

Peer Review Program

October 24, 2008

Thomas J. Parry, Chair, Peer Review Committee
California Society of CPAs
1235 Radio Road
Redwood City, California 94065-1217

Re: Oversight Visit to the California Society of CPAs

Dear Mr. Parry:

On October 22-24, 2008, we performed oversight procedures on the California Society of CPAs' administration of the AICPA Peer Review Program. An oversight visit is designed to evaluate and enhance the peer review program and includes testing the administrative entity's compliance with administrative procedures established by the AICPA Peer Review Board (Board) and determine whether the peer reviews are being conducted and reported on consistently and in accordance with the *Standards for Performing and Reporting on Peer Reviews* (standards) promulgated by the board.

In performing our procedures, we considered the objectives of the oversight program. Those objectives state there should be reasonable assurances that: 1) administering entities are complying with the administrative procedures established by the Board as set forth in the *Administering Entity 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 in all jurisdictions, and 4) the information provided via the internet and other media by State CPA Societies is accurate and timely. The oversight was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*.

Based on the work performed, we concluded that the California Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the Board.

Sincerely,



Randy S. Watson, Oversight Task Force
AICPA Peer Review Program

cc: Loretta Doon, Executive Director
Linda McCrone, Director of Technical Services
Robert C. Bezgin, Chair, Oversight Task Force
Susan W. Allison, Technical Manager, AICPA Peer Review Program

Peer Review Program

October 24, 2008

Thomas J. Parry, Chair, Peer Review Committee
California Society of CPAs
1235 Radio Road
Redwood City, California 94065-1217

Re: Oversight Visit to the California Society of CPAs

Dear Mr. Parry:

The oversight visit was conducted according to the procedures in the *AICPA Peer Review Oversight Handbook*. An oversight program is designed to improve the Administering Entity's administration of the AICPA Peer Review Program (program) through feedback on its policies and procedures, and to provide resource assistance from an AICPA Peer Review Board (Board) member on both technical and administrative matters.

In conjunction with the oversight visit of the California Society of CPAs, the Administering Entity for the program, conducted on October 22-24, 2008, the following observations are being communicated.

Administrative Procedures

On the morning of October 22, 2008, we met with the Director and the Supervisor to review the program's administration. We believe the administrative processes were being handled in a manner consistent with peer review standards.

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 Director handles short-term extension requests with discussion from the committee when the circumstances warrant.

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

The California Society of CPAs has developed a good backup plan to support the Director of Technical Services and Technical Reviewers should any of them become unable to serve in that capacity.

Peer Review Program

Web-Site and Other Media Information

We met with the Director and Supervisor 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 reviewing 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 administering entity has an individual who is responsible for maintaining the web-site on a current basis to ensure peer review information is accurate and timely.

Working Paper Retention

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

Technical Review Procedures

We met with one of the two technical reviewers to discuss procedures. Together, they perform virtually all of the technical reviews. The technical reviewers are very experienced reviewers.

We reviewed the reports, letters of comment, letters of response, and the working papers for thirty eight reviews. I believe that all review issues were addressed by the technical reviewers properly before reviews were presented to the committee. This helped the acceptance process to be effective and efficient.

Review Presentation

The reviews brought to the Report Acceptance Body (RAB) had complete technical reviews performed. Open issues had been disposed of to the extent possible. Team Captains had been contacted as needed by the technical reviewer prior to presentation to the RAB.

Committee Procedures

We met with the committee chair and discussed their procedures for disseminating the comments resulting from the AICPA working paper oversights to the appropriate individuals. It was determined the committee issued reviewer feedback when appropriate.

On October 23-24, 2008, we attended the on-site peer review committee meeting as well as the Executive Committee meeting. We observed the committee's acceptance process and we offered our comments at the close of discussions.

Peer Review Program

There were three concurrent RAB meetings. We requested that each RAB hold their discussion on selected reviews until one of us were present. The meetings were very orderly. It was apparent that the committee members had reviewed the reports and working papers thoroughly 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, appropriate follow-up actions were assigned and reviewers were being appropriately monitored. Reviews were being presented to the RAB on a timely basis.

The Committee was giving appropriate consideration to the problem reviewers.

Team Captain feedback forms were being sent as appropriate.

Oversight Program

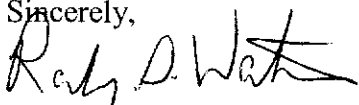
The California Society of CPAs' peer review committee has adopted a formal oversight program which is well documented. We reviewed the document and found it to be comprehensive.

Summary

Noting no matters or concerns, we concluded the California Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the board.

The foregoing matters were considered in determining our conclusion set forth in our letter dated October 24, 2008 and these matters do not change our conclusion.

Sincerely,



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

cc: Loretta Doon, Executive Director
Linda McCrone, Director of Technical Services
Robert C. Bezgin, Chair, Oversight Task Force
Susan W. Allison, Technical Manager, AICPA Peer Review Program

December 11, 2008

Robert C. Bezgin, Chair
AICPA Peer Review Board
Oversight Task Force
Palladian I Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Oversight Visit to California Society of CPAs

Dear Mr. Bezgin:

We have received and reviewed the oversight visit letters issued in connection with the AICPA Peer Review Board's oversight visit to the California Society of CPAs by Oversight Task Force members, Robert C. Bezgin and Randy S. Watson, on October 22-24, 2008. The oversight visit letters have been disseminated to all peer review program committee members, administrative staff, and technical reviewers. We are pleased to note there were no specific observations or comments included in the oversight letters on which a written response was required. This letter represents our acknowledgement of the oversight visit.

We appreciate the review by Robert C. Bezgin and Randy S. Watson of our administration of the AICPA Peer Review Program.

Sincerely,

Thomas J. Parry, Chair
California Society of CPAs Peer Review Committee

c: Loretta Doon, CEO
Susan W. Allison, Technical Manager, AICPA Peer Review Program

Peer Review Program

February 2, 2009

Thomas Parry
Benson & Neff, CPAs
1 Post St., #2150
San Francisco, CA 94104

Dear Mr. Parry:

On January 16, 2009, the AICPA Peer Review Board - Oversight Task Force accepted the letters on the most recent oversight visit 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 visit letters and your response have now been posted to the AICPA Peer Review Program web site.

The next state oversight visit will be in 2010.

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

Sincerely,

Robert C. Bezgin

Robert C. Bezgin, Chair
AICPA Peer Review Board
Oversight Task Force

cc: Loretta Doon, Executive Director, California Society of CPAs
Linda McCrone, Director of Technical Services, California Society of CPAs
Susan Allison, AICPA Peer Review Program Technical Manager