



July 29, 2022

Jodi Ann Ray, CAE, President and CEO
Timothy Pike, CPA, Peer Review Committee Chair
Jerry Cross, CPA, Director, Peer Review
Texas Society of CPAs
14654 Dallas Pkwy Ste. 700
Dallas, TX 75254-7408]

Dear Ms. Ray, Mr. Pike, and Mr. Cross:

On July 28, 2022, the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight for the Texas 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 2023.

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 Report

December 7, 2021

To the Texas Society of Certified Public Accountants' Peer Review Committee:

We have reviewed the Texas Society of Certified Public Accountants' administration of the AICPA Peer Review Program (program) as part of our oversight program. The Texas Society of Certified Public Accountants is responsible for administering the program in Texas. 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 Texas Society of Certified Public Accountants has complied with the administrative procedures and standards in all material respects as established by the board.

We have also issued a letter of oversight procedures and observations that details the oversight procedures performed and sets forth recommendations that did not affect the conclusions expressed in this report.

A handwritten signature in cursive script that reads "Michael DeFalco".

Michael DeFalco, Member, Oversight Task Force
AICPA Peer Review Program



December 7, 2021

To the Texas Society of Certified Public Accountants' Peer Review Committee:

We have reviewed the Texas Society of Certified Public Accountants' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated December 7, 2021. That report should be read in conjunction with the observations in this letter. The observations described below were considered but did not affect the conclusions expressed in that report.

The oversight was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*. The 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 administering entity oversight conducted on December 6–7, 2021, the following observations are being communicated.

Administrative Procedures

On December 6, 2021, Ivory Bare, AICPA Peer Review Program Manager, and I met with the Director of Peer Review, Scheduling Manager, and Scheduler to review the program's administration. Except as noted below, we believe the administrative processes were being handled in a manner consistent with peer review standards.

We reviewed the status of open reviews, including reviews with corrective actions and implementation plans, which had not yet been completed. We noted a number of open reviews with due dates as of and prior to December 31, 2020 that did not appear to be actively monitored for completion. This is a repeat comment.

We reviewed the timeliness of the preparation of committee decision letters. We noted no problems in this area.

We also reviewed the policies and procedures for granting extensions. We found that the Director of Peer Review handles extension requests with discussion from the committee when the circumstances warrant.

The administering entity has developed a backup plan to support the program administrators, technical reviewers, and the CPA on staff if they become unable to serve in their respective capacities.

According to discussions with the Director of Peer Review, we found compliance with the working paper retention policies for completed reviews.

We met with the Director of Peer Review 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, 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 website and monitors it periodically to ensure peer review information is accurate and timely.

Technical Review Procedures

On December 6, 2021, we met with the technical reviewers to discuss procedures. We determined that each technical reviewer met the qualifications set forth in the guidance.

We reviewed the reports, letters of response, if applicable, and the working papers for several reviews. We believe the technical reviewer for each review properly addressed issues before presenting them to the committee. This helped the efficiency and effectiveness of the acceptance process.

During the observed report acceptance body (RAB) meetings, the technical reviewers were available to answer any questions that arose.

CPA on Staff

On December 6, 2021, we met with the Director of Peer Review, who serves as the CPA on staff. We discussed procedures for monitoring the program. We determined that the CPA on staff met the qualifications set forth in the guidance.

We reviewed the annual confidentiality agreements, noting the current confidentiality agreement templates were utilized. Based on each individual's role in the program, all administering entity staff had an appropriately signed confidentiality agreement in place.

We discussed the policies and procedures designed to mitigate familiarity threats and the implemented safeguards to ensure objectivity and skepticism while considering the results of peer reviews.

RAB and Peer Review Committee Procedures

On December 6, 2021, we met with the committee chair and discussed their procedures for disseminating comments resulting from RAB observation reports to the appropriate individuals.

On December 7, 2021, there were two concurrent RAB meetings and I observed reviews from both RAB meetings. I observed the RABs' acceptance process and offered my comments at the close of discussions. It was apparent that the RAB 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.

On December 7, 2021, we attended the peer review committee meeting and noted it was orderly.

Oversight Program

The Texas Society of Certified Public Accountants' 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

Our observation to enhance Texas Society of Certified Public Accountants' administration of the program is summarized as follows:

The administering entity should continue to actively monitor open reviews, including those with corrective actions or implementation plans, to ensure reviews are completed timely and include the related documentation of monitoring in PRIMA. This includes identifying stalled reviews, sending overdue notices to firms and reviewers in accordance with guidance, and performing outreach when applicable.



Michael DeFalco, Member, Oversight Task Force
AICPA Peer Review Program



June 27, 2022

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

Re: Oversight of Texas 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 Texas Society of CPAs' administration of the AICPA Peer Review Program (program) performed on December 6-7, 2021. 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.

Administrative Procedures

We recognize that following the administrative processes for the program is important and would like to point out the number of open reviews, including those with corrective actions and implementation plans that were the subject for the observation comment from the oversight visit represented an extremely small number of reviews we administer annually. We will continue to closely monitor the status of open reviews, including those with corrective actions or implementation plans, to ensure reviews are completed timely and include the related documentation of monitoring in PRIMA. This includes identifying stalled reviews, sending overdue notice to firms and reviewers in accordance with guidance and performing outreach when applicable. Our CPA on staff will continue to meet with the administrative staff monthly to monitor the status of open reviews and monitor tasks associated with these reviews.

We appreciate Michael DeFalco's and Ivory Bare's constructive advice and suggestions.

Sincerely,




[Jodi Ann Ray \(Jun 28, 2022 19:12 CDT\)](#)

Jodi Ann Ray, President and CEO, Texas Society of CPAs



Timothy Pike, TXCPA Peer Review Committee Chair



Jerry Cross, CPA, CPA on Staff, TXCPA