

January 14, 2016

To the Hawaii Society of CPAs Peer Review Committee

I have reviewed the Hawaii Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated January 14, 2016. 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 Hawaii Society of CPAs, the administering entity for the program, conducted on November 2, 2015 and January 14, 2016 the following observations are being communicated:

#### **Administrative Procedures**

On the morning of November 2, 2015, I met with the Executive Director 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 files, which were still open due to follow-up actions, which had not yet been completed. I found that the follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

I also reviewed the policies and procedures for the granting of extensions. I found that the Director, Professional Standards and Peer Review handles short-term extension requests with discussion from the committee when the circumstances warrant.

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

The Hawaii Society of CPAs has developed a back-up plan to support the Executive Director and the primary Technical Reviewer if one of them become unable to serve in their respective capacities. I 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**

I met with the Executive Director 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, 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 Web site and monitors the Web site to ensure peer review information is accurate and timely.

**Working Paper Retention**

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

**Technical Review Procedures**

I met with the technical reviewer who performs substantially all the technical reviews. All technical reviewers meet the requirements for committee members and technical reviewer.

I reviewed the reports, working papers, and, if applicable, letters of response for four (4) of the seven (7) reviews scheduled for consideration on January 14, 2016. I believe that all review issues were addressed properly by the technical reviewers prior to presentation to the RAB. This helped the acceptance process to be effective and efficient. Feedback is issued to the technical reviewers when deemed appropriate by the RABs.

**Review Presentation**

All reviews are accepted via telephone conference with at least 3 members voting on report acceptance. The committee members meet at least annually in person. The technical reviewers and committee members were prepared for discussion prior to the RAB.

**Committee and RAB Procedures**

I 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 2, 2015 I attended the Peer Review Committee meeting and on January 14, 2016, I attended the RAB meeting. I observed the RAB's acceptance process and offered comments at the close of discussions.

The RAB meeting was very orderly. 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 Hawaii Society of CPAs' 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**

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



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AICPA Peer Review Program