

Partners in Peer Review
Annual Report on Peer Review Activities
March 9, 2023

I. Administering Entity Oversight Process and Procedures

Oversight Selection

Throughout the year, the Partners in Peer Review administration and Committee selects various peer reviews for oversight. The selections may be random or targeted and are based on the criterion for selection as outlined in the AICPA Peer Review Program Oversight Handbook.

Firms

The selection of firms to be reviewed is based on a number of factors, including but not limited to the following: reviewing firms with a history of nonconforming engagements, reviewing firms with its first system review (after previously having an engagement review), reviewing firms who perform engagements in high-risk industries, and reviewing firms at random selection.

Reviewers

All peer reviewers are subject to oversight and they may be selected based on a number of factors, including random selection, frequent submission of pass/unmodified reports without Findings for Consideration (FFC), conducting a significant number of reviews for firms with audits in high risk industries, performance of their first peer review, and/or performance of a high volumes of reviews. Oversight of a reviewer can also occur due to the performance deficiencies or a history of performance deficiencies, such as an issuance of an inappropriate peer review report, not considering matters that turn out to be significant, or failure to select an appropriate number of engagements.

Oversight Process

The Partners in Peer Review Peer Committee ("Committee") members and technical reviewers perform all oversights. For system review and must-select engagement oversights, the committee member or technical reviewer must have completed all necessary team captain training requirements and have related experience per AICPA requirements. Selection of the oversight reviewer is on a volunteer basis. The AICPA Peer Review Program Oversight checklists are utilized on all oversight engagements. The final report is prepared on the reviewer's letterhead and submitted to the Partners in Peer Review Committee. The reviewer may respond within 14 days of the date of the final report. Oversight reports are kept on file for the required retention time frame.

Minimum Requirements

At a minimum, Partners in Peer Review is required to conduct oversight on 2% of all reviews performed in a twelve-month period of time, and within the 2% selected, there must be at least two of each type of peer review evaluated (system and engagement reviews). The minimum requirement covers the following:

- At least two full system review oversights (“must selects” engagement oversights may be combined with the system oversights)
- At least two engagement review oversights

"Must-select" engagement oversights must be performed by Partners in Peer Review's committee, qualified technical reviewer or by its designee from a national list of qualified reviewers.

The Committee/RAB/technical reviewer(s) may recommend additional oversight(s) of reviewers or firms based upon issues encountered during the administration of the peer review process.

An engagement oversight (performed either off-site or on-site) is the review of all peer reviewer materials and the reviewed firm's financial statements and working papers on the engagement. The engagement oversights can include (but not limited to) audits of employee benefits plans under ERISA, engagements performed under GAGAS, or audits of insured depository institutions subject to FDICIA.

AICPA does not require any oversights to be performed "on-site."

II. Summary of Peer Review Program(s)

Partners in Peer Review administers the AICPA Peer Review Program in Alabama for firms in the states of Alabama, Arkansas, and Mississippi. Currently, 879 firms are enrolled in the program administered by Partners in Peer Review. There are 36 of the 879 firms enrolled in the program but not currently issuing engagements subject to peer review.

1) Number of Enrolled Firms by Number of Professionals*

Number of Professionals	
Sole Practitioners	263
2 - 5	385
6 - 10	126
11+	69
Total	843

2) Results of Peer Reviews Accepted During the Year 2022

a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program	
System Reviews	#	%
Pass	133	85.8%
Pass with deficiency(ies)	18	11.6%
Fail	4	2.6%
Total	155	100%
Engagement Reviews	#	%
Pass	141	83.4%
Pass with deficiency(ies)	15	8.9%
Fail	13	7.7%
Total	169	100%

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

	AICPA Peer Review Program
Leadership responsibilities for quality within the firm ("the tone at the top")	2
Relevant ethical requirements	1
Acceptance and continuance of client relationships and specific engagements	3
Human resources	10
Engagement performance	17
Monitoring	10
Total	43

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	
Agreed-Upon Procedures Engagements	46	3	6.5
Agreed-Upon Procedures Engagements (SSAE)	8	2	25.0
All Others Subject to GAS	74	18	24.3
Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)	16	0	0
Compilations of financial statements with disclosures	135	11	8.2
Compilations of financial statements that omit substantially all disclosures	351	21	6.0
Employee Retirement Income Security Act (ERISA)	73	15	20.5
Examination Engagements	3	0	0
FDICIA Audits of Federally Insured Depository Institutions (with more than \$500 Million or greater, but not more than 1 billion in beginning total assets)	2	0	0
OMB Single Audit Engagements	72	23	31.9
Other Audits under Statements on Auditing Standards	166	35	21.1
Preparation Engagements with Disclosures	5	0	0
Preparation Engagements Omit Disclosures	78	4	5.1
Review Engagements	221	24	10.9
Totals	1250	156	12.5

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	86
Submit to review of nonconforming engagements	17
Agree to pre-issuance reviews	17
Agree to post-issuance reviews	4
Agree to review of remedial actions in its response on FFC	6
Agree to review of remedial actions in LOR	12
Submit monitoring or inspection report to Team Captain or Peer Review Committee	0
Submit to outside party revisit	1
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	9
Agree to hire outside party or consultant for inspection	0
Team Captain to review Quality Control Document	0
Submit proof of purchase of manuals	0
Agree to join an Audit Quality Center	0
Other	8
Total	160

III. Oversight Process

Oversight Results

a) Peer reviews

AICPA Peer Review Program Firms

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	3	5
Engagement	N/A	3

b) Oversight Performed on the AE

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](#).