



March 18, 2024

Anna M. Durst, CPA, CGMA, CEO
Tony Vanorny, CPA, Peer Review Committee Chair
Nevada Society of CPAs
3983 S. McCarran Blvd. #512
Reno, NV 89502

Dear Ms. Durst and Mr. Vanorny:

The Oversight Task Force received your report on the status of monitoring and completing open reviews, including reviews with open corrective actions and implementation plans (“open reviews”).

Based on your actions, as detailed in the information provided, no further reporting to OTF is required. To avoid recurrence of the deficiency noted during your oversight, please continue monitoring the status of open reviews and taking applicable actions to complete reviews timely.

We appreciate your diligence in addressing these items, as well as your cooperation and efforts in making the peer review program a success.

Sincerely,

Kim D. Meyer

Kim D. Meyer, CPA
Chair, Oversight Task Force
AICPA Peer Review Board



June 22, 2023

Anna Durst, CPA, CEO
Patrick Meyer, CPA, Peer Review Committee Chair
Nevada Society of CPAs
5422 Longley Lane, Suite A
Reno, NV 89511

Dear Ms. Durst and Mr. Meyer:

On June 21, 2023, the AICPA Peer Review Board Oversight Task Force (OTF) accepted the report and letter of procedures and observations on the most recent oversight for the Nevada 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 OTF accepted the aforementioned documents with the understanding that appropriate monitoring steps will be implemented, as outlined in your response, to avoid future recurrences of the deficiencies noted.

To assist with the OTF's monitoring, by July 31, 2023, and every 60 days thereafter, please report to the OTF on the status of monitoring and completing open reviews, including reviews with open corrective actions and implementation plans. This will continue until the OTF determines that monitoring and completing open reviews has improved.

The AICPA Peer Review Board appreciates your cooperation and efforts in making the peer review program a success.

Sincerely,

Kim D. Meyer

Kim D. Meyer, CPA
Chair – Oversight Task Force
AICPA Peer Review Board

Oversight Report

November 30, 2022

To the Peer Review Committee of the Nevada Society of CPAs:

We have reviewed the Nevada Society of CPAs' administration of the AICPA Peer Review Program (program) as part of our oversight program. The Nevada Society of CPAs is responsible for administering the program in Nevada, Idaho, Montana, Nebraska, Utah, and Wyoming. 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* (standards) 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.

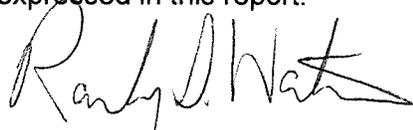
Conclusion

Based on the results of the procedures performed, we have concluded, except for the deficiencies described below, that the Nevada Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the board.

During our oversight, we learned that an individual was serving as a technical reviewer, committee member, and RAB member for the administering entity while simultaneously serving as a member of a state board of accountancy. The standards do not allow individuals involved in the administration of the program to participate in enforcement-related work, including serving on a state board of accountancy, as this represents a conflict of interest. Furthermore, the administering entity never notified the AICPA, as required, to disable the individual's technical reviewer access in the peer review computer system after the individual resigned from this role. We recommend that administering entity staff, technical reviewers, and peer review committee members review the standards related to conflicts of interest. We further recommend that the administering entity design and implement policies and procedures to ensure compliance with standards.

During our oversight, 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 with due dates as of and prior to December 31, 2021 that did not appear to be actively monitored for completion. This included not identifying stalled reviews, not sending overdue letters to firms and reviewers as required or performing outreach when applicable, and not timely referring firms to the board for potential termination due to noncooperation. In multiple instances, the process for initiating the firm's next peer review was delayed because the firm's prior review had not been completed. We recommend that the administering entity develop policies and procedures to actively monitor open reviews, including those with overdue corrective actions or implementation plans, so that reviews are completed timely. We further recommend that the administering entity periodically provide updates on the status of open reviews to the peer review committee.

We have also issued a letter of oversight procedures and observations that details the oversight procedures performed and sets forth recommendations that did not affect the conclusions expressed in this report.

A handwritten signature in black ink, appearing to read "Randy S. Watson". The signature is fluid and cursive, with a large initial "R" and "W".

Randy S. Watson, Member, Oversight Task Force
AICPA Peer Review Board



November 30, 2022

To the Peer Review Committee of the Nevada Society of CPAs:

We have reviewed the Nevada Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated November 30, 2022. That report should be read in conjunction with the observations in this letter. The observations described below were considered but did not affect the conclusions expressed in that report.

The oversight was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*. The 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.

During the oversight conducted on November 22 and 30, 2022, I met with the CEO, who serves as the CPA on staff, the Peer Review Program Manager, who serves as the administrator, the technical reviewers, and the peer review committee chair.

In conjunction with the administering entity oversight, the following observations are being communicated.

Administrative Procedures

I met with the CPA on staff and administrator to review the program's administration. Except as described in the report and below, I believe the administrative processes were being handled in a manner consistent with peer review standards.

I noted committee decision letters are prepared and sent timely.

I reviewed the policies and procedures for granting extensions and noted that extension requests are discussed with the committee when warranted.

The administering entity has developed a backup plan to support the administrator, technical reviewers, and the CPA on staff if they become unable to serve in their respective capacities. I reviewed the backup plan and noted it complied with guidance.

According to discussions with administering entity staff, working paper retention policies for completed reviews are consistently followed.

I noted that the administering entity has policies and procedures in place to determine if the information disseminated on their website regarding the AICPA Peer Review Program is accurate and timely. After 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 it periodically to determine if peer review information is accurate and timely.

After a technical reviewer resigned, I noted the administering entity did not notify the AICPA timely to disable their access in the peer review computer system.

Technical Review Procedures

I met with the technical reviewers to discuss procedures. Based upon the review of the information provided, I determined that all 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. I believe the technical reviewer for each review properly addressed issues before the reviews were presented to the report acceptance body (RAB), which helped the efficiency and effectiveness of the acceptance process.

During the RAB meeting observed, the technical reviewers were available to answer any questions that arose.

I noted that system reviews were not consistently presented to the RAB within 120 days of receipt of the documents from the reviewer and engagement reviews that met the criteria to be accepted by the technical reviewer were not consistently accepted within 60 days of receipt of the documents from the reviewer, as required by standards.

CPA on Staff

I met with the CPA on staff to discuss procedures for monitoring the program. Based upon the review of the information provided, I determined that the CPA on staff met the qualifications set forth in the guidance.

I reviewed the annual confidentiality agreements and noted that appropriate agreements were obtained and signed based on each individual's role in the program.

The administering entity has developed policies and procedures to identify familiarity threats and implement safeguards to maintain objectivity and skepticism while considering the results of peer reviews. I reviewed the familiarity threat policies and procedures and noted they are comprehensive.

I noted that documentation of the peer review committee/RAB's decision for firm referrals for noncooperation related to consecutive non-pass reports was not consistently maintained as required. As a result, there were several instances where it was unclear how the peer review committee overcame the mandatory presumption to refer firms for noncooperation when the firm had received three or more consecutive non-pass reports.

RAB and Peer Review Committee Procedures

I met with the peer review committee chair and discussed their procedures, including how comments resulting from RAB observation reports are disseminated to the appropriate individuals.

I attended a RAB meeting on November 30, 2022 and observed the acceptance process and offered my 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. Appropriate decisions were made in the acceptance process.

I also attended a peer review committee meeting.

Oversight Program

I reviewed the oversight policies and procedures adopted by the peer review committee and noted the oversight program is comprehensive.

Summary

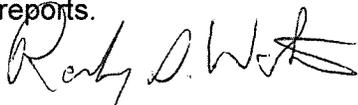
My recommendations to enhance the Nevada Society of CPAs' administration of the program are summarized as follows:

The administering entity should establish procedures to timely notify the AICPA when staff or technical reviewers resign so their access to the peer review computer system can be disabled.

The administering entity should consistently present reviews to the RAB within 120 days after receipt of the review documents.

The technical reviewers should accept engagement reviews (as allowed by standards) within 60 days after receipt of the review documents.

The administering entity should exercise care to maintain documentation of peer review committee/RAB decisions related to assessments of firms that received consecutive non-pass reports.



Randy S. Watson, Member, Oversight Task Force
AICPA Peer Review Board

April 26, 2023

Kim D. Meyer, Chair, Oversight Task Force
AICPA Peer Review Board
Palladian I Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110

Via Email to: ivory.bare@aicpa-cima.com

Re: Oversight of Nevada Society of CPAs ("NVCPA") Peer Review Program

Dear Ms. Meyer:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the NVCPA's administration of the AICPA Peer Review Program (program) performed on November 22 and 30, 2022. 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.

Deficiencies Included in the Report:

Oversight Report dated 11/30/2022 and received 02/08/2023, had a lengthy comment related to a technical reviewer serving on the Nevada RAB as well as their State Board of Accountancy. The technical reviewer signed the Confidentiality Statement, indicating they did not serve in any prohibited capacity. The day the conflict was discovered, the AE took the followings actions: Technical Reviewer was allowed to complete open technical reviews since, as our practice, we do not assign technical reviewers any reviews from their own state. The AE felt it was important to keep the technical review process moving for those firms and not burden the completion of their reviews with more time. The AE allowed the Technical Reviewer to attend RAB meetings to address any of their reviews and then the Technical Reviewer was dismissed from the RAB. The Technical Reviewer was not sent the RAB package. Rather, separate emails were sent with only their reviews. This wind-down process took a few months to complete. Furthermore, the AE sent a complete list of all the firms presented to the RAB during the overlap period to the appropriate Board of Accountancy to determine if the technical reviewer took action on a firm in both capacities. The Executive Director confirmed there were no conflicts. While the technical reviewer should have known better, the AE believes this was an honest mistake with no malice and no firms were compromised. The Technical Reviewer confirmed with the AE that they did not access PRIMA for anything other than to finish their reviews. The AE verbally confirmed with the rest of the RAB and technical reviewers that they had fully read and understood the confidentiality agreements. New RAB members or technical reviewers will be asked a series of questions in addition to signing the confidentiality notice.

We recognize that following the administrative processes for the program is important. We implemented a procedure for the AE to verbally confirm with all RAB/Committee members and technical reviewers that they read the confidentiality statement before they signed it and do not have any conflicts of interest. AE discontinued assigning reviews to this technical reviewer but did not issue a ticket to notify the AICPA. All future resignations have been, and will continue to be, addressed immediately.

Oversight Report dated 11/30/2022 and received 02/08/2023, noted, “a significant number of open reviews with due dates as of and prior to December 31, 2021, that did not appear to be actively monitored for completion. This included not identifying stalled reviews, not sending overdue letters to firms and reviewers as required or performing outreach when applicable, and not timely referring firms to the board for potential termination due to noncooperation.” We regularly monitor old reviews, work with all parties, and keep reviews moving along in the process. The old reviews prior to 2021 each had notes and reasons why they were not yet closed. Reviews which were stalled have been reduced by more than 40%. Hearings have taken place, letters have been sent, reviewers and firms have been contacted, and there is daily activity with the necessary parties. We found many open reviews that are stalled as we wait for COA and IMP plans that include actions that occur every few years. We cannot move to the next step until the firms have the opportunity to complete remediation, which does not occur on a regular basis. We will continue to monitor all reviews and work diligently to clear old items to ensure timely processing.

Observations That Did Not Affect the Report:

Oversight Visit Letter of Procedures and Comments received 02/08/2023 stated that “system reviews were not consistently presented to the RAB within 120 days of receipt of those documents from the reviewer.” The timeframe reviewed was July 1, 2021 – June 30, 2022. For that timeframe the percentage was 10.05%. The AICPA has advised AEs to keep their percentages at, or below, 10%. The overage for the period was due to oversight of a review which delayed presentation, a change in technical reviewer on a review, and a COVID illness of a technical reviewer. AE has performed under 10% during every other period. We maintain our efforts to ensure all reviews are presented timely.

Oversight Visit Letter of Procedures and Comments received 02/08/2023 stated that “engagement reviews that met the criteria to be accepted by the technical reviewer were not consistently accepted within 60 days of receipt of those documents from the reviewer.” The timeframe reviewed was July 1, 2021 – June 30, 2022. For that timeframe the percentage was 11.7%. The overage was due to an error in a PRIMA report used in evaluating performance (support ticket 151003) as well as one technical reviewer with COVID. AE has performed under 10% during every other period. We maintain our efforts to ensure all reviews are presented timely.

As required by standards, we will continue to strive to ensure that peer reviews are presented to the RAB no later than 120 days after documents are received from the reviewer. In addition, we will focus on accepting engagement reviews meeting certain criteria within 60 days of receipt of the reviewers' working papers. The following actions will be taken to assist with our goal of more timely presentation of reviews to future RABs: We will continue to send regular reminders to our technical reviews as the 60/120-day deadline is approaching. Other than one specific period, reviews are presented to RAB timely.

Oversight Visit Letter of Procedures and Comments received 02/08/2023 stated that “documentation of the peer review committee/RAB’s decision for firm referrals for noncooperation related to consecutive non-pass reports was not consistently maintained as required. As a result, there were several instances where it was unclear how the peer review committee overcame the mandatory presumption to refer firms for noncooperation when the firm had received three or more consecutive non-pass reports.” We understand this observation and conclusion. The meeting minutes and/or RAB documents reflect the decisions, and the RAB packet has supporting documentation for those decisions. Guidance was followed in each instance. However, the description of the decision was not always reflected in the meeting minutes. This matter is moot now that the referral form is mandatory and will spell out the RAB’s decision on one form.

We have developed policies and procedures to maintain documentation of RAB decisions for firm referrals for noncooperation. A report has been created to capture all prior consecutive non-pass referral decisions per the Enrolled Firms Last Review Non-Pass Report. As required by a recent change in guidance, we are using the referral form to document the RAB’s decisions.

Sincerely,

Anna Durst

CEO and CPA on Staff
Nevada Society of CPAs

Patrick Meyer

Chair, Nevada Society of CPAs Peer Review Committee