



March 24, 2021

Michael Colgan, CAE, CEO
Robert Bezgin, CPA, Peer Review Committee Chair
Allison Henry, CPA, VP Professional & Technical Standards
Pennsylvania Institute of CPAs
1801 Market Street, Suite 2400
Philadelphia, PA 19103

Dear Mr. Colgan, Mr. Bezgin and Ms. Henry:

On March 18, 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 Pennsylvania Institute 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

October 6, 2020

To the Pennsylvania Institute of Certified Public Accountants Peer Review Committee

We have reviewed Pennsylvania Institute of Certified Public Accountants' administration of the AICPA Peer Review Program (program) as part of our oversight program. Pennsylvania Institute of Certified Public Accountants is responsible for administering the program in Pennsylvania, Delaware, New York and the Virgin Islands. 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 Pennsylvania Institute 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.



Brian Bluhm, CPA
Member, Oversight Task Force
AICPA Peer Review Program



October 6, 2020

To the Pennsylvania Institute of Certified Public Accountants Peer Review Committee

We have reviewed Pennsylvania Institute of Certified Public Accountants' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 6, 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 Pennsylvania Institute of Certified Public Accountants, the administering entity for the program, conducted primarily on September 23–24 and October 6, 2020, the following observations are being communicated.

Administrative Procedures

On September 23, 2020, I met with the CPA on Staff, Peer Review Coordinator, and Peer Review Managers (peer review administrative staff) 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 Coordinator and Peer Review Managers handle 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 peer review administrative staff, I found compliance with the working paper retention policies for completed reviews.

I met with the peer review administrative 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 September 23, 2020, 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. I 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 I observed to answer any questions that arose.

I noted that system reviews are not being consistently 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 September 23, 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 September 23, 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 September 24, 2020, I attended the report acceptance body (RAB) meeting.

The meeting was orderly. I observed the RAB's acceptance process and offered my 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.

Oversight Program

The Pennsylvania Institute 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 Pennsylvania Institute of Certified Public Accountants' administration of the program are summarized as follows:

The technical reviewers and administrative staff should continue the processes that have been established 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.



Brian Bluhm, CPA
Member, Oversight Task Force
AICPA Peer Review Program

March 3, 2021

Brian Bluhm, Chair
Oversight Task Force
AICPA Peer Review Board
Palladian I Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110
Via email to Andrew.volz@aicpa-cima.com

Re: Oversight Visit to PICPA

Dear Mr. Bluhm:

This letter is our response to the report and letter of procedures and observations issued in connection with the review of PICPA's administration of the AICPA Peer Review Program (program) that was performed Sept. 23-24 and Oct. 6, 2020. 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.

Observation That Did Not Affect the Report Included in the Letter of Procedures and Observations

Technical Review Procedures

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

Summary

The technical reviewers and administrative staff should continue the processes that have been established 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.

PICPA Peer Review Committee Response

The PICPA Peer Review Committee and PICPA technical reviewers have been monitoring compliance with the 120-day turnaround requirement and are working diligently to meet this condition. We believe that there are several reasons for not meeting the benchmark during this measurement period, including working through the remaining backlog of old reviews that were transitioned to the PICPA from the peer review program of another Administering Entity, an increase in the volume of reviews because of the biennial Pennsylvania licensing requirements, the change in the New York statute requiring peer reviews of firms that had not previously been enrolled in the peer review program, peer reviewer training needs, and the enhanced guidance from the AICPA Peer Review Board that resulted in an increased number of more complex peer reviews.

To address these challenges, the PICPA technical staff has aggressively worked through the remaining backlog of old peer reviews, held a peer reviewer outreach on June 9, 2020, to communicate common technical review points that were slowing down the processing of peer reviews, and sent a follow up video blog reiterating key technical reviewer points. Now that the backlog of old reviews has been eliminated, PICPA's technical staff is in a better position to minimize the turnaround time going forward. Reviewer outreach will continue to be performed to help reduce technical reviewer points. We expect that these measures will assist in ensuring that peer reviews are presented to the RAB no later than 120 days after documents are received from the reviewer.

We appreciate the constructive advice and suggestions included in the Letter of Procedures and Observations.

Sincerely,



Michael D. Colgan, PICPA, CAE, Chief Executive Officer

Robert C. Bezgin

Robert C. Bezgin, PICPA Peer Review Committee Chair

A square box containing a handwritten signature in black ink. The signature is stylized and appears to read 'Allison M. Henry'.

Allison M. Henry, PICPA CPA on Staff