



February 20, 2020

Kimberly D. Scott, CAE, President & CEO
Susan Paulsen, CPA, Peer Review Committee Chair
Washington Society of CPAs
902 140th Ave NE
Bellevue, WA 98005-3480

Dear Ms. Scott and Ms. Paulsen:

On February 20, 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 Washington 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: Hayden Williams, CPA, CFO
Washington Society of CPAs

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

Oversight Visit Report

September 24, 2019

To the Washington Society of CPAs Peer Review Committee

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



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



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September 24, 2019

To the Washington Society of CPAs Peer Review Committee

We have reviewed the Washington Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated September 24, 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 Washington Society of CPAs, the administering entity for the program, conducted on September 23 and 24, 2019, the following observations are being communicated.

Administrative Procedures

On September 23, 2019, I met with the Manager of Practice Quality 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 status of open reviews, including reviews with corrective actions and implementation plans, which had not yet been completed. I found that open reviews were 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.

I also reviewed the policies and procedures for the granting of extensions. I found that the Manager of Practice Quality handles extension requests up to 60 days. Extensions greater than 60 days are discussed with the technical reviewer and presented to the Peer Review Committee for approval.

The administering entity has developed a backup plan to support the administrator and technical reviewers as well as the CPA on staff if they become unable to serve in their respective capacities.

According to discussions with the Manager of Practice Quality, I found compliance with the working paper retention policies for completed reviews.

I met with the Manager of Practice Quality 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, I 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

I met with the 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. In some instances, I found that the technical reviewer did not properly document previous feedback that had been issued to reviewers and failed to recommend feedback when reviewers were requested to make significant revisions to the peer review documents. I also found in a few instances that reviewers were not being requested to elevate financial statement disclosure and presentation matters noted on engagement reviews to Findings for Further Consideration.

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

CPA on Staff

I met with the CPA on staff and discussed their 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. 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 threat and safeguards that had been implemented while considering the results of the peer reviews.

RAB and Peer Review Committee Procedures

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

On September 24, 2019, I attended the on-site peer review committee meeting. There were two Report Acceptance Body (RAB) meetings, one for system reviews and one for engagement reviews. I attended both meetings and observed the committee's acceptance process and offered my comments at the close of discussions. The meetings were orderly, and 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. However, RABs should take appropriate steps to ensure that reviewer performance feedback forms are issued when reviewers are requested to make significant revisions to the peer review documents and that engagement review matters are appropriately elevated. This serves as an educational process for reviewers and helps ensure that issues noted are not repeated on future reviews.

Oversight Program

The Washington 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 Washington Society of CPAs' administration of the program are summarized as follows:

Technical reviewers should exercise greater care in documenting previous feedback that had been issued to reviewers and considering feedback when reviewers are requested to make significant revisions to the peer review documents. Also, RABs should take appropriate steps to ensure that reviewer performance feedback forms are issued in these instances and that engagement review matters are appropriately elevated.



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



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January 9, 2020

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

Re: Oversight Report to Washington 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 WSCPA's administration of the AICPA Peer Review Program performed on September 23-24, 2019. The matters discussed herein were brought to the attention of all peer review program 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.

Technical Review Procedures

TP: I found that the technical reviewer did not properly document previous feedback that had been issued to reviewers and failed to recommend feedback when reviewers were requested to make significant revisions to the peer review documents. I also found in a few instances that reviewers were not being requested to elevate financial statement disclosure and presentation matters noted on engagement reviews to Findings for Further Consideration.

We have developed policies and procedures, and are providing feedback to the technical reviewers to promote completeness and consistency for the preparation of reviews going to RABs. Also, technical reviewers have been given additional training to ensure greater care is taken in documenting previous reviewer feedback and, if necessary, recommendations for Performance Deficiency Letters. These policies and procedures have been implemented to reduce the number of reviews that are presented with open unresolved items to reduce the number of deferral and delays within the RAB acceptance process and to assist the RABs with determining whether or not a deficiency letter should be issued.

Administered in Washington State by the

**Washington Society of
Certified Public Accountants**

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RAB and Peer Review Committee Procedures

TP: RABs should take appropriate steps to ensure that reviewer performance feedback forms are issued when reviewers are requested to make significant revisions to the peer review documents and that engagement review matters are appropriately elevated. This serves as an educational process for reviewers and helps ensure that issues noted are not repeated on future reviews.

The RABs will review the guidance on reviewer performance and take appropriate steps to ensure that reviewer performance feedback forms and/or deficiency letters are issued when appropriate. Also, the RABs will take the necessary steps to ensure that engagement review matters are appropriately elevated.

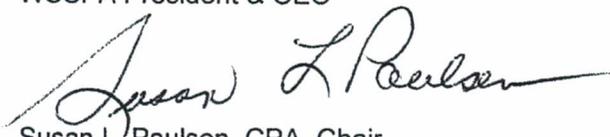
The committee chairs and technical reviewers will review open technical issues prior to meetings in an attempt to resolve any outstanding issues.

We appreciate Thomas Parry's constructive advice and suggestions.

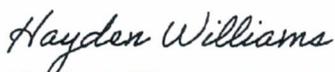
Sincerely,



Kimberly Scott, CAE
WSCPAs President & CEO



Susan L. Paulsen, CPA, Chair
WSCPAs Peer Review Executive Committee Chair



Hayden Williams, CPA, CGMA
CPA on Staff