

# The Ohio Society of CPAs

## Annual Report on Peer Review Activities

### Date Issued March 26, 2024

#### I. Administering Entity Oversight Process and Procedures

##### Oversight Process

The Ohio Society of CPAs (OSCPA) Peer Review Committee established Oversight Policies and Procedures for its oversight program in accordance with Chapter 2 of the AICPA Peer Review Program Oversight Handbook.

##### Types of oversight

- A system review oversight is a review of the complete peer review process, including attendance at the exit conference. It may be performed on-site at the reviewed firm's office or off-site at another location. A member of the OSCPAs Peer Review Committee or a qualified individual designated by the committee is assigned to perform system review oversights.
- An engagement oversight is the review of all peer reviewer workpapers and the reviewed firm's financial statements and working papers for a specific high-risk engagement. It is generally performed after the review has been performed. A member of the OSCPAs Peer Review Committee or a qualified individual designated by the committee is assigned to perform engagement oversights.
- An engagement review oversight is performed off-site and includes a review of the selected report, financial statements and engagement working papers prepared by the reviewed firm. An OSCPAs technical reviewer or a qualified individual designated by the committee is assigned to perform the engagement review oversights.

The individual performing the oversight must meet the requirements for serving as a team captain and have the appropriate must-select industry experience, if applicable and current peer reviewer training.

The AICPA Peer Review Program Oversight checklists are used for all oversights. An oversight report is issued to the OSCPAs Peer Review Committee by the oversight reviewer, on their firm's letterhead. The reviewer is expected to respond to the oversight comments within 14 days of receiving the report. A copy of the report is maintained in the AICPA's PRIMA (Peer Review Integrated Management Application) system.

##### Oversight Selection

In 2023, 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 should be a minimum of 2 of each type of review evaluated (two system reviews and two engagement reviews).

Both firms and peer reviewers are subject to oversight. The oversights may be selected randomly or targeted based on the committee's concerns about a firm or a specific peer reviewer.

**Firms** - all firms are subject to oversight and may be selected for oversight using a risk-based approach by considering several factors including, but not limited to the types of peer review reports the firm previously received; if the firm performs high-risk engagements; or if it is the firm's first peer review.

**Reviewers** - all peer reviewers are subject to oversight, and they may be selected based on several factors, including but not limited to performing high volumes of reviews; frequent submission of pass reports with no MFCs or FFCs; performing their first peer review; performing reviews with audits in high-risk industries; performance deficiencies or a history of performance deficiencies; or has received a high volume of reviewer feedback.

## II. Summary of Peer Review Program(s)

The OSCPA Peer Review Program was formed in 1989 to serve as the administering entity for the AICPA Peer Review Program in the State of Ohio. The program is administered in accordance with the AICPA “Standards for Performing and Reporting on Peer Reviews” and related guidance.

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.

AICPA and OSCPA 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 a firm are within the scope of the AICPA's practice monitoring standards, and the firm prepares reports in accordance with AICPA professional standards. Firms enrolled in the program are required to have a peer review every three years, the scope of which covers a one-year period.

There are currently 730 firms enrolled in the AICPA Peer Review Program being administered by the OSCPA.

### 1) Results of Peer Reviews Accepted During the Year **2023**

#### a) Results by Type of Peer Review and Report Issued

	<b>AICPA Peer Review Program</b>	
<b>System Reviews</b>		%
Pass	87	89%
Pass with deficiency(ies)	8	8%
Fail	3	3%
134	<b>98</b>	

	<b>AICPA Peer Review Program</b>	
<b>Engagement Reviews</b>		%
Pass	134	84%
Pass with deficiency(ies)	17	11%
Fail	9	5%
<b>Total</b>	<b>160</b>	

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

	<b>AICPA Peer Review Program</b>
Acceptance and continuance of client relationships and specific engagements	3
Engagement performance	7
Human resources	2
Leadership responsibilities for quality within the firm (“the tone at the top”)	3
Monitoring	1
<b>Total</b>	<b>16</b>

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

Engagement Type	<b>AICPA Peer Review Program</b>		
	Number of Engagements		%
	Reviewed	Nonconforming engagements	
<b>Audits:</b>			
Single Audit	21	3	14%
Government Auditing Standards – All Other	31	3	10%
ERISA	90	16	18%
FDICIA	0	0	0%
Other - Audits Under Statements on Auditing Standards	101	12	12%
<b>Reviews</b>	103	2	0%
Reviews of Financial Statements	69	19	28%
<b>Compilations and Preparations:</b>			
With Disclosures	92	3	3%
Omit Disclosures	300	13	4%
Financial Forecasts & Projections	0	0	0%
SOC Reports	5	2	40%

Engagement Type	AICPA Peer Review Program		
	Number of Engagements		%
	Reviewed	Nonconforming engagements	
Attestation Engagements (Examination, Review, or Agreed-upon Procedures Under GAS)	8	0	0%
Agreed Upon Procedures	33	2	6%
Other SSAEs	13	3	23%
Examination Engagements	2	0	0%
Entities subject to Securities and Exchange Commission (SEC) Independence Rules: Other	0	0	0%
Preparation Engagements Omit Disclosures	22	1	5%
Preparation Engagements with Disclosures	3	0	0%
Preparation of Financial Statements that omit substantially all disclosures (with or without disclaimer reports)	9	1	11%
<b>Totals</b>	<b>902</b>	<b>80</b>	<b>9%</b>

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 taken	83
TC/Outside Party Review Correction of nonconforming engagements	6
Agree to pre-issuance review by Team Captain/Outside Party	10
Agree to post-issuance review by Team Captain/Outside Party	1
Agree to review of remedial actions	2
Submit monitoring or inspection report to Team Captain or Outside Party	2
Submit to outside party revisit	0
Elect to have accelerated review	0
Submit evidence of proper firm licensure	0
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	0
Submit proof of purchase of manuals	0
Agree to join an Audit Quality Center	0
Other	0
<b>Total</b>	<b>105</b>

## Oversight Results

### a) Peer reviews

#### AICPA Peer Review Program Firms

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	GAGAS, ERISA	4
Engagement		4

### b) Oversight Performed on the AE

Date of Last Administrative Oversight Performed by AICPA Oversight Task Force	September 21 – 23, 2022
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The results of our most recent oversight performed by the AICPA Oversight Task Force, which covers only the AICPA Peer Review Program, are available on the [AICPA's website](#).