



April 2, 2020

Stephanie Peters, CAE, President & CEO
Kevin Humphries, CPA, Peer Review Committee Chair
Virginia Society of CPAs
4309 Cox Rd.
Glen Allen, VA 23060

Dear Ms. Peters and Mr. Humphries:

On March 30, 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 Virginia 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 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: Phillip Windschitl, CPA, Peer Review Technical Director
Virginia Society of CPAs

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

Oversight Visit Report

December 5, 2019

To the Virginia Society of CPAs
Peer Review Committee

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

Suzanne Heidenreich

Suzanne Heidenreich, CPA
Member, Oversight Task Force
AICPA Peer Review Program



December 5, 2019

To the Virginia Society of CPAs
Peer Review Committee

We have reviewed the Virginia 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, 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 Virginia Society of CPAs, the administering entity for the program, conducted on December 4 and 5, 2019, the following observations are being communicated.

Administrative Procedures

On December 4, 2019, I met with the CPA on Staff and the Advocacy V.P. to review the program's administration. Except as noted below, I believe the administrative processes were being handled in a manner consistent with peer review standards.

I reviewed the status of open reviews, including reviews with corrective actions and implementation plans, which had not yet been completed. I found numerous reviews that were not being effectively monitored for completion by the administrative staff and the peer review committee.

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

Additionally, I reviewed the policies and procedures for granting extensions. I found that the CPA on Staff 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 CPA on Staff, I found compliance with the working paper retention policies for completed reviews.

I met with the CPA on Staff 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, a couple of minor issues were noted which will be corrected soon. The administering entity has an individual who is responsible for maintaining the website.

Technical Review Procedures

I met with two technical reviewers to discuss procedures. I determined that the technical reviewers met the qualifications set forth in the guidance.

I reviewed the reports, letters of response, if applicable, and the working papers for several reviews being presented to the report acceptance body (RAB) on December 5, 2019. I noted reviews in which technical matters had not been sufficiently addressed by the technical reviewer, resulting in extended discussion by the RAB, as well as delay and deferral of a few reviews.

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

CPA on Staff

I met with the CPA on Staff and discussed procedures for monitoring the program. I determined that the CPA on Staff met the qualifications set forth in the guidance.

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

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

RAB and Peer Review Committee Procedures

I noted the CPA on Staff had not appropriately monitored RAB member qualifications to determine their eligibility to participate in RAB meetings. The committee chair participated in an October meeting while suspended for overdue workpapers.

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

On December 5, 2019, I attended the on-site peer review committee meeting.

There were two concurrent RAB meetings. A technical reviewer was assigned to each RAB. I observed reviews from each RAB and found the meetings were orderly. 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.

Appropriate decisions were made in the acceptance process, including assigned corrective actions and reviewer monitoring. However, due to my observations, one review was delayed to clarify a possible licensing issue and one was deferred for additional information regarding mitigation of self-review threats. Reviews were being presented to the RABs on a timely basis.

Oversight Program

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

Summary

My observations to enhance the Virginia Society of CPAs' administration of the program are summarized as follows:

The administrative staff and peer review committee should monitor open reviews and take appropriate action to ensure reviews are completed as appropriate.

The administering entity should ensure that the website contains current information.

The CPA on Staff should monitor the qualifications of RAB members to determine their eligibility to participate in RAB meetings.

Technical reviewers and committee members should exercise greater care when evaluating peer reviews to determine compliance with peer review standards, interpretations and related guidance.

Suzanne Heidenreich

Suzanne Heidenreich, CPA
Member, Oversight Task Force
AICPA Peer Review Program

March 18, 2020

Brian Bluhm
Oversight Task Force
AICPA Peer Review Board
Palladian 1 Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110

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 VSCPA's administration of the AICPA Peer Review Program performed on Dec. 5, 2019. 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:

Administrative Procedures

The member of the Oversight Task Force commented that numerous reviews were not being effectively monitored for completion. Prior to the oversight visit we began performing outreach on open reviews, including reviews with open corrective actions and implementation plans. We recognize the importance of monitoring open reviews and have updated our policies and procedures to include monthly monitoring by the administrator and CPA on staff.

The AICPA staff also reviewed the website material and noted a few minor issues. We recognize that having timely and accurate information on our website is important, and therefore the CPA on staff will communicate with the website manager all changes related to the peer review program. Additionally, we will link to resources on the AICPA website whenever possible.

CPA on Staff Procedures

The member of the oversight task force commented that the CPA on Staff had not appropriately monitored RAB member qualifications. That is not entirely accurate. Prior to each Committee meeting we review each RAB member's training and experience to ensure the RAB members meet the qualifications. We have updated our procedures to include monitoring for ineligibility cases which would prohibit the RAB member from participating in the committee meeting.

Technical Review Procedures

The member of the oversight task force commented that Technical Reviewers should exercise greater care when evaluating peer reviews. We maintain that our technical reviewers are very experienced and do an excellent job preparing reviews for RAB presentation, often sending those reviews back to the team/review captains for corrections. However, we have updated our process to include the following:

- The CPA on staff and Committee Chair will work with the technical reviewers to resolve open technical issues prior to the RAB meetings.
- The CPA on Staff and Committee Chair will monitor the RAB discussions to evaluate whether the acceptance process is being delayed or deferred as the result of technical issues not identified during the technical review process. The CPA on staff will provide feedback to the technical reviewers to promote the completeness of reviews going to the committee to reduce the number of delayed or deferred reviews.

We appreciate Suzanne Heidenreich's constructive advice and suggestions.

Sincerely,



Stephanie Peters, CAE
President & CEO
Virginia Society of CPAs



Kevin Humphries, CPA
Peer Review Committee Chair
Virginia Society of CPAs



J. Phillip Windschitl, CPA
Peer Review Technical Director
CPA on Staff
Virginia Society of CPAs