

The Ohio Society of CPAs
2024 Annual Report on Peer Review Activities
Date Issued March 5, 2025

Purpose of this Report

The purpose of this Annual Report on Peer Review Activities is to provide a general overview of the AICPA Peer Review Program administered by the Ohio Society of CPAs (OSCPA), and the results of oversight procedures performed by the OSCPAs Peer Review Committee (Committee) during the calendar year of 2024.

I. Administering Entity Oversight Process and Procedures

The OSCPAs Peer Review Committee (committee) monitors the oversight process and has established Oversight Policies and Procedures for its oversight program in accordance with the AICPA Peer Review Program (PRP) Oversight Handbook and the Clarified Peer Review *Standards*.

Oversight Selection

The OSCPAs performs oversights on an annual basis. The oversight selections may be made randomly or targeted using a high-risk approach to address concerns related to the firm being reviewed or the peer reviewer. The selections are based on the criterion as outlined in the AICPA Peer Review Program Oversight Handbook, Chapter 2. In 2024, a minimum of 5 oversights were required to be performed, which was based on 2% of all peer reviews performed during the twelve-month period January 1 through December 31. Within the 2% there was a minimum of two system reviews and two engagement reviews.

All firms are subject to oversight and are selected based on a number of factors including but not limited to the types of peer review reports the firm has previously received, whether it is the firm's first system review (after previously having an engagement review), and whether the firm conducts engagements in high-risk industries.

All peer reviewers are subject to oversight and may be selected based on a number of factors, including random selection, frequent submission of pass reports, conducting a significant number of reviews for firms with audits in high-risk industries, the performance of their first peer review, or performing high volumes of reviews. Oversight of a reviewer may also occur due to performance deficiencies or a history of performance deficiencies, such as issuance of an inappropriate peer review report, improperly considering matters that turn out to be significant, or failure to select an appropriate number of engagements.

Oversight Process

Oversights are performed by either a member of the committee, by a qualified individual designated by the committee or by the program's technical reviewers. A committee member or designee will perform the oversight on the system reviews and must-select engagement oversights. This committee member must meet team captain requirements and experience. A technical reviewer or designee will perform the engagement review oversights.

The following summarizes the different peer review types, objectives, and reporting requirements as defined under the AICPA *Standards*:

System reviews are for firms that perform engagements under the SASs or *Government Auditing Standards*, examination under the SSAEs, or audits of non-SEC issuers performed pursuant to the standards of the PCAOB, in addition to reviews, compilations, or other attestation engagements. The peer reviewer's objectives are to obtain reasonable assurance that the reviewed firm's system of quality control for its accounting and auditing practice has been designed and complied with to provide the firm reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects and report on the reviewed firm's system of quality control and

communicate as required by the *Standards for Performing and Reporting on Peer Reviews*. The peer review report rating may be *Pass* (firm's system of quality control is adequately designed and the firm has complied with its system of quality control); *Pass with deficiencies* (firm has less than reasonable assurance of conformity with professional standards in one or more areas); or *Fail* (firm's system of quality control is not adequately designed or complied with and there is little or no assurance of conforming with professional standards).

A system review oversight includes a review of the complete peer review process, including attendance at the exit conference. An engagement oversight (performed either off-site or on-site) is the review of all peer reviewer workpapers and the reviewed firm's financial statements and working papers on the engagement.

Engagement reviews are for firms that only perform services under SSARS or services under the SSAEs other than examinations. Engagement reviews focus on work performed and reports and financial statements issued on particular engagements (reviews, compilations, preparations, or agreed-upon procedures). The peer review report may be a rating of *Pass* (nothing came to the reviewer's attention that caused the reviewer to believe the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects); *Pass with deficiencies* (at least one but not all of the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects except for the deficiencies described in the report); or *Fail* (the reviewer concludes that, all the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects).

An engagement review oversight includes a review of the selected report, financial statements and engagement working papers prepared by the reviewed firm that the review captain previously reviewed, as well as the peer review report and complete reviewer's working papers.

Oversighters are required to document the results of the oversight by completing an AICPA Oversight Checklist and preparing a report for the committee. An electronic copy of all oversight reports are maintained in the AICPA Peer Review Integrated Management Application (PRIMA). The reviewer is expected to respond to the comments in the oversight report within 14 days of receiving the report via PRIMA.

Administrative Oversight

Biennially, the AICPA Peer Review Board performs an oversight of the OSCPA's administration of the AICPA Peer Review Program. A member of the AICPA Peer Review Board Oversight Task Force reviews files and interviews the staff. In addition, the AICPA member meets with the technical reviewers, attends a peer review committee meeting and observes the RAB process. The overseighter will issue a report that is presented to the AICPA Peer Review Board for approval.

II. Summary of Peer Review Program

The OSCPA Peer Review Program was formed in 1989 to serve as the administering entity (AE) for the AICPA Peer Review Program in the State of Ohio. OSCPA and AICPA bylaws require that members engaged in the practice of public accounting be associated with a firm that is enrolled in an approved practice-monitoring program if the services performed by such firm are within the scope of the AICPA's practice monitoring standards and the firm prepares reports in accordance with AICPA professional standards. For purposes of peer review under the AICPA program, an accounting and auditing practice includes engagements performed under Statements on Auditing Standards (SASs); Statements on Standards for Accounting and Review Services (SSARs); Statements on Standards for Attestation Engagements (SSAEs); *Government Auditing Standards (the Yellow Book)* issued by the U.S. Government Accountability Office; and Public Company Accounting Oversight Board (PCAOB) Standards.

The Accountancy Board of Ohio (ABO) requires all firms licensed in Ohio, providing any attestation services as part of their public accounting practice, to be enrolled in an approved practice-monitoring program and undergo a peer review accordingly. The ABO has designated OSCPA as its authorized agent to administer the program for those firms. The ABO has established a Peer Review Oversight Committee to perform periodic oversight on the OSCPA's program administration.

Firms enrolled in the peer review program are required to have a peer review every three years, the scope of which covers a one-year period. The review is conducted by an independent evaluator known as a peer reviewer and is not considered final until accepted by a committee of their peers, also known as report acceptance bodies (RABs). RABs must consist of at least three qualified individuals who are independent of the reviewed firm and the peer reviewer. In certain circumstances, reviewed firms are asked by the RAB to voluntarily complete one or more follow-up actions as a condition of acceptance by the RAB. Oversight reports are included in the RAB process and all oversight reports are reviewed by the committee.

There are 633 firms subject to peer review enrolled in the AICPA peer review program administered by the OSCPA.

1) Number of Enrolled Firms by Firm Size

AICPA Peer Review Program	
Sole Practitioners	152
2 - 5	297
6 - 10	116
11+	68
Total Number of Enrolled Firms	633

2) Results of Peer Reviews Accepted During the Year 2024

a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program	
System Reviews		%
Pass	61	82%
Pass with deficiency(ies)	13	18%
Fail	0	0%
Total	74	100%
Engagement Reviews		%
Pass	114	92%
Pass with deficiency(ies)	5	4%
Fail	5	4%
Total	124	100%

b) Type and Number of Reasons for Report Deficiencies for System Reviews

	AICPA Peer Review Program
Acceptance and continuance of client relationships and specific engagements	2
Engagement performance	12
Human resources	3
Leadership responsibilities for quality within the firm (“the tone at the top”)	1
Monitoring	3
Relevant ethical requirements	0
Total	21

c) Number of Engagements Not Performed or Reported on in Conformity with Professional Standards in All Material Respects (Nonconforming engagements)

Engagement Type	AICPA Peer Review Program		
	Number of Engagements		%
	Reviewed	Nonconforming engagements	
Audits:			
Single Audit	25	11	44%
Government Auditing Standards – All Other	21	4	19%
ERISA	54	14	26%
FDICIA	0	0	0%
Other	69	15	22%
Reviews	130	11	8%
Compilations			
With Disclosures	93	2	2%
Omit Disclosures	216	5	2%
Preparations			
With Disclosures	2	1	50%
Omit Disclosures	23	0	0%
Financial Forecasts & Projections	0	0	0%
SOC Reports	4	0	0%
Attestation Engagements (Examination, Review, or Agreed-upon Procedures Under GAS)	6	0	
Agreed Upon Procedures (SSAE)	42	2	48%
Other SSAEs	0	0	0%
Examination Engagements	0	0	0%
Entities subject to Securities and Exchange Commission (SEC) Independence Rules: Other	0	0	0%
Totals	685	65	9.5%

d) Summary of Required Follow-up Actions (includes corrective actions and implementation plans)

Type of Follow-Up Action	AICPA Peer Review Program
Agree to take/submit proof of certain CPE	49
Submit to review of nonconforming engagements	11
Agree to pre-issuance reviews	11
Agree to post-issuance reviews	0
Agree to review of remedial actions	0
Submit monitoring or inspection report to Team Captain or Peer Review Committee	2
Submit to outside party revisit	0
Elect to have accelerated review	0
Submit evidence of proper firm licensure	1
Firm has represented in writing they no longer perform or are engaged to perform any engagements subject to peer review	0
Agree to hire outside party or consultant for inspection	1
Team Captain to review Quality Control Document	1
Submit proof of purchase of manuals	0
Agree to join an Audit Quality Center	0
Other	0
Total	76

III. Oversight Process Results

a) Peer reviews

AICPA Peer Review Program		
Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversight
System Review	3	3
System - Engagement	2	2
Engagement Review	N/A	3

b) Oversight Performed on the AE

The results of our most recent oversight performed by the AICPA Oversight Task Force are available on the [AICPA's website](#).