



American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

May 4, 2015

David Vaughn  
David E. Vaughn  
4540 Gnekow Drive  
Stockton, CA 95212-1307

Dear Mr. Vaughn:

On May 04, 2015 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 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 documents, and your response have now been posted to the AICPA Peer Review Program Web site.

The next state oversight visit will be in 2016.

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

Sincerely,

*Richard Hill*

Richard Hill, Chair  
Oversight Task Force  
AICPA Peer Review Board

cc: Loretta Doon, CPA, CGMA, State Society CEO  
Linda McCrone, California Society of CPAs  
Karl Ruben, AICPA Peer Review Program Technical Manager

## Oversight Visit Report

November 21, 2014

To the California Society of CPAs Peer Review Committee

We have reviewed California Society of CPAs administration of the AICPA Peer Review Program as part of our oversight program. 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 California 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.

*Steven K. Stucky*

Steven K. Stucky, Member, Oversight Task Force  
AICPA Peer Review Program

November 21, 2014

To the California Society of CPAs Peer Review Committee

We have reviewed California Society of CPAs administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated November 21, 2014. 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 California Society of CPAs, the administering entity for the program, conducted on November 19-21, 2014, the following observations are being communicated:

#### **Administrative Procedures**

On the morning of November 19, 2014, Sue Lieberum and I met with the Director of Technical Services and the Peer Review Manager 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 Peer Review Administrator 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 back-up plan to support the Director of Technical Services and the Peer Review Manager if they become unable to serve in their respective capacities. We believe that the backup plan is sufficient to enable the Society to maintain the administration of the program if circumstances ever warranted its implementation.

## **Web Site and Other Media Information**

We met with the Peer Review Manager 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 the AICPA staff's review of the Web site material and other media, 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 and monitors the Web site to ensure peer review information is accurate and timely.

## **Working Paper Retention**

We reviewed the completed working papers for several reviews and found compliance with the working paper retention policies.

## **Technical Review Procedures**

We met with all of the four technical reviewers to discuss procedures. They are experienced reviewers and perform substantially all technical reviews.

We reviewed the reports, working papers, and, if applicable, letters of response for thirty one (31) of the one hundred and twenty seven (127) reviews scheduled for consideration on November 20, 2014. We believe that all 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.

Reviews are presented to the RABs by a Committee member who is not the technical reviewer. Feedback is issued to the technical reviewers when deemed appropriate by the RABs.

## **Review Presentation**

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

## **Committee and RAB 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 November 20 and 21, 2014, we attended the onsite RAB and Peer Review Committee meetings. We observed the RABs' acceptance process and offered our comments at the close of discussions.

There were three Report Acceptance Bodies (RAB) meeting simultaneously and the meeting was very orderly. We attended each of the RAB's for a portion of the report acceptance considerations and it was apparent that the 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 including the issuance of reviewer feedback when warranted. Reviews were being presented to the RABs on a timely basis.

## **Oversight Program**

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

## **Summary**

There are no further observations to communicate to the California Society of CPAs.

*Steven K. Stucky*

Steven K. Stucky, Member, Oversight Task Force  
AICPA Peer Review Program

January 30, 2015

Richard Hill, Chair  
Oversight Task Force  
AICPA Peer Review Board  
Palladian I Corporate Center  
220 Leigh Farm Road  
Durham, NC 27707-8110

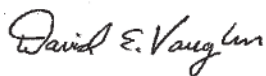
Re: Oversight Visit to California Society of CPAs Peer Review Committee

Dear Mr. Hill:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the California Society of CPAs administration of the AICPA Peer Review Program performed on November 19-21, 2014. The oversight visit documents have been disseminated to all peer review program committee members, administrative staff, and technical reviewers. We are pleased to note there were no specific deficiencies or observations included in the oversight documents on which a written response was required. This letter represents our acknowledgement of the oversight visit.

We appreciate Mr. Stucky's review of our administration of the AICPA Peer Review Program.

Sincerely,



David Vaughn, Chair  
California Peer Review Committee

c: Loretta Doon, CEO  
Linda McCrone, Director