



February 24, 2021

Anthony J. Pugliese, CPA, CGMA, CITP, President & CEO
Cynthia LeBerthon, CPA, Peer Review Committee Chair
Vinit Shrawagi, CPA, Director, Peer Review
California Society of CPAs
1710 Gilbreth Road
Burlingame CA, 94010

Dear Mr. Pugliese, Ms. LeBerthon and Mr. Shrawagi:

On February 23, 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 California 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 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

November 19, 2020

To the California Society of Certified Public Accountants' Peer Review Committee

We have reviewed the California Society of Certified Public Accountants' administration of the AICPA Peer Review Program (program) as part of our oversight program. The California Society of Certified Public Accountants is responsible for administering the program in California, Arizona, and Alaska. 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 California Society of Certified Public Accountants 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



November 19, 2020

To the California Society of Certified Public Accountants' Peer Review Committee

We have reviewed the California Society of Certified Public Accountants' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated November 19, 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 California Society of Certified Public Accountants, the administering entity for the program, conducted on October 20, 2020 and from November 11–19, 2020, the following observations are being communicated.

Administrative Procedures

On November 11 and 17, 2020, I met with the CPA on Staff, Peer Review Manager, and Senior Peer Review Administrator 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 timeliness of the preparation of committee decision letters. I noted no problems in these areas.

I also reviewed the policies and procedures for granting extensions. I found that the Peer Review Specialist handles extension requests with discussion from the CPA on Staff and 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, 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

On November 17, 2020, I met with two technical reviewers to discuss procedures. I determined that the technical reviewers met the qualifications set forth in the guidance.

Ivory Bare, AICPA Senior Manager, and I 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.

I noted that several system reviews were not initially presented to the RAB within 120 days of the documents being received from the reviewer, as required by the peer review standards.

CPA on Staff

On November 11 and 17, 2020, 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 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

On November 17, 2020, I met with the committee chair and discussed their procedures for disseminating the comments resulting from RAB observation reports to the appropriate individuals.

On October 20, 2020, Ivory Bare and I attended the report acceptance body (RAB) meeting. 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.

We also attended the November 19, 2020 peer review committee meeting.

Oversight Program

The California Society of Certified Public Accountants' 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 California Society of Certified Public Accountants' administration of the program are summarized as follows:

The technical reviewers and administrative staff should develop or refine processes to monitor the status of reviews to ensure that system reviews are presented to the RAB within 120 days after the review documents are received.



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

February 17, 2021

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 California 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 California Society of CPA's (CalCPA) administration of the AICPA Peer Review Program (program) performed on October 20, 2020 and November 11 to 19, 2020. 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.

Observation(s) that did not affect the report:

The technical reviewers and administrative staff should develop or refine processes to monitor the status of reviews to ensure that system reviews are presented to the RAB within 120 days after the review documents are received.

Administering entity response to observation(s):

We will continue to strive to ensure that peer reviews are presented to a RAB within 120 days of the receipt of documents from peer reviewers. The following actions will be taken to aid us with our goal to effectively accelerate the timing of the presentation of reviews to future RABs:

- We will continue to search for a full-time technical reviewer to backfill a position left open by a former employee.
- We have changed our procedures to enable administrative staff to assign technical reviews faster. Previously we were using a batch-based processing method which we no longer utilize. Instead, we now assign reviews to technical reviewers immediately after the Administrative Review Checklist is completed, thus enabling us to begin the technical review process much sooner.



- We have discussed with our technical reviewers and administrative staff the need to start the overdue process sooner when inquiries are not responded to or revisions are not submitted timely.
- We will increase the overall number of RAB meetings held every month. Additionally, we will increase the frequency with which RAB meetings are held by scheduling biweekly meetings as opposed to monthly meetings.
- We will generate and distribute specific PRIMA reports on a weekly basis to assist us with monitoring the status of open reviews.

We appreciate the constructive advice and suggestions provided by both Paul Inserra and Ivory Bare.

Sincerely,



Anthony Pugliese, CPA, CGMA, CITP
President & CEO
California Society of CPAs (CalCPA)



Cyndi LeBerthon, CPA
Peer Review Committee Chair
California Society of CPAs (CalCPA)



Vinit Shrawagi, CPA
Director, Peer Review
California Society of CPAs (CalCPA)

