



May 13, 2021

James W. Brackens, Jr., CPA, CGMA, Vice President – Ethics & Practice Quality
Michael A. Fawley, CPA, Peer Review Committee Chair
Gary Freundlich, CPA, CGMA, Technical Director
National Peer Review Committee
220 Leigh Farm Road
Durham, NC 27707

Dear Mr. Brackens, Mr. Fawley and Mr. Freundlich:

On May 12, 2021, the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight for the National Peer Review Committee, the administering entity for the AICPA Peer Review Program, and the administering entity's response thereto. A copy of this acknowledgement, the two oversight documents, and your response have now been posted to the AICPA Peer Review Program website.

The next administering entity oversight will be in 2022.

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

Oversight Visit Report

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 (program) as part of our oversight program. The National Peer Review Committee is responsible for administering the program for firms in all states and territories that are required to, or choose to have their peer review administered by them. 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 National Peer Review Committee 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.



Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program



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.



Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program



February 18, 2021

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

Re: Oversight Visit to National Peer Review Committee

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 National Peer Review Committee's (NPRC) administration of the AICPA Peer Review Program (program) performed on October 21-29, 2020. The matters discussed herein were brought to the attention of all 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 program.

The OTF provided the following observations that did not affect the report:

- 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.

CPA on Staff

We recognize the importance of using the current confidentiality agreement template for administering entity staff and committee members. Staff confirmed the most recent template was used for 2021 confidentiality letters and will confirm whether there were any updates prior to sending each year. The NPRC would like to request that OTF communicate any changes to required forms via an AE Alert rather than a reviewer alert to ensure that the changes are more easily identified.

We have developed a technical reviewer evaluation form that will be used in conjunction with other monitoring tools that track qualifications. Input will be requested from the NPRC.

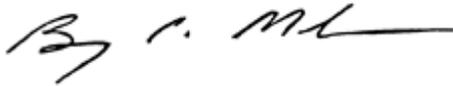
RAB and Peer Review Committee Procedures

Firm representation letters are now included in RAB packages. Single Audit engagement profiles and Part A checklists are currently made available to RAB members upon request. However, staff is investigating the most efficient way to provide all required documents to RAB members. The AICPA is currently upgrading its SharePoint site with the upgraded functionality expected to

be available later in 2021. The NPRC expects that this upgrade will allow RAB members to have access to all information in a peer review folder, including single audit documents. This would eliminate the need for technical reviewers and operations staff to prepare these documents for each review and would allow for a much more efficient RAB package process. As the RAB Handbook requires the single audit documents be available for the RAB members, the NPRC will continue its current process of making documents available upon request. When the new SharePoint site is available, the single audit documents will be provided directly to the RAB.

We appreciate Paul Inserra and Richard Hill's constructive advice and suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry C. Melancon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Barry C. Melancon
AICPA Chief Executive Officer

A handwritten signature in black ink, appearing to read "Michael Fawley". The signature is cursive and somewhat stylized, with a large loop at the end.

Michael Fawley
NPRC Chair

A handwritten signature in black ink, appearing to read "Gary Freundlich". The signature is cursive and somewhat stylized, with a large loop at the end.

Gary Freundlich
CPA on Staff