May 17, 2018

Stephanie Peters, CAE, President & CEO
Kevin Humphries, CPA, Peer Review Committee Chair
Virginia Society of CPAs
4309 Cox Road
Glen Allen, VA 23060

Dear Ms. Peters & Mr. Humphries:

On May 16, 2018, the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight visit for the Virginia 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 visit documents, and your response have now been posted to the AICPA Peer Review Program website.

The next administering entity oversight visit will be in 2019.

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
Chair, Oversight Task Force
AICPA Peer Review Board

cc: Emily Walker, Vice President, Advocacy

Laurel Gron, Manager – Peer Review
AICPA Peer Review Program
Oversight Visit Report

December 12, 2017

To the Virginia Society of CPAs
Peer Review Committee

We have reviewed the Virginia Society of CPAs’ administration of the AICPA Peer Review Program as part of our oversight program. The Virginia Society of CPAs is responsible for administering the program in Virginia and the District of Columbia. 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. 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. Our responsibility is to determine whether (1) administering entities are complying with the administrative procedures established by the board as set forth in the AICPA Peer Review Program Administrative Manual, (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.

Based on the results of the procedures performed, we have concluded that the Virginia Society of CPAs 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.

[Signature]

Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program
December 12, 2017

To the Virginia Society of CPAs
Peer Review Committee

We have reviewed the Virginia Society of CPAs’ administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated December 12, 2017. 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 visit 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 visit of the Virginia Society of CPAs, the administering entity for the program, conducted on December 11 and 12, 2017, the following observations are being communicated.

**Administrative Procedures**

On the morning of December 11, 2017, Lisa Joseph, AICPA Technical Manager and I met with the Vice President, Advocacy to review the program’s administration. The Society experienced a significant staff transition early in the year which put a strain on existing peer review resources at the Society. The AICPA was contracted to assist with the administration of the program. In spite of the challenges experience by the Society in 2017, we believe the administrative processes were being handled in a manner consistent with peer review standards.

In the spring 2017 the AICPA rolled out a new automated document workflow for processing and tracking the peer review process. The new system requires more interaction with firms, reviewers and administration to successfully document and process the peer reviews. The benefits are the scheduling notifications, letters to firms and reviewers are automatically generated by the system and emailed to the appropriate parties. According to discussions with the Vice President, Advocacy, based on her
discussions with firms and reviewers the required communications were going out on a timely basis.

We reviewed the files, which were still open due to follow-up actions, which had not yet been completed. We found that the follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

We also reviewed the policies and procedures for the granting of extensions. We found that the Vice President, Advocacy handles short-term requests with discussion with the committee chair when circumstances warrant.

Additionally, we reviewed the timeliness of technical reviews and the preparation of acceptance letters and follow-up letters. We found no problems in these areas.

The Society did not submit its 2017 Plan of Administration (POA) on a timely basis. Also there was a delay in its acceptance until just recently, since not all engagement oversight reviews were completed and submitted to the AICPA when the POA was submitted.

**Web Site and Other Media Information**

We met with the Vice President, Advocacy 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 Web site and other media information is accurate and timely.

After AICPA staff's review of the Web site material and other media information, we noted that the administering entity maintains current information as it relates to the peer review program. In addition, the administrative entity has an individual who is responsible for maintaining the peer review section of the Web site and monitors the Web site on a periodic basis to ensure peer review information is accurate and timely.

**Working Paper Retention**

We reviewed the completed working papers and found compliance with the working paper retention policy.

**Technical Review Procedures**

We met with one of three technical reviewers to discuss procedures. He performs many of the technical reviews and is an experienced peer reviewer and technical reviewer.

We reviewed the reports, letters of response, if applicable, and the workpapers for several reviews. We believe that all review issues were addressed properly by the technical reviewer before reviews were presented to the committee. This helped the acceptance process to be effective and efficient.
Review Presentation

Reviews are brought to the committee without open technical issues. Accordingly, it was not necessary for the committee to spend a great deal of time reviewing specific technical issues.

Committee Procedures

We met with the committee chair and discussed their procedures for disseminating the comments resulting from RAB observation reports to the appropriate individuals. It was determined the committee issued reviewer feedback when appropriate.

On December 12, 2017, we sat in on the on-site peer review committee meetings. We observed the committee's acceptance process and offered our comments at the close of discussions.

The on-site committee functioned as two report acceptance bodies. A technical reviewer was assigned to each RAB and the meetings were orderly. 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.

Appropriate decisions were made in the acceptance process, including assigned corrective actions and reviewer monitoring. However, we did note one review that had to be delayed due to our observations. There was a deficiency that should have noted it was a repeat from the prior review. Reviews were being presented to the RABs on a timely basis.

We also noted that although 2017 reviewer feedback forms have been uploaded to the AICPA site, no feedback forms for 2016 have been uploaded as required.

Oversight Program

The Virginia Society of CPAs' peer review committee has adopted a formal oversight program which is well documented. We reviewed the document and procedures performed and found it to be comprehensive. For 2016, however, the oversight program did not include a) evaluation of technical reviewers, b) an administrative oversight, c) reviewer résumé verifications, d) timely completion of engagement oversights and, and e) timely completion of their Annual Report on Oversight. For 2017, the Society is well on its way to completing all aspects of its oversight program, including performing reviewer résumé verification of two-thirds of its peer reviewers.
Summary

My observations to enhance Virginia Society of CPAs’ administration of the program are summarized as follows:

- Technical reviewers and committee members should give greater care when reviewing peer reviews where a potential repeat finding/deficiency may exist.
- The Society should research reviewer feedback forms issued in 2016 and upload those forms to the AICPA site to allow all administering entities to be better informed about reviewer performance matters.
- The Society should ensure that it completes its oversight program in a timely manner.

Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program
May 16, 2018

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 Virginia 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 Virginia Society of CPA's (VSCPA) administration of the AICPA Peer Review Program (program) performed on Dec. 11 and 12, 2017. 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.

Committee Procedures

The technical reviewers and committee members will give greater care when reviewing peer reviews where a potential repeat finding/deficiency may exist. Additionally, a RAB summary document will be added to each review file moving forward and such information will be included.

VSCPA staff is continuing to search for 2016 reviewer feedback forms. Any 2016 feedback forms that are discovered will be uploaded to the AICPA. However, due to our staffing challenges in 2016 and 2017, we may be unable to recover all feedback forms from 2016. Moving forward, post RAB meeting procedures will include upload of reviewer feedback forms as part of the review acceptance process.

Oversight Program

The oversight program for both 2016 and 2017 is complete. Moving forward, the CPA on staff and VSCPA senior staff will regularly monitor oversight progress to ensure that all oversight work is completed timely.

We appreciate Paul Inserra’s constructive advice and suggestions.

Sincerely,

Kevin Humphries, CPA
2017-2018 Chair
VSCPA Peer Review Committee

Stephanie Peters, CAE
President & CEO
VSCPA