

Sample Letter of Response to an Unmodified Report With a Letter of Comments

September 15, 20XX

MACPA Peer Review Committee
Maryland Association of CPAs, Inc.
10280 Old Columbia Road, Suite 245
Columbia, MD 21046

Ladies and Gentlemen:

This letter represents our response to the report and letter of comments issued in connection with the review of our accounting and auditing practice for the year ended June 30, 20XX. The matters discussed herein were brought to the attention of all professional personnel at a training session held on September 10, 20XX. In addition, the matters discussed in this letter will be given special emphasis in our monitoring procedures.

Financial Reporting and Disclosure Checklists — All professional personnel were reminded of the importance of complying with the firm's policy requiring completion of its financial reporting and disclosure checklist at the training session held on September 10, 20XX. In addition, the firm's engagement review questionnaire is being revised to require the engagement partner to document his or her review of the completed checklist. (The engagement review questionnaire is a brief form completed by the engagement partner and the manager at the conclusion of an audit to document their completion of their assigned responsibilities.)

Monitoring — A partner of the firm has been designated as responsible for summarizing the findings on the firm's annual inspection and monitoring the actions taken as a result of those findings to prevent their recurrence.

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

Sincerely,

[Name of firm]

Sample Letter of Response to a Modified Report

December 23, 20XX

MACPA Peer Review Committee
Maryland Association of CPAs, Inc.
10280 Old Columbia Road, Suite 245
Columbia, MD 21046

Ladies and Gentlemen:

This letter represents our response to the report and letter of comments issued in connection with our firm's review of its system of quality control for the year ended June 30, 20XX. The matters discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

Deficiency that resulted in a modified report

The firm modified its quality control policies and procedures to require a greater emphasis of partner involvement in the planning stage of all audit engagements. In addition, we identified review engagements that are sufficiently large or complex to warrant partner involvement in the planning stage. The revised policies and procedures require the engagement owner to document his or her timely involvement in the planning process in the planning section of the written work program. The importance of proper planning, including timely partner involvement, to quality work was emphasized in the training session referred to previously.

Comments that did not result in a modified report

The firm has issued a current and up to date client list for all staff to review. The client list will be distributed each time a client has been accepted by the firm. In addition, all staff will be reminded that any possible independence issues should be brought to the attention of the managing partner immediately.

In response to the comment regarding non-disclosure compilations reports, we will immediately review the report language to conform to professional standards. The firm has implemented a quality control policy for a technical manager to review each accounting and auditing report to ensure the reports conform with professional standards.

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

Sincerely,

[Name of firm]

Sample Letter of Response to a Modified Report for a Scope Limitation

December 23, 20XX

MACPA Peer Review Committee
Maryland Association of CPAs, Inc.
10280 Old Columbia Road, Suite 245
Columbia, MD 21046

Ladies and Gentlemen:

This letter represents our response to the report and letter of comments issued in connection with our firm's review of its system of quality control for the year ended June 30, 20XX. The matters discussed below were brought to the attention of all professional personnel at a meeting held on December 20, 20XX. The matters discussed in this letter will also be monitored to ensure that they are effectively implemented as part of our system of quality control.

We concur with the comments of the reviewer. We will require that a current financial disclosure checklist be completed and reviewed by the engagement partner for each engagement issued by the firm. We have also revised audit procedures to require that the management representation letter cover both years when comparative financial statements are issued and this will be included in the partner review.

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

Sincerely,

[Name of firm]

partner will periodically review the files to determine if appropriate conclusions were reached.

Sincerely,

[Name of firm]