



April 7, 2020

Todd M. Shapiro, President & CEO
Mark Klesman, CPA, Peer Review Committee Chair
Peer Review Alliance
550 W Jackson, Ste. 900
Chicago, IL 60661-5742

Dear Mr. Shapiro and Mr. Klesman:

On April 6, 2020, 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 Peer Review Alliance, 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 2021.

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: Paul Pierson, CPA, Senior Director, Peer Review & Professional Standards
Peer Review Alliance

Lori D. Warden, CPA, CGMA, Manager – Peer Review
AICPA Peer Review Program

Oversight Visit Report

October 25, 2019

To the Peer Review Committee
Peer Review Alliance

We have reviewed the Peer Review Alliance's administration of the AICPA Peer Review Program (program) as part of our oversight program. The Peer Review Alliance is responsible for administering the program in Illinois, Indiana, Iowa, Kentucky, South Carolina, West Virginia, and Wisconsin. 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*.

Administering Entity's Responsibility

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.

Oversight Task Force's Responsibility

Our responsibility is to determine whether (1) administering entities are complying with the administrative procedures established by the board, (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.

Conclusion

Based on the results of the procedures performed, we have concluded that the Peer Review Alliance 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.



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



October 25, 2019

To the Peer Review Alliance
Peer Review Committee

We have reviewed Peer Review Alliance's administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 25, 2019. 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 Peer Review Alliance, the administering entity for the program, conducted on October 3, 2019 and October 23 - 25, 2019, the following observations are being communicated.

Administrative Procedures

On October 23 and 24, 2019, Laurel Gron, AICPA Peer Review Program Senior Manager, and I met with the Senior Director, Peer Review & Professional Standards, and Senior Technical 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 status of open reviews, including reviews with corrective actions and implementation plans, which had not yet been completed. We noted a significant number of open reviews, including those with open corrective actions or implementation plans, that did not appear to have been identified by administrative procedures as open, therefore, these reviews were not actively being monitored for completion. Not all of the reviews noted; however, a significant portion, were reviews that had been transitioned to the Peer Review Alliance under agreements to assume the administration of the peer review program for other states.

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

Additionally, we reviewed the policies and procedures for granting extensions. We found that the Senior Director, Peer Review & Professional Standards, handles extension requests with discussion from the committee when the circumstances warrant.

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 Director, Peer Review & Professional Standards, and Senior Technical Manager, we found compliance with the working paper retention policies for completed reviews.

We met with the Senior Director, Peer Review & Professional Standards, and Senior Technical Manager 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 website is accurate and timely.

After the AICPA staff's 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

We met with three 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

We met with the Senior Director, Peer Review & Professional Standards and discussed the 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 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.

RAB and Peer Review 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 3, 2019, we observed a meeting of a report acceptance body (RAB) by conference call, and the meeting was orderly. We observed the committee's acceptance process and offered our comments at the close of discussions. It was apparent that the committee 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.

Oversight Program

The Peer Review Alliance's 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 observation to enhance the Peer Review Alliance's administration of the program are summarized as follows:

A process should be established to ensure that all open reviews, including those with corrective actions or implementation plans, are identified and monitored for timely completion.



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



Administering peer reviews for the following:

Illinois CPA Society | Indiana CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

March 23, 2020

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 Peer Review Alliance

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 Peer Review Alliance's administration of the AICPA Peer Review Program (program) performed on October 23-25, 2019. The matters discussed herein were brought to the attention of all peer review program executive committee members, administrative staff, and technical reviewer(s). 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

Below is the observation included in the AICPA's Letter of Procedures and Observation to the Peer Review Alliance Committee.

"A process should be established to ensure that all open reviews, including those with corrective actions or implementation plans, are identified and monitored for timely completion."

Administrative Procedures

We recognize that continuous and timely monitoring of open reviews is important, accordingly we are in the process of implementing procedures to better track the status of open reviews, particularly after Committee acceptance.

The administrative and technical teams are working together to reorganize roles and transition responsibilities related to the monitoring of overdue corrective action and implementation plans that often cause reviews to remain open. This reorganization will designate an administrator specifically responsible for supervising the status of reviews after Committee acceptance, including follow-up with firms and administration of related hearing cases (if necessary). We anticipate the reorganization to become effective April 1, 2020 or shortly thereafter.

We appreciate Brian Bluhm's and Laurel Gron's constructive advice and suggestions.

Sincerely,



Todd Shapiro, President & CEO, Illinois CPA Society



Mark Klesman, CPA – Peer Review Committee Chair



Paul Pierson, CPA – CPA on Staff