



Programa Voluntario de Revisión de Calidad de Puerto Rico

GUIAS SUPLEMENTARIAS

INTRODUCCION

Estas guías suplementarias se establecen en virtud y bajo las disposiciones del nuevo [Programa Voluntario de Revisión de Calidad de Puerto Rico](#) (en adelante, “el Programa”), según aprobado en la asamblea del Colegio de Contadores Públicos Autorizados de Puerto Rico (en adelante, “el Colegio”), celebrada el 7 de septiembre de 2019. Las mismas fueron desarrolladas en conjunto por el Administrador y el Comité Especial nombrado por el presidente. Luego de aprobadas por la Junta de Gobierno, estas guías, tendrán vigencia inmediata.

Estas guías aplican a las firmas e individuos acogidos al Programa, firmas e individuos que realizan revisiones de calidad (revisores); administrador del Programa, y la Junta de Revisión de Calidad (en adelante, “Junta”). El propósito de éstas es proveer información detallada en las secciones que ameritan información adicional, para la mejor operación del Programa. Los asuntos no especificados ni en este documento ni en el del Programa, se regirán por las guías del programa de calidad del AICPA o por decisiones de la Junta, en su momento.

ASPECTOS GENERALES

Cierre de año fiscal/Fecha de vencimiento: A continuación un ejemplo del cierre de año fiscal y la fecha de vencimiento que sería asignado para un miembro que se acoge al Programa en diciembre del 2020:

Cierre de año fiscal: Año terminado el 31 de diciembre del 2021 (12 meses a partir del mes de entrada al programa).

Fecha de vencimiento: 30 de junio del 2022 (6 meses luego del cierre del año fiscal).

Costos: Se aclara que los participantes con su *cuota al día* son aquellos que tienen al día tanto su cuota como otras obligaciones económicas para con el Colegio.

Revisión de Bitácora: Será realizada por el revisor de calidad de acuerdo al *Procedimiento para Examinar la Compra, Uso y Registro del Sello Acreditativo Numerado del CCPA*. Antes del comienzo de la revisión de calidad, el(a) revisor(a) de bitácoras del Colegio hará la selección de las estampillas que serán sujetas a la revisión de la bitácora. El(a) revisor(a) de bitácoras anotará los números de las estampillas seleccionadas en el documento *Hoja de Trabajo: Revisión de Bitácora* y notificará al revisor de calidad la información (mediante envío en correo electrónico) para que proceda con la realización de la revisión de bitácora.

El revisor de calidad, realizará la revisión de bitácora y documentará la misma en el documento *Hoja de Trabajo: Revisión de Bitácora*. Una vez completada la

revisión, enviará el documento al Administrador junto a los demás documentos de la revisión de calidad.

Junta de Revisión: Uno de los deberes de la Junta es el aprobar las revisiones de los participantes del Programa, luego de que estos cumplan con los requisitos del Programa y las acciones correctivas requeridas por la Junta, según aplique. En el caso de que el participante no complete los requisitos del Programa y/o las acciones requeridas por la Junta, dentro de los periodos provistos por el Programa/Junta, la Junta procederá a cancelar la membresía del participante en el Programa.

Salida/renuncia de la firma del Programa: Las renunciaciones/salidas del Programa serán mediante carta firmada por el participante a la Junta .

Cooperación en el Programa: Los participantes del Programa, quienes entran voluntariamente al mismo, son responsables de cooperar con el revisor, el Administrador y la Junta en los asuntos relacionados a la revisión de calidad (incluyendo la revisión de bitácora, el coordinar a tiempo la revisión (“scheduling”), completarla, y realizar las acciones correctivas/remediativas, según aplique). La no cooperación podría tener un impacto en su membresía en el Programa, según lo determine la Junta.

Periodo de Transición: Antes del 30 de septiembre de 2020, los participantes del programa anterior (el Programa Voluntario de Revisión entre Colegas de PR del 1 de septiembre de 2001, según enmendado (en adelante, “programa anterior”), deberán notificar por escrito al Administrador a cuál nivel de las revisiones disponibles en la Sección 3 del programa interesan acogerse a partir del 1 de octubre de 2020.

SECCION 3: REVISION DE PRACTICAS DE CONTABILIDAD Y AUDITORIA “A&A”

Nivel 1 y Nivel 2: Volumen de trabajo durante año fiscal: Los trabajos de compilaciones realizados no serán considerados para los volúmenes de A&A o las 400 horas de trabajos de revisión o auditoria para ser elegible para cualquiera de estos niveles.

Informe Nivel 1: Para los modelos a utilizar para los informes, Cartas de Representación y Cartas de Respuesta de este nivel refiérase a:

- Informe “Pass”: Exhibit I
- Informe “Pass with Deficiencias”: Exhibit II
- Informe “Fail”: Exhibit III
- Carta de Respuesta: Exhibit X
- Carta de Representación: Exhibit XI

Informe Nivel 2: Para los modelos a utilizar para los informes, Cartas de Representación y Cartas de Respuesta de este nivel refiérase a:

- Informe “Pass”: Exhibit IV
- Informe “Pass with Deficiencies”: Exhibit V
- Informe “Fail”: Exhibit VI
- Carta de Respuesta: Exhibit X
- Carta de Representación: Exhibit XI

Informe Nivel 3: Para los modelos a utilizar para los informes, Cartas de Representación y Cartas de Respuesta de este nivel refiérase a:

- Informe “Pass”: Exhibit VII
- Informe “Pass with Deficiencies”: Exhibit VIII
- Informe “Fail”: Exhibit IX
- Carta de Respuesta: Exhibit X
- Carta de Representación: Exhibit XI

Cuestionarios/formas para realizar las revisiones:

- Para realizar las **revisiones de calidad** los revisores utilizarán los cuestionarios y formas utilizados en el programa de calidad del AICPA.
- Para realizar las **revisiones de bitácora** los revisores utilizarán el formulario utilizado por la revisora de bitácora.

SECCION 4: REVISION DE OTRAS PRACTICAS DE CONTABILIDAD Y AUDITORIA “NO A&A”

Informes a utilizar:

- Informe “pass”: Exhibit XII
- Informe “pass with Deficiencies”: Exhibit XIII
- Informe “Fail”: Exhibit XIV
- Carta de Respuesta: Exhibit XV
- Carta de Representación: Exhibit XVI

SECCION 7: PROGRAMA DE VIGILANCIA

Refiérase al Exhibit XVII

Level 1 PASS
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

EXHIBIT I

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the system review as prescribed by the Program may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statements of Quality Control Standards (Standards) issued by the American Institute of Certified Public Accountants.

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited assurance on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to two (2) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance and (b) human resources (continued education only).

Peer Reviewer's Opinion

In our opinion, the two (2) elements of the system of quality control, as described in the previous paragraph, for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the two (2) elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *Pass* under the Level One of the Program.

XYZ CPA, PSC

[Name of team captain's firm]

Level 1 PASS with Deficiency(ies)
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

EXHIBIT II

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the Level One review as prescribed by the Program, may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statements of Quality Control Standards (Standards) issued by the American Institute of Certified Public Accountants.

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited assurance on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to two (2) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance and (b) human resources (continued education only).

Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The SOLE PRACTITIONER'S quality control policies and procedures addressing continuing professional education (CPE) are not suitably designed or complied with to provide reasonable assurance that HIM/HER will have the competence necessary to perform engagements in accordance with professional and regulatory requirements. Although the sole practitioner's policies require that HE/SHE attain a minimum of 40 hours of CPE courses annually and comply with CPE requirements of the applicable external bodies, it lacks appropriate procedures to determine whether the personnel are in compliance with these requirements. During our review, we noted that he/she does not have a reliable system to capture the CPE hours that he/she is taking from third party providers. Because of this we cannot conclude if he is in compliance with the certification forwarded to NASBA when renewing his/her most recent license.

2. The firm's quality control policies and procedures regarding engagement performance have not been suitably designed or complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. The firm requires the use of a non-industry specific audit program but does not require that program to be tailored to cover requirements of specialized industries. During our review we noted a financial statement of a condominium that did not follow the prescribed display that is customary used in this industry. As a result of this situation, users of these statements were precluded to analyze the uses of funds of the audited entity.

Peer Reviewer's Opinion

In our opinion, except for the deficiencies previously described, the two (2) elements of the system of quality control, as described in the fourth paragraph, for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the two (2) elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *pass with deficiencies* under the Level One of the Program.

XYZ CPA PSC

[Name of team captain's firm]

Level 1 FAIL **EXHIBIT III**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the Level One review as prescribed by the Program, may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statement of Quality Control Standards (Standards) issued by the "American Institute of Certified Public Accountants".

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited assurance on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to two (2) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance and (b) human resources (continued education only).

Significant Deficiencies Identified in the Firm's System of Quality Control

We noted the following significant deficiency/deficiencies during our review:

1. The firm's quality control policies and procedures do not provide reasonable assurance that the firm will comply with applicable professional standards and will issue reports that are appropriate in the circumstances, as a result of the following significant deficiency:
 - a. The firm lacks policies and procedures addressing continuing professional education to require the firm to obtain relevant training to prepare for engagements in new industries or service areas.

In our opinion, this led to SOLE PRACTITIONER'S being unable to appropriately address recent pronouncements and new disclosure requirements; and failure to consider new auditing standards and other required communications. This contributed to audit engagements performed in the nonprofit industry with the incorrect financial statement display as well of missing recently enacted disclosure requirements.

Peer Reviewer's Opinion

In our opinion, as a result of the significant deficiency noted in the system of quality control as described in the fourth paragraph, the two (2) elements of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, were not suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the two (2) elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *fail* under the Level One of the Program.

XYZ CPA PSC

[Name of team captain's firm]

Level 2 PASS **EXHIBIT IV**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the system review as prescribed by the Program may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statements of Quality Control Standards (Standards) issued by the AICPA.

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited opinion on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to three (3) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance, (b) human resources and (c) Clients acceptance and continuance.

Peer Reviewer's Opinion

In our opinion, the three (3) elements of the system of quality control, as described in the previous paragraph, for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the two elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *Pass* under the Level Two of the Program.

XYZ CPA, PSC

[Name of team captain's firm]

Level 2 PASS with Deficiencies
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

EXHIBIT V

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the Level Two review as prescribed by the Program, may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statements of Quality Control Standards (Standards) issued by the "American Institute of Certified Public Accountants".

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited assurance on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to three (3) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance (b) human resources and (c) Client Acceptance and Continuance.

Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The SOLE PRACTITIONER'S quality control policies and procedures addressing continuing professional education (CPE) are not suitably designed or complied with to provide reasonable assurance that HIM/HER will have the competence necessary to perform engagements in accordance with professional and regulatory requirements. Although the sole practitioner's policies require that HE/SHE attain a minimum of 40 hours of CPE courses annually and comply with CPE requirements of the applicable external bodies, it lacks appropriate procedures to determine whether the personnel are in compliance with these requirements. During our review, we noted that he/she does not have a reliable system to capture the CPE hours that he/she is taking from third party providers. Because of this we cannot conclude if he is in compliance with the certification forwarded to NASBA when renewing his/her most recent license.

2. The firm's quality control policies and procedures regarding engagement performance have not been suitably designed or complied with to provide reasonable assurance that audit engagements are consistently performed in accordance with professional standards. The firm requires the use of a non-industry specific audit program but does not require that program to be tailored to cover requirements of specialized industries. During our review we noted a financial statement of a condominium that did not follow the prescribed display that is customary used in this industry. As a result of this situation, users of these statements were precluded to analyze the uses of funds of the audited entity.

Peer Reviewer's Opinion

In our opinion, except for the deficiencies previously described, the three (3) elements of the system of quality control, as described in the fourth paragraph, for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the three (3) elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *pass with deficiencies* under the Level Two of the Program.

XYZ CPA PSC

[Name of team captain's firm]

Level 2 FAIL **EXHIBIT VI**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the SOLE PRACTITIONER and the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board

We (I) have reviewed a limited portion of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER (the firm), in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the Level Two review as prescribed by the Program, may be found at www.colegiocpa.com. The firm is required to maintain a system of quality control in accordance with the Statement of Quality Control Standards (Standards) issued by the "American Institute of Certified Public Accountants".

Sole Practitioner's Responsibility

The sole practitioner is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The sole practitioner is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express a limited assurance on the design of the system of quality control and the firm's compliance therewith based on our limited review. As allowed by the Program, our (my) review was limited to three (3) of the six (6) elements of quality control detailed in the Standards. These are (a) engagement performance (b) human resources and (c) Client Acceptance and Continuance.

Significant Deficiencies Identified in the Firm's System of Quality Control

We noted the following significant deficiency/deficiencies during our review:

1. The firm's quality control policies and procedures do not provide reasonable assurance that the firm will comply with applicable professional standards and will issue reports that are appropriate in the circumstances, as a result of the following significant deficiency:
 - a. The firm lacks policies and procedures addressing continuing professional education to require the firm to obtain relevant training to prepare for engagements in new industries or service areas.

In our opinion, this led to SOLE PRACTITIONER'S being unable to appropriately address recent pronouncements and new disclosure requirements; and failure to consider new auditing standards and other required communications. This contributed to audit engagements performed in the nonprofit industry with the incorrect financial statement display as well of missing recently enacted disclosure requirements.

Peer Reviewer's Opinion

In our opinion, as a result of the significant deficiency noted in the system of quality control as described in the fourth paragraph, the three (3) elements of the system of quality control for the accounting and auditing practice of SOLE PRACTITIONER, in effect for the year ended December 31, 2020, were not suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects related to the three (3) elements reviewed. Firms can receive a rating of pass, pass with deficiencies or fail. The SOLE PRACTITIONER has received a peer review rating of *fail* under the Level Two of the Program.

XYZ CPA PSC

[Name of team captain's firm]

Level 3 PASS **EXHIBIT VII**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of [or other appropriate terminology] XYZ & Co and the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board

We (I) have reviewed the system of quality control for the accounting and auditing practice of XYZ & Co. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a tax System Review as described in the Program may be found at www.colegiocpa.com. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the system of quality control system and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included (engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations [SOC 1 and SOC2 engagements].)

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control, for the accounting and auditing practice of XYZ & Co. in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. XYZ & Co. has received a peer review rating of *pass*.

GHY CPA PSC

[Name of team captain's firm]

Level 3 PASS **EXHIBIT VIII**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of [or other appropriate terminology] XYZ & Co and the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board

We (I) have reviewed the system of quality control for the accounting and auditing practice of XYZ & Co. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a tax System Review as described in the Program may be found at www.colegiocpa.com. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the system of quality control system and the firm's compliance therewith based on our review. over its tax practice and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included (engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations [SOC 1 and SOC2 engagements].)

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control, for the accounting and auditing practice of XYZ & Co. in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. XYZ & Co. has received a peer review rating of *pass*.

GHY CPA PSC

[Name of team captain's firm]

Level 3 Fail **EXHIBIT IX**
REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of [or other appropriate terminology] XYZ & Co and the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board

We (I) have reviewed the system of quality control for the accounting and auditing practice of XYZ & Co. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in System Review as described in the Program may be found at www.colegiocpa.com. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the system of quality control system and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included (engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations [SOC 1 and SOC2 engagements].)

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Significant Deficiencies identified in the Firm's System of Quality Control

We noted the following significant deficiencies during our review:

1. The firm's quality control policies and procedures do not provide reasonable assurance that the firm will comply with applicable professional standards and will issue reports that are appropriate in the circumstances, as a result of the following significant deficiencies:

- a. The firm lacks policies and procedures addressing new engagement acceptance to only undertake engagements for which it has the capabilities, resources, and professional competence to complete in accordance with applicable professional standards.
- b. The firm lacks policies and procedures addressing continuing professional education (CPE) to require its personnel to obtain relevant training to prepare for engagements in new industries or service areas.
- c. Firm leadership has not implemented policies and procedures to provide clear, consistent, and frequent actions and messages from all levels of the firm's management that emphasize the firm's commitment to quality.

In our opinion, the significant deficiencies described previously contributed to an employee benefit plan audit that did not conform to professional standards in all material respects. During our review, we discovered that the firm had undertaken an employee benefit plan audit without performing appropriate acceptance procedures, including the engagement partner obtaining relevant CPE or otherwise obtaining sufficient knowledge to conduct the audit.

Opinion

In our opinion, as a result of the significant deficiencies previously described, the system of quality control for the accounting and auditing practice of XYZ & Co. in effect for the year ended June 30, has was not suitably designed or complied with to provide the firm with reasonable assurance of performing or reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. XYZ & Co. has received a peer review rating of *fail*.

GHY CPA PSC

[Name of team captain's firm]

EXHIBIT X

Illustration of a Response by a Reviewed Firm to a Report With a Peer Review Rating of *Pass With Deficiencies* in a limited (level 1 or 2) or System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each deficiency discussed in the report. If the reviewed firm disagrees with one or more of the deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

August 31, 20XX

[Addressed to the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the ("limited") ^{fn 2} peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 20XX. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. ^{fn 3} The firm modified its quality control policies and procedures to include monitoring of firm personnel's compliance with regulatory and organization membership requirements. The importance of meeting these CPE requirements was discussed in a recent training session held in connection with a recent firm wide staff meeting. Additionally, the training session included sufficient Yellow

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review in the A&A Section.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

Book CPE such that all firm personnel have met the regulatory requirements. The impact to the Yellow Book audits for failure to take sufficient CPE timely is currently being discussed with the Government Accountability Office (GAO) and the firm will remediate as necessary based on that discussion.

2. In addition, at that training session, the importance of proper use of the firm's checklists appropriate to the industry of the engagement being performed was discussed. We discussed the proper resolution of points or topics unfamiliar to the individual completing the checklist or those reviewing its completion. The firm's CPE plan for partners and managers now includes annual updates on industry specific issues. The omitted procedures have been performed.

These remedial actions will also be emphasized in our monitoring procedures and internal inspection.

We believe these actions are responsive to the findings of the review.

Sincerely,

[Name of Firm]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a Response by a Reviewed Firm to a Report With a Peer Review Rating of *Pass With Deficiencies (With a Scope Limitation)* in a limited (level 1 or 2) or System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each deficiency discussed in the report. If the reviewed firm disagrees with one or more of the deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the ("limited") ^{fn 2} peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 20XX.

1. ^{fn 3} Due to circumstances that we deemed appropriate, we notified the peer reviewer that he would be unable to select our only audit subject to *Government Auditing Standards* in the peer review. This was an initial engagement and an engagement performed under *Government Auditing Standards*, so there were no previous audits for the reviewer to select. We have considered the consequences of noncompliance related to this matter. We understand that until our firm's most

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review in the A & A Section.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

recently completed peer review includes selection of an engagement performed under *Government Auditing Standards* our audit reports for such engagements will need to include an exception regarding our lack of compliance with peer review requirements.

Sincerely,

[*Name of Firm*]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Response** by a Reviewed Firm to a Report With a Peer Review Rating of *Fail* in a limited (level 1 or 2) or System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each of the significant deficiencies discussed in the report. If the reviewed firm disagrees with one or more of the significant deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the significant deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the ("limited") ^{fn 2} peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 20XX. The firm is committed to providing clear, consistent, and frequent actions and messages from all levels of the firm's management to emphasize the firm's commitment to quality. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. ^{fn 3} The firm modified its quality control policies and procedures to require the following:

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

- a. Use of practice aids to document procedures performed to assess competency for undertaking new engagements. The practice aid is designed to ensure that the firm 1) is competent to perform the engagement and has the capabilities, including time and resources, to do so, 2) can comply with legal and relevant ethical requirements, and 3) has considered the integrity of the client.
- b. Inclusion of a CPE plan for obtaining relevant training to prepare for engagements in new industries or service areas in the client acceptance file

The firm has recalled the audit report for the employee benefit plan audit and has hired a third party to perform a preissuance review prior to reissuing our report.

2. We have joined the AICPA Governmental Audit Quality Center and Employee Benefit Plan Audit Quality Center. The firm modified its quality control policies and procedures to require personnel that perform engagements in these specialized areas to attend at least eight hours of CPE annually in the specialized area. We are committed to promptly completing our evaluation of the audit engagements, including whether audited financial statements should be recalled and reissued to include the omitted disclosures. The omitted procedures will be performed and documentation will be added in a memo to the engagement files of the audit performed under *Government Auditing Standards* and the audits in other industries identified as not in conformity with professional standards.
3. The firm's system of quality control was modified to include monitoring procedures to provide it with reasonable assurance that the firm's policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. Specifically, the firm will monitor compliance with all functional areas of the system and will perform annual inspections on a sample of engagements. We intend to hire a Quality Control Director who will be responsible for developing and implementing our monitoring and inspection procedures.

The results of our peer review will be discussed in a firm-wide meeting to be held on November 22, 20XX, and an emphasis on quality will be reinforced with all engagement partners and their teams.

Sincerely,

[Name of Firm]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Response** by a Reviewed Firm to a Report With a Peer Review Rating of *Fail (With a Scope Limitation)* in a limited (level 1 or 2) or System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take including the timing of the planned actions, to prevent a recurrence of each of the significant deficiencies discussed in the report. If the reviewed firm disagrees with one or more of the significant deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the significant deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the ("limited") ^{fn 2} peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended June 30, 20XX.

We notified our peer reviewer that he would be unable to review the engagements performed by one of our firm's four offices that divested from our firm during the peer review year. We have considered the consequences of this scope limitation on the results of our peer review.

1. ^{fn 3} The firm's monitoring procedures were modified to provide it with reasonable assurance that the firm's policies and procedures are relevant, adequate, and

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

operating effectively. Specifically, the firm will monitor compliance with relevant ethical considerations and perform annual testing of a sample of personnel independence confirmations. We have contacted our attorney, clients, and applicable regulatory bodies to discuss the impact of the independence violations and will remediate the engagements as required by professional standards.

2. The firm has contacted two other accounting firms with expertise in Employee Retirement Income Security Act (ERISA) audits. We have implemented a plan for consultation with these firms for guidance in situations with which we are unfamiliar. We have also joined the AICPA Employee Benefit Plan Audit Quality Center. The omitted procedures will be performed and documentation will be added in a memo to the engagement file. We will engage one of the accounting firms to review the engagement working papers prior to finalizing the memo and to perform engagement quality control reviews of future employee benefit plan audits.
3. We have purchased practice aids that are specific to the industries of our clients and have instructed staff and partners on their use. At our next staff meeting on November 22, 20XX, we will emphasize the importance of proper use of the firm's practice aids. We will also discuss the proper resolution of points or topics unfamiliar to the individual completing the checklist or those reviewing its completion. The firm's CPE plan for partners and managers now includes annual updates on the firm's expectations for performing and documenting audit planning considerations.

The firm is committed to strengthening its monitoring policies and procedures. We have acquired quality control materials to guide the firm, and supervision of the monitoring process has been assigned to a partner. Additionally, outside assistance (as previously mentioned) has been sought, and these individuals will be available for consultation and guidance.

Sincerely,

[*Name of Firm*]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Representation Letter to Report to the Team Captain for a limited (level 1 or 2) or System Review**

(The firm may tailor the language in this illustration and refer to attachments to the letter as long as adequate representations pertaining to the matters previously discussed, as applicable, are included to the satisfaction of the team captain.)

Date of the exit conference

To **[Name of Team Captain]**:

We ^{fn 1} are providing this letter in connection with the (“limited”) ^{fn 2} peer review of **[name of firm]** as of the date of this letter and for the year ended **[peer review year end]**.

We understand that we are responsible for complying with the rules and regulations of state boards of accountancy and other regulators. We confirm, to the best of our knowledge and belief, that there are no known situations in which **[name of firm]** or its personnel have not complied with the rules and regulations of state board(s) of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.

We have provided a list to the team captain of all engagements performed during the year under review. This list appropriately identified and included, but was not limited to, all engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations (SOC 1 and SOC 2 engagements), as applicable. We understand that failure to properly include engagements subject to the scope of the peer review could be deemed as failure to cooperate. We also understand this may result in the cancellation of my membership in the Program.

[For system reviews; customized where applicable] We have completed and issued the following must-select engagements and, to the best of our knowledge and belief, the peer review team has selected and reviewed at least one of each category:

1. Engagements performed under *Government Auditing Standards*
2. Compliance audits under the Single Audit Act
3. Audits of employee benefit plans
4. Audits performed under FDICIA
5. Audits of broker-dealers
6. Examinations of service organizations (SOC 1 and SOC 2 engagements)

We have discussed significant issues from reports and communications from regulatory, monitoring and enforcement bodies with the team captain, if applicable. We have also provided the team captain with any other information requested, including communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of an accounting, audit, or attestation engagement performed and reported on by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. We confirm, to the best of our knowledge and belief, that there are no known restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end.

We understand the intended uses and limitations of the quality control materials we have developed or adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance that is sufficient to assist us in conforming with professional standards (including the Statements on Quality Control Standards) applicable to our accounting and auditing practice in all material respects.

Sincerely,

[Reviewed Firm Representative]

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review in the A&A Section.

Illustration of a Representation Letter That Has Been Tailored for Significant Matters to Report to the Team Captain for a limited (level 1 or 2) or System Review

(The firm may tailor the language in this illustration and refer to attachments to the letter as long as adequate representations pertaining to the matters previously discussed, as applicable, are included to the satisfaction of the team captain.)

Date of the exit conference

To [Name of Team Captain]

We ^{fn 1} are providing this letter in connection with the ("limited") ^{fn 2} peer review of [name of firm] as of the date of this letter and for the year ended [peer review year end].

We understand that we are responsible for complying with the rules and regulations of state boards of accountancy and other regulators. Other than the firm not having a practice unit license during the year under review in one state where the firm practices (which has been subsequently obtained), we confirm, to the best of our knowledge and belief, that there are no known situations in which [name of firm] or its personnel have not complied with the rules and regulations of state board(s) of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.

We have provided a list of all engagements to the team captain with periods ending (report date for financial forecasts or projections and agreed upon procedures) during the year under review, regardless of whether issued as of the date of this letter. This list appropriately identified and included, but was not limited to, all engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits

performed under FDICIA, audits of broker-dealers, and examinations of service organizations (SOC 1 and SOC 2 engagements), as

applicable. We understand that failure to properly include engagements subject to the scope of the peer review could be deemed as failure to cooperate. We also understand this may result in termination from the Peer Review Program and, if termination occurs, may result in an investigation of a possible violation by the appropriate regulatory, monitoring, and enforcement body.

[For system reviews; where applicable] We have completed and issued the following must-select engagements and, to the best of our knowledge and belief, the peer review team has selected and reviewed at least one of each category:

1. Engagements performed under *Government Auditing Standards*
2. Compliance audits under the Single Audit Act
3. Audits of employee benefit plans
4. Audits performed under FDICIA
5. Audits of broker-dealers
6. Examinations of service organizations (SOC 1 and SOC 2 engagements)

We confirm that we will implement the remedial plans for nonconforming engagements stated in our response to [insert relevant form, for example 'Finding for Further Consideration Form 1'].

We have discussed significant issues from reports and communications from regulatory, monitoring and enforcement bodies with the team captain, if applicable. We have also provided the team captain with any other information requested, including communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of an accounting, audit, or attestation engagement performed and reported on by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. Other than the single partner restriction to perform employee benefit plans as determined by the Puerto Rico Board of Accountancy, we confirm, that to the best of our knowledge and belief, there are no known restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end.

We understand the intended uses and limitations of the quality control materials we have developed or adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance that is sufficient to assist us in conforming with professional standards (including the Statements on Quality Control Standards) applicable to our accounting and auditing practice in all material respects.

Sincerely,

[Reviewed Firm Representative]

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review in the A&A Section.

NO-A&A Practice PASS
REPORT ON THE FIRM'S TAX PRACTICE QUALITY CONTROL

EXHIBIT XII

To the Tax Practitioner and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed the quality control system for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the tax practice system review as prescribed by the Program may be found at www.colegiocpa.com. The firm is required to maintain a quality control system of its tax practice in accordance with the Tax Practice Quality Control Guide (Guide) issued by the American Institute of Certified Accountants.

Tax Practitioner's Responsibility

The tax practitioner is responsible for designing a quality control system of its tax practice to provide the firm with reasonable assurance that it and its personnel is following applicable professional, statutory and regulatory requirements, as described in the Guide.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the quality control system over its tax practice and the firm's compliance therewith based on our review. As recommended by the Guide our (my) review included the six elements of quality control of the tax practice; (a) leadership responsibilities, (b) relevant ethical requirements, (c) acceptance and continuance of clients, (d) human resources, (e) engagement performance, (f) monitoring. Also tested under our review was the compliance of the firm with Statements on Standards for Tax Services issued by the AICPA, as well of its compliance with Circular 230 of the Internal Revenue Service and related federal and state tax preparer relevant rules and regulations.

Peer Reviewer's Opinion

In our opinion, the system of quality control, described in the previous paragraph, for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the tax firm with reasonable assurance of compliance with applicable professional, statutory, and regulatory requirements. Tax Firms can receive a rating of pass, pass with deficiencies or fail. The TAX PRACTITIONER has received a peer review rating of *pass* under the applicable No-A&A section of the Program.

XYZ CPA PSC

[Name of team captain's firm]

NO-A&A Practice PASS with Deficiencies **EXHIBIT XIII**
REPORT ON THE FIRM'S TAX PRACTICE QUALITY CONTROL

To the Tax Practitioner and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed quality control system for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the tax practice system review as prescribed by the Program may be found at www.colegiocpa.com. The firm is required to maintain a quality control system of its tax practice in accordance with the Tax Practice Quality Control Guide (Guide) issued by the American Institute of Certified Accountants (AICPA).

Tax Practitioner's Responsibility

The tax practitioner is responsible for designing a quality control system of its tax practice to provide the firm with reasonable assurance that it and its personnel is following applicable professional, statutory and regulatory requirements, as described in the Guide.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the quality control system over its tax practice and the firm's compliance therewith based on our review. As recommended by the Guide our (my) review included the six elements of quality control of the tax practice; (a) leadership responsibilities, (b) relevant ethical requirements, (c) acceptance and continuance of clients, (d) human resources, (e) engagement performance, (f) monitoring. Also tested under our review was the compliance of the firm with Statements on Standards for Tax Services issued by the AICPA, as well of its compliance with Circular 230 of the Internal Revenue Service and related federal and state tax preparer relevant rules and regulations.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not suitably designed or complied with to provide reasonable assurance that its personnel will have the competence necessary to perform engagements in accordance with professional and regulatory requirements. Although the firm's policies require that personnel attain a minimum of 40 hours of CPE courses annually and comply with CPE requirements of the applicable external bodies, it lacks appropriate procedures to determine whether the personnel are in compliance with these requirements. During our review, we noted several personnel who did not comply with CPE requirements related to newly enacted tax laws and regulations. In our opinion, this situation leads to several returns that were presented to the clients which lacks these changes.

Peer Reviewer's Opinion

In our opinion, except for the deficiency described above, the system of quality control, described in the previous paragraph, for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the tax firm with reasonable assurance of compliance with applicable professional, statutory, and regulatory requirements. Tax Firms can receive a rating of pass, pass with deficiencies or fail. The TAX PRACTITIONER has received a peer review rating of *pass with deficiency* under the applicable No-A&A section of the Program.

XYZ CPA PSC

[Name of team captain's firm]

NO-A&A Practice FAIL **EXHIBIT XIV**
REPORT ON THE FIRM'S TAX PRACTICE QUALITY CONTROL

To the Tax Practitioner and the Puerto Rico Society of Certified
Public Accountants' Voluntary Peer Review Board

We (I) have reviewed quality control system for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020. Our (My) peer review was conducted in accordance with the Puerto Rico Voluntary Peer Review Program (Program) as established by the Puerto Rico Society of Certified Public Accountants.

A summary of the nature, objective, scope, limitations of, and the procedures performed in the tax practice system review as prescribed by the Program may be found at www.colegiocpa.com. The firm is required to maintain a quality control system of its tax practice in accordance with the Tax Practice Quality Control Guide (Guide) issued by the American Institute of Certified Accountants (AICPA).

Tax Practitioner's Responsibility

The tax practitioner is responsible for designing a quality control system of its tax practice to provide the firm with reasonable assurance that it and its personnel is following applicable professional, statutory and regulatory requirements, as described in the Guide.

Peer Reviewer's Responsibility

Our (my) responsibility is to express an opinion on the design of the quality control system over its tax practice and the firm's compliance therewith based on our review. As recommended by the Guide our (my) review included the six elements of quality control of the tax practice; (a) leadership responsibilities, (b) relevant ethical requirements, (c) acceptance and continuance of clients, (d) human resources, (e) engagement performance, (f) monitoring. Also tested under our review was the compliance of the firm with Statements on Standards for Tax Services issued by the AICPA, as well of its compliance with Circular 230 of the Internal Revenue Service and related federal and state tax preparer relevant rules and regulations.

Significant Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing ethical requirements are not suitably designed or complied with to provide reasonable assurance that the firm is in compliance with Circular 230 of the Internal Revenue Service. In our opinion, this situation could lead the firm to disciplinary actions and or penalties from the IRS.
2. The firm's quality control and procedures addressing monitoring are not suitably designed or complied with to provide reasonable assurance that some of the firm personnel have not renew the tax preparer number both at the federal and state level.

Peer Reviewer's Opinion

In our opinion, as a result of the significant deficiencies previously described, the system of quality control for the tax practice of TAX PRACTITIONER, in effect for the year ended December 31, 2020, was not suitably designed or complied with to provide the tax firm with reasonable assurance of compliance with applicable professional, statutory, and regulatory requirements. Tax Firms can receive a rating of pass, pass with deficiencies or fail. The TAX PRACTITIONER has received a peer review rating of *fail* under the applicable No-A&A section of the Regulation.

XYZ CPA PSC

[Name of captain's firm]

EXHIBIT XV

Illustration of a Response by a Reviewed Firm to a Report With a Peer Review Rating of *Pass With Deficiencies* in a No A&A System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each deficiency discussed in the report. If the reviewed firm disagrees with one or more of the deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

August 31, 20XX

[Addressed to the Puerto Rico Society of Certified Public Accountants' Voluntary Peer Review Board]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the peer review of the firm's system of quality control for the tax practice in effect for the year ended June 30, 20XX. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. ^{fn 2} The firm modified its quality control policies and procedures to include monitoring of firm personnel's compliance with regulatory and organization membership requirements. The importance of meeting these CPE requirements was discussed in a recent training session held in connection with a recent firm wide staff meeting. Additionally, the training session included sufficient Tax CPE such that all firm personnel have met the regulatory requirements. The failure to take sufficient tax CPE timely is currently being discussed with the IRS and the firm will remediate as necessary based on that discussion.

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The numbering of responses, to coincide with the numbered comments in the report, is optional.

2. In addition, at that training session, the importance of proper use of the firm's checklists appropriate was discussed. We discussed the proper resolution of points or topics unfamiliar to the individual completing the checklist or those reviewing its completion. The firm's tax CPE plan for partners and managers now includes annual updates on tax specific issues. The omitted procedures have been performed.

These remedial actions will also be emphasized in our monitoring procedures and internal inspection.

We believe these actions are responsive to the findings of the review.

Sincerely,

[Name of Firm]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Response** by a Reviewed Firm to a Report With a Peer Review Rating of *Pass With Deficiencies (With a Scope Limitation)* in a No A&A System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each deficiency discussed in the report. If the reviewed firm disagrees with one or more of the deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the peer review of the firm's system of quality control for the tax practice in effect for the year ended June 30, 20XX.

1. ^{fn 2} Due to circumstances that we deemed appropriate, we notified the peer reviewer that he would be unable to select our only tax return for XYZ. This was an initial engagement. So there were no previous tax returns for the reviewer to select. We have considered the consequences of noncompliance related to this matter. We will need to include an exception regarding our lack of compliance with peer review requirements.

Sincerely,

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word limited will be included when the review is related to a Level 1 or 2 peer review in the A & A Section.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

[*Name of Firm*]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Response** by a Reviewed Firm to a Report With a Peer Review Rating of *Fail* in No A&A System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take, including the timing of the planned actions, to prevent a recurrence of each of the significant deficiencies discussed in the report. If the reviewed firm disagrees with one or more of the significant deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the significant deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the peer review of the firm's system of quality control for tax practice in effect for the year ended June 30, 20XX. The firm is committed to providing clear, consistent, and frequent actions and messages from all levels of the firm's management to emphasize the firm's commitment to quality. The remedial actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. ^{fn 3} The firm modified its quality control policies and procedures to require the following:
 - a. Use of practice aids to document procedures performed to assess competency for undertaking new tax returns engagements. The practice

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word *limited* will be included when the review is related to a Level 1 or 2 peer review.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

aid is designed to ensure that the firm 1) is competent to perform the engagement and has the capabilities, including time and resources, to do so, 2) can comply with legal, regulatory and relevant ethical requirements, and 3) has considered the integrity of the client.

- b. Inclusion of a tax CPE plan for obtaining relevant training to prepare for tax engagements in new industries or service areas in the client acceptance file.

The firm has recalled the tax return has hired a third party to perform a preissuance review prior to reissuing our report.

- 2. We have joined the AICPA Tax Section. The firm modified its quality control policies and procedures to require personnel that perform engagements in these specialized areas to attend at least eight hours of tax CPE annually in the specialized area. We are committed to promptly completing our evaluation of the tax engagements, including whether tax returns should be recalled and reissued to include the omitted information. The omitted information will be added in the return resubmitted.
- 3. The firm's system of quality control was modified to include monitoring procedures to provide it with reasonable assurance that the firm's policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. Specifically, the firm will monitor compliance with all functional areas of the system and will perform annual inspections on a sample of tax engagements. We intend to hire a Quality Control Director who will be responsible for developing and implementing our monitoring and inspection procedures.

The results of our peer review will be discussed in a firm-wide meeting to be held on November 22, 20XX, and an emphasis on quality will be reinforced with all engagement partners and their teams.

Sincerely,

[Name of Firm]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Response** by a Reviewed Firm to a Report With a Peer Review Rating of *Fail (With a Scope Limitation)* in a No A&A System Review

The purpose of a letter of response is to describe the actions the firm has taken or will take including the timing of the planned actions, to prevent a recurrence of each of the significant deficiencies discussed in the report. If the reviewed firm disagrees with one or more of the significant deficiencies in the report, the reviewed firm should contact the administering entity for assistance. The letter of response should be carefully prepared because of the important bearing it may have on the decisions reached in connection with acceptance of the report on the review and should be tailored to address the firm's remediation plans for the significant deficiencies described in its peer review report. The letter of response should be submitted to the team captain for review and comment prior to the exit conference.

[Reviewed firm's letterhead]

October 31, 20XX

[Addressed to the peer review committee of the administering entity]

Ladies and Gentlemen:

This letter represents our ^{fn 1} response to the report issued in connection with the peer review of the firm's system of quality control for the tax practice in effect for the year ended June 30, 20XX.

We notified our peer reviewer that he would be unable to review the tax engagements performed by one of our firm's four offices that divested from our firm during the peer review year. We have considered the consequences of this scope limitation on the results of our peer review.

1. ^{fn 3} The firm's monitoring procedures were modified to provide it with reasonable assurance that the firm's policies and procedures are relevant, adequate, and operating effectively. Specifically, the firm will monitor compliance with relevant

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

^{fn 2} The word *limited* will be included when the review is related to a Level 1 or 2 peer review.

^{fn 3} The numbering of responses, to coincide with the numbered comments in the report, is optional.

ethical and regulatory considerations and perform annual testing of a sample. We have contacted our attorney, clients, and applicable regulatory bodies to discuss the impact of the violations and will remediate the engagements as required by professional standards.

2. The firm has contacted two other accounting firms with expertise in tax practice. We have implemented a plan for consultation with these firms for guidance in situations with which we are unfamiliar. We have also joined the AICPA Tax Practice Section. The omitted procedures will be performed and documentation will be added to the engagement file. We will engage one of the accounting firms to review the engagement working papers prior to finalizing and to perform engagement quality control reviews of future similar engagements.
3. We have purchased practice aids that are specific to the industries of our clients and have instructed staff and partners on their use. At our next staff meeting on November 22, 20XX, we will emphasize the importance of proper use of the firm's tax practice aids. We will also discuss the proper resolution of points or topics unfamiliar to the individual completing the checklist or those reviewing its completion. The firm's tax CPE plan for partners and managers now includes annual updates on the firm's expectations for performing and documenting tax planning considerations.

The firm is committed to strengthening its monitoring policies and procedures. We have acquired quality control materials to guide the firm, and supervision of the monitoring process has been assigned to a partner. Additionally, outside assistance (as previously mentioned) has been sought, and these individuals will be available for consultation and guidance.

Sincerely,

[Name of Firm]^{fn 4}

^{fn 4} Signed by an authorized partner of the firm.

Illustration of a **Representation Letter to Report to the Team Captain for No A&A System Review**

(The firm may tailor the language in this illustration and refer to attachments to the letter as long as adequate representations pertaining to the matters previously discussed, as applicable, are included to the satisfaction of the team captain.)

Date of the exit conference

To **[Name of Team Captain]**:

We ^{fn 1} are providing this letter in connection with the No A&A peer review of **[name of firm]** as of the date of this letter and for the year ended **[peer review year end]**.

We understand that we are responsible for complying with the applicable professional, statutory and regulatory requirements, as described in the Tax Practice Quality Control Guide issued by the American Institute of Certified Public Accountants. We confirm, to the best of our knowledge and belief, that there are no known situations in which **[name of firm]** or its personnel have not complied with the applicable rules and regulations or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.

We have provided a list to the team captain of all engagements performed during the year under review. This list appropriately identified and included, all tax engagements performed. We understand that failure to properly include engagements subject to the scope of the peer review could be deemed as failure to cooperate. We also understand this may result in the cancellation of my membership in the Program.

[For system reviews; customized where applicable]

We have discussed significant issues from reports and communications from regulatory, monitoring and enforcement bodies with the team captain, if applicable. We have also provided the team captain with any other information requested, including communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of tax engagement performed and reported on by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. We confirm, to the best of our knowledge and belief, that there are no known restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end.

We understand the intended uses and limitations of the quality control materials we have developed or adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance that is sufficient to assist us in conforming with professional standards (including the Statements on Quality Control Standards) applicable to our tax practice in all material respects.

Sincerely,

[Reviewed Firm Representative]

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.

Illustration of a **Representation Letter** That Has Been Tailored for Significant Matters to Report to the Team Captain for a No A&A System Review

(The firm may tailor the language in this illustration and refer to attachments to the letter as long as adequate representations pertaining to the matters previously discussed, as applicable, are included to the satisfaction of the team captain.)

Date of the exit conference

To [Name of Team Captain]

We ^{fn 1} are providing this letter in connection with the No A&A peer review of [name of firm] as of the date of this letter and for the year ended [peer review year end].

We understand that we are responsible for complying with the applicable professional, statutory and regulatory requirements, as described in the Tax Practice Quality Control Guide issued by the American Institute of Certified Public Accountants. We also understand that we are responsible for complying with the rules and regulations of state boards of accountancy and other regulators. Other than the firm not having a practice unit license during the year under review in one state where the firm practices (which has been subsequently obtained), we confirm, to the best of our knowledge and belief, that there are no known situations in which [name of firm] or its personnel have not complied with the statutory and regulatory requirements as well as the rules and regulations of state board(s) of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.

We have provided a list of all tax engagements to the team captain performed during the year under review. This list appropriately identified and included, all tax engagements performed. We understand that failure to properly include engagements subject to the scope of the peer review could be deemed as failure to cooperate. We also understand this may result in the cancellation of my membership in the Program.

[For system reviews; where applicable]

We confirm that we will implement the remedial plans for nonconforming engagements stated in our response to [insert relevant form, for example 'Finding for Further Consideration Form 1'].

We have discussed significant issues from reports and communications from regulatory, monitoring and enforcement bodies with the team captain, if applicable. We have also provided the team captain with any other information requested, including communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of tax engagements performed by the firm, whether the matter relates to the firm or its personnel, within three years preceding the current peer review year-end. Other than the single partner restriction to perform tax returns determined by the IRS, we confirm, that to the best of our knowledge and belief, there are no known restrictions or limitations on the firm's or its personnel's ability to practice taxes by regulatory, monitoring, or enforcement bodies within three years preceding the current peer review year-end.

We understand the intended uses and limitations of the quality control materials we have developed or adopted. We have tailored and augmented the materials as appropriate such that the quality control materials encompass guidance that is sufficient to assist us in conforming with professional standards (including the Statements on Quality Control Standards) applicable to our tax practice in all material respects.

Sincerely,

[Reviewed Firm Representative]

^{fn 1} The response should use the singular *I*, *me*, and *my* only when the reviewed firm is a sole practitioner.



EXHIBIT XVII

**Programa Voluntario de Revisión
de Calidad de Puerto Rico**

PROGRAMA DE VIGILANCIA

INTRODUCCION

El Administrador en conjunto con la Junta de Revisión de Calidad del Colegio de Contadores Públicos Autorizados de Puerto Rico como parte de sus responsabilidades para la administración del Programa Voluntario de Revisión de Calidad de Puerto Rico (programa) establece estas políticas y procedimientos con el objetivo de asegurarse de que los revisores realizan e informan las revisiones de calidad de acuerdo a los requisitos y guías del Programa.

El Programa utiliza de base las políticas y procedimientos ya establecidas por el AICPA en la sección para los revisores y las revisiones (“Oversight of Peer Reviews and Reviewers”), incluyendo los cuestionarios y comunicaciones ya desarrollados en su manual. En este documento, solo se mencionan las dos áreas particulares a este Programa.

ASUNTOS GENERALES

Monitorias mínimas a realizar: El Administrador debe realizar monitorias que cubran al mínimo el dos por ciento (2%) del total de revisiones realizadas en cada sección/nivel del Programa. De realizar al año menos de 25 revisiones de cada sección/nivel, el mínimo a realizarse será de 1 monitoria por sección/nivel.

Revisión anual de los resúmenes de los revisores: Para los revisores que también son revisores bajo el Programa de Calidad del AICPA se convalidará la revisión anual de los resúmenes de los revisores realizada bajo ese programa.

Para los revisores que solo son revisores bajo este Programa, anualmente se revisará una tercera parte (1/3) del total de estos, en esta categoría.

