



May 3, 2021

Jaime Sanabria Hernández, CPA, Executive Director  
Marcos Claudio, CPA, Peer Review Committee Chair  
Maria Laboy, CPA, Executive Subdirector Membership & Operations  
Puerto Rico Society of CPAs  
Edif. Capital Center, I  
239 Ave. Arterial Hostos Suite 1401  
San Juan, PR 00918-1477

Dear Mr. Hernández, Mr. Claudio and Ms. Laboy:

On May 3, 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 Puerto Rico 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

October 28, 2020

To the Puerto Rico Society of Certified Public Accountants' Peer Review Committee

We have reviewed Puerto Rico Society of Certified Public Accountant's administration of the AICPA Peer Review Program (program) as part of our oversight program. Puerto Rico Society of Certified Public Accountants is responsible for administering the program in Puerto Rico. 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 Puerto Rico 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.



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



October 28, 2020

To the Puerto Rico Society of Certified Public Accountants

We have reviewed Puerto Rico Society of Certified Public Accountant's administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated October 28, 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 Puerto Rico Society of Certified Public Accountants, the administering entity for the program, conducted on October 27–28, 2020, the following observations are being communicated.

### **Administrative Procedures**

On October 27, 2020, I met with the CPA on 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 Committee approves all extension requests.

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 October 28, 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 two reviews being presented to the report acceptance body (RAB) on October 28, 2020. In one review, there were several technical matters that had not been addressed by the technical reviewer, nor identified by the committee, resulting in extended discussion by the RAB. The RAB had concluded to defer the review; however, based on my comments and the extended discussion, several items were added to the reasons for the deferral.

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

I noted that during the year, over 10% of reviews were deferred by the RAB due, in part, to matters that were not initially addressed by the technical reviewers before presentation.

### **CPA on Staff**

On October 28, 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 October 27, 2020, I met with the outgoing and incoming committee chairs and discussed their procedures for disseminating the comments resulting from RAB observation reports to the appropriate individuals.

On October 28, 2020, I attended the peer review committee meeting.

The committee functioned as the report acceptance body (RAB), and the meeting was orderly. I observed the committee'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.

As noted above, in one of the two reviews presented to the committee, there were several technical matters that had not been addressed by the technical reviewer, nor identified by the committee, resulting in extended discussion by the RAB. The RAB had concluded to defer the review prior to my comments; however, they added a number of matters to the reason for deferral resulting from the extended discussion.

Additionally, after reviewing past committee minutes and discussing with administering entity staff, technical reviewers, and committee chairs, the committee is not ensuring that reviewer performance feedback is issued to reviewers when appropriate, particularly when the committee has concluded that a review should be deferred to obtain additional information from the reviewer to allow the committee to consider acceptance of the review.

## **Oversight Program**

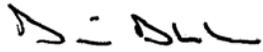
The Puerto Rico Society of Certified Public Accountants' peer review committee has adopted a formal oversight program that is well documented. I reviewed the document and procedures performed and found it to be comprehensive.

## **Summary**

My observations to enhance Puerto Rico Society of Certified Public Accountant's administration of the program are summarized as follows:

Technical reviewers should exercise greater care in performing technical reviews to identify issues before the report acceptance process and the committee should exercise care to ensure all critical matters are identified and discussed.

The committee should take appropriate steps to ensure that reviewer performance feedback forms are issued to reviewers when appropriate. This serves as an educational process for reviewers and helps ensure that issues are not repeated on future reviews.

A handwritten signature in black ink, appearing to read "B. Bluhm".

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

March 31, 2021

Mr. 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 to the Puerto Rico 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 Puerto Rico Society of CPA's administration of the AICPA Peer Review Program (program) performed on October 27-28, 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.

Observations that did not affect the report.

### **Technical Review Procedures**

We have developed policies and procedures to continue training and providing feedback to the technical reviewers promoting completeness and consistency for the preparation of reviews going to the Committee. We named a subcommittee (composed by the Committee Chair, Vice-Chair, and another Committee member) to review peer reviews with identified issues to ensure they are properly addressed before being presented to the Committee. The completeness and consistency in the technical reviewer's work submitted to the Committee; will also result in a decrease in the number of reviews that are presented to Committee with unresolved items, thus reducing the number of deferrals and delays within the Committee acceptance process to 10% or less.

The CPA on Staff and Committee Chair will monitor the Committee discussions to evaluate whether the acceptance process is being delayed or deferred because of technical issues not identified during the technical review process. The CPA on staff will provide that feedback to the technical reviewers as part of the continued promotion of the completeness of reviews going to the committee.

## RAB and Peer Review Committee Procedures

We have developed policies and procedures, to ensure the Committee consistently identifies open technical issues that may have not been addressed by technical reviewers, ensuring issues are properly identified and attended prior to peer review Committee meetings.

The committee will review the guidance on reviewer performance and take the appropriate steps to ensure reviewer feedback is being issued when appropriate.

We appreciate Brian Bluhm's professionalism during the performance of the oversight procedures as well as his constructive advice and suggestions.

Sincerely,



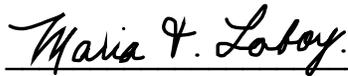
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Jaime L. Sanabria, CPA



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Marcos Claudio, CPA



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Maria T. Laboy, CPA