacities.

According to discussions with the Senior Manager, we found compliance with the working paper retention policies for completed reviews.

After our review of the website 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 website and monitors the website periodically to ensure peer review information is accurate and timely.

Technical Review Procedures

On October 26, 2020, we met with two technical reviewers to discuss procedures. We determined that the technical reviewers met the qualifications set forth in the guidance.

We reviewed the reports, letters of response, if applicable, and the working papers for several reviews. We believe the review issues were addressed properly by the technical reviewers before reviews were presented to the committee. This helped the acceptance process to be effective and efficient.

The technical reviewers were available during the RAB meeting we observed to answer any questions that arose.

CPA on Staff

On October 27, 2020, we met with the CPA on Staff and discussed their procedures for monitoring the program. We determined that the CPA on staff met the qualifications set forth in the guidance.

We reviewed the annual confidentiality agreements from all administering entity staff associated with the peer review. We noted that all confidentiality agreements had been obtained and signed by the staff involved with the peer review program administration.

We noted the confidentiality agreements obtained for committee members were not updated for revisions available at the time of the requests.

We discussed the policies and procedures designed to maintain objectivity and skepticism to mitigate familiarity threat and safeguards that had been implemented while considering the results of the peer reviews.

The National Peer Review Committee requested approval from the Oversight Task Force (OTF), of alternative methods of complying with peer review guidance for certain practices, which included preparing technical reviewer evaluations. The technical reviewers receive staff evaluations; however, those evaluations are not specific to their performance as a technical reviewer. The OTF requested that the National Peer Review Committee use the technical reviewer evaluation template provided in guidance or develop and use a custom form that is substantially equivalent.

RAB and Peer Review Committee Procedures

On October 26, 2020, we met with the committee chair and discussed their procedures for disseminating the comments resulting from report acceptance body (RAB) observation reports to the appropriate individuals.

On October 21, 2020, we attended the RAB meeting, which was orderly. We observed the RAB's acceptance process and offered our comments at the close of discussions. It was apparent that the RAB members had reviewed the reports and working papers 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.

The National Peer Review Committee requested approval of a modified list of documents to be provided to RAB members for their meetings. The RAB receives a summary of information from the technical reviewers in place of certain peer review documents called for in guidance. The OTF agreed with the National Peer Review Committee's use of their technical reviewer summary in lieu of providing certain documents to the RAB; however, in addition to the documents currently provided, the RAB should also be provided with the firm representation letter, the single audit engagement profile, and the Section 22100 – Part A – UG checklist, as applicable.

We also attended the October 29, 2020 peer review committee meeting.

Oversight Program

The National 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 National Peer Review Committee's administration of the program are summarized as follows:

- The administering entity should exercise greater care in utilizing current confidentiality agreements.
- The administering entity should perform technical reviewer evaluations specific to the role as a technical reviewer by using the Technical Reviewer Evaluation form or by creating one that is substantially similar.
- The administering entity's RAB packages should include the firm representation letter, the single audit engagement profile, and the Section 22100 – Part A – UG checklist, as applicable.



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