



**State of Oregon  
Oregon Society of CPAs**

**Annual Report on Peer Review Activities for 2022  
Date Issued – March 24, 2023**

**I. Administering Entity Policies and Procedures**

The Oregon Society of CPAs (OSCPA) serves as the administering entity for the AICPA Peer Review Program in the State of Oregon, the State of Hawaii, Guam, and the Northern Mariana Islands. OSCPAs also administers the Oregon Peer Review Program, which operates the same as the AICPA Peer Review Program, for firms not required to be enrolled in the AICPA Peer Review Program.

Both the Oregon Board of Accountancy (BOA) and the Hawaii Board of Public Accountancy (BPA) require firms to undergo a peer review.

**Types of Peer Reviews**

There are two types of peer reviews: system reviews and engagement reviews.

*System Reviews:* System reviews are for firms that perform engagements under the *Statements of Auditing Standards* (SASs) or *Government Auditing Standards* (GAS) issued by the U. S. Government Accountability Office; examinations under the *Statements on Standards for Attestation Engagement* (SSAEs), or engagements under Public Company Accounting Oversight Board (PCAOB) standards. In addition, agreed-upon procedures, reviews, compilations, and preparation engagements are also included in the scope of the peer review. A system review is designed to provide a peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

- a) The reviewed firm's system of quality control for its accounting and auditing and practice has been designed in accordance with quality control standards established by the AICPA, and
- b) The reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

The peer review report rating may be:

- *Pass* (firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects);
- *Pass with deficiency(ies)* (firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting with applicable professional standards in all material respects with the exception of deficiency[ies] described in the report); or
- *Fail* (firm's system of quality control is not suitably designed to provide the firm with reasonable assurance of performing and reporting in with applicable professional standards in all material respects or the firm has not complied with its system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects).

*Engagement reviews:* Engagement reviews are available only to firms that do not perform engagements under the SASs, *Government Auditing Standards*, examinations under the SSAEs, or engagements performed under PCAOB standards. The peer reviewer's objective is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects.

The peer review report rating may:

- *Pass* (the reviewer concludes that nothing came to his or her attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects);
- *Pass with deficiency(ies)* (the reviewer concludes that at least one, but not all, of the engagements submitted for review contain a deficiency); or
- *Fail* (the reviewer concludes that all the engagements submitted for review were not performed or reported on in conformity with applicable professional standards in all material respects.) In some cases, the firm may have issued only one engagement and thus receive a fail rating.

### **Acceptance of Peer Reviews**

All peer reviews administered by OSCP follow the *AICPA Standards for Performing and Reporting on Peer Reviews*. Each peer review is presented to the Oregon Society of CPAs Peer Review Committee (Committee) for consideration of acceptance after the review has been completed, all documents are received by OSCP Peer Review staff, and the performance of a technical review. However, the Committee has granted authority for Technical Reviewers to accept Engagement Reviews that do not have any Findings for Further Consideration (FFCs) and no Matters for Consideration (MFCs) specifically related to a review engagement.

### **Scheduling a Review and Extensions**

Approximately seven to eight months before a firm's peer review due date, the Peer Review Information Management Application (PRIMA) will send the firm an electronic notice to start the peer review process. The firm's managing partner or peer review contact will login to PRIMA and complete the Peer Review Information (PRI) describing the firm's accounting and auditing practice for the firm's peer review year. A list of qualified reviewers can be found on the [OSCP website](#) or the [AICPA website](#) for a complete national list. The review should not commence until the firm has received notification from PRIMA that the reviewer has been approved to perform the review.

The Peer Review Standards require that specific types or number of engagements must be selected in a System Review as well as specific audit areas. Specific audit areas are considered "must-select" engagements and should be included in the sample of engagements selected for review or assessed at a higher level of peer review risk. CPA firms should be certain that both the administering entity and the team captain are informed if their practice includes any of the following engagements, whether or not the work has begun on these engagements, or if such engagements were issued subsequent to the firm's prior peer review:

- Engagements subject to Government Auditing Standards (GAS)
- Audits subject to the Employment Retirement Income Security Act (ERISA)
- Engagements subject to the Federal Depository Insurance Corporation Improvement Act (FDICIA)
- Examinations of service organizations (SOC 1 or SOC 2 engagements)

When planning and scheduling a peer review, firms are advised against scheduling the commencement and exit conference dates in the same month the peer review is due; however, the exit conference date should be scheduled to occur at least two weeks prior to the due date. The due date is the date all items are to be submitted to the OSCP Peer Review Program. Allowing sufficient time to complete the peer review well in advance of the due date will help ensure the review is completed timely. Many factors such as illness, loss of staff, weather, etc. may delay the commencement of a review and could cause the review to be submitted late, and the firm is responsible for ensuring the review is completed timely.

## ***Extensions***

The firm may realize that it will be unable to complete its peer review or corrective action by the due date assigned. All requests for an extension must be submitted in PRIMA and should generally be submitted at least 60 days prior to the due date. The firm should cite the reasons an extension is requested, and all requests are considered on a case-by-case basis.

Oregon firms must submit a copy of an approved extension request to the Oregon Board of Accountancy within 21 days of receiving an extension. Hawaii firms must notify the Hawaii Board of Public Accountancy within 20 days of approval of an extension request.

## ***Change in Year-End***

Firms may find that routinely a major engagement is not completed timely, or its review is due during its busy season, which causes the firm to request an extension. The firm should consider requesting a change in year-end. Please keep in mind a firm's next peer review cannot cover a twelve-month period that extends beyond three years from the last peer review. Firms are encouraged to discuss a possible change in year-end with the peer reviewer and/or OSCPA Peer Review staff.

## **II. Summary of Peer Review Programs**

### **Number of Enrolled Firms by Number of Professionals for 2022**

<b>Enrolled Firms by Number of Professionals in Practice</b>	<b>AICPA Peer Review Program</b>	<b>Oregon Peer Review Program</b>	<b>Combined Program Totals</b>
Sole Practitioners	94	12	106
2 to 5	156	17	173
6 to 10	70	2	72
11 to 19	41	0	41
20 to 49	17	0	17
50 to 99	3	0	3
100+	1	0	1
<b>Total Enrolled Firms</b>	<b>382</b>	<b>31</b>	<b>413</b>

## Results of Peer Reviews Performed During 2022

Review Type	Report Rating	AICPA Peer Review Program		Oregon Peer Review Program		Combined Program Totals	
Engagement Reviews							
	Fail	4	5%	1	8%	5	6%
	Pass	66	89%	11	85%	77	89%
	Pass with deficiencies	4	5%	1	8%	5	6%
		74		13		87	
System Reviews							
	Fail	0	0%	1	50%	1	2%
	Pass	53	93%	0	0%	53	90%
	Pass with deficiencies	4	7%	1	50%	5	8%
		57		2		59	
Total Reviews		131		15		146	

## Number and Reasons for Report Modifications (Reasons for PWD or Fail Reports) During 2022

Reasons for Report Modifications	AICPA Peer Review Program	Oregon Peer Review Program	Combined Program Totals
Acceptance and continuance of client relationships and specific engagements	0	0	0
Engagement performance	2	2	4
Human Resources	0	1	1
Leadership responsibilities for quality within the firm (Tone at the Top)	1	0	1
Monitoring	2	1	3
Relevant ethical requirements	0	0	0
Totals	<b>5</b>	<b>4</b>	<b>9</b>

## **Number of Engagements Not Performed or Reported On in Conformity with Professional Standards in All Material Respects**

The following shows the total number of engagements reviewed and the number identified as not performed or reported on in accordance with professional standards in all material respects from peer reviews performed during 2022. The *Standards for Performing and Reporting on Peer Reviews* state that an engagement is ordinarily considered not performed and/or reported in accordance with applicable professional standards in all material respects when issues, individually or in aggregate, exist that are material to understanding the report or the financial statements accompanying the report, or represents omission of a critical accounting, auditing, or attestation procedure required by professional standards.

## Number of Engagements Not Performed or Reported on in Conformity with Professional Standards in All Materials Respects for 2022

Engagement Type	AICPA Peer Review Program			Oregon Peer Review Program			Combined Program Totals		
	Number of Engagements			Number of Engagements			Number of Engagements		
	Reviewed	Not Performed in Accordance with Professional Standards	%	Reviewed	Not Performed in Accordance with Professional Standards	%	Reviewed	Not Performed in Accordance with Professional Standards	%
Agreed-upon Procedures Engagements	18	2	11%	0	0	-	18	2	11%
Agreed-upon Procedures Engagements (SSAE)	3	0	0%	0	0	-	3	0	0%
All others subject to GAS	16	6	38%	0	0	-	16	6	38%
Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)	5	0	0%	0	0	-	5	0	0%
Compilations of financial statements that omit substantially all disclosures	76	2	3%	13	0	0%	89	2	2%
Compilations of financial statements with disclosures	21	1	5%	6	0	0%	27	1	4%
Compilations Omit Disclosures	41	0	0%	0	0	-	41	0	0%
Compilations with Disclosures	26	2	8%	0	0	-	26	2	8%
Employee Retirement Income Security Act (ERISA):Defined Benefit Plans	6	1	17%	0	0	-	6	1	17%
Employee Retirement Income Security Act (ERISA):Defined Contribution Plans (403(b) plans only)	4	0	0%	0	0	-	4	0	0%
Employee Retirement Income Security Act (ERISA):Defined Contribution Plans (excluding 403(b) plans)	22	5	23%	1	1	100%	23	6	26%
Employee Retirement Income Security Act (ERISA):Employee Stock Ownership Plans (ESOP)	1	1	100%	0	0	-	1	1	100%
Employee Retirement Income Security Act (ERISA):Health and Welfare	5	1	20%	0	0	-	5	1	20%
Examination Engagements	1	0	0%	0	0	-	1	0	0%
Examination of Service Organization Control Reports (SOC Reports):SOC 1	1	0	0%	0	0	-	1	0	0%
Examination of Service Organization Control Reports (SOC Reports):SOC 2	0	0	-	0	0	-	0	0	-
OMB Single Audit Engagements	25	5	20%	0	0	-	25	5	20%
Other Audits Under Statements on Auditing Standards	76	11	14%	2	2	100%	78	13	17%
Preparation Engagements Omit Disclosures	6	1	17%	0	0	-	6	1	17%
Preparation Engagements with Disclosures	1	0	0%	0	0	-	1	0	0%
Preparation of financial statements that omit substantially all disclosures (with or without disclaimer reports)	11	2	18%	1	0	0%	12	2	17%
Preparation of financial statements with disclosures (with or without disclaimer reports)	1	0	0%	0	0	-	1	0	0%
Reviews	53	1	2%	1	1	100%	54	2	4%
Reviews of financial statements	42	5	12%	9	3	33%	51	8	16%
<b>Totals</b>	<b>461</b>	<b>46</b>	<b>10%</b>	<b>33</b>	<b>7</b>	<b>21%</b>	<b>494</b>	<b>53</b>	<b>11%</b>

## Summary of Required Corrective Actions

The Oregon Society of CPAs' Peer Review Committee (Committee) is authorized by the *Standards for Performing and Reporting on Peer Reviews* to decide on the need for and nature of any additional follow-up actions required as a condition of acceptance of the firm's peer review. During the report acceptance process, the Committee evaluates the need for follow-up actions based on the nature, significance, pattern, and pervasiveness of engagement deficiencies. The Committee also considers the matters noted by the reviewer and the firm's response thereto. If the firm's response contains remedial actions which are comprehensive, genuine, and feasible, then the Committee may decide to not recommend further corrective actions. Corrective actions are remedial and educational in nature and are imposed in an attempt to strengthen the performance of the firm. A review may have multiple corrective actions. For 2022, the following represents the type of corrective actions required.

## Summary of Required Follow-up Actions for 2022

Type of Follow-up Action	AICPA Peer Review Program	Oregon Peer Review Program	Combined Program Totals
Agree to Pre-issuance Review by TC/Outside Party	4	1	5
Agree to remediate deficiencies noted in your firm's peer review	1	0	1
Does Not Perform Any [insert type] Engagements	1	0	1
Join EBPAQC	0	1	1
Join GAQC	1	0	1
Submit Monitoring Report to Team Captain/Outside Party for Review	1	0	1
Submit Proof of Certain CPE Taken	30	9	39
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/o wp's	5	4	9
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/ wp's	4	0	4
<b>Totals</b>	<b>47</b>	<b>15</b>	<b>62</b>

## III. Oversight Process

### Oversight of Peer Reviews and Reviewers

The Committee monitors the performance of individual reviewers by selecting several reviews for oversight on an annual basis. Both firms and peer reviewers are subject to oversight. The purpose of the oversight program is to provide assurance that reviews are carried out consistently and in accordance with the *Standards*.

Annually the Committee will choose a cross section of reviews to be subject to oversight by the Committee within the guidelines of the AICPA Peer Review Program. The number and type of engagements chosen for oversight is subject to the discretion of the Committee; however, at a minimum, 2% of all reviews performed in a twelve-month period of time will be subject to oversight. Within that 2% at least two of each type of peer review evaluated (i.e., System and Engagement Reviews) will be subject to oversight. *For 2022, due to the COVID-19 pandemic, the requirement was reduced to 1% of all reviews performed in a twelve-month period, with at least one system review and one engagement review selected.*

Oversight can take the form of a desk review of the work papers that were submitted to the Committee (System or Engagement), a complete review of the entire peer review engagement that would include submission of the entire files of the reviewer submitted to the Committee (System or Engagement Reviews), or an on-site review during the performance of the review (System Reviews only). Generally, oversight of Engagement reviews, and occasionally System Reviews, will include submission of the entire files of the reviewer, which includes the firm representation letter and copies of the financial statements provided by the firm to the reviewer.

Oversights will be conducted at the discretion of the Committee and may be selected at random or for one of the following reasons:

1. The report acceptance body questioned the appropriateness of the report issued and could not resolve its questions without an independent look at the reviewed firm.
2. There was a disagreement between the reviewed firm and the reviewer that could not be resolved without an independent look at the engagement(s) in question.
3. The report acceptance body questioned whether the reviewed firm understands the importance of the review findings or has committed to corrective actions that are practicable in the circumstances.
4. The reviewer had performed in an unsatisfactory manner on a prior review.
5. Other factors can contribute to a peer reviewer being selected for oversight and may include, but are not limited to, reviewers that:
  - a. Frequently submit reports with a peer review rating of pass and no Finding for Further Consideration (FFC) forms.
  - b. Seldom, if ever, submit peer review reports with a rating of pass with deficiency or fail.
  - c. Appear to be submitting the exact same boilerplate FFC form(s).
  - d. Conduct their first System Review that contains high-risk industries.
  - e. Received communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations in the conduct of accounting, audit, or attestation engagements performed by the reviewer.
6. The reviewer's firm receives a report with a peer review rating of pass with deficiencies or fail on its current peer review.
7. Engagements from peer reviewers new to the Committee.
8. Engagements from reviewers that perform a substantial number of reviews.
9. A random selection of reviews and/or reviewers.

## Oversight Results

In accordance with oversight policies and procedures described under Administering Entity Oversight Process and Procedures, a summary of oversights in 2022 follows.

### *Peer reviews selected for oversight*

#### AICPA Peer Review Program

Type of Peer Review (System or Engagement)	2022 Oversight
System	0
System (must select)	1
Engagement	2
Total	3



Oregon Peer Review Program

Type of Peer Review (System or Engagement)	2022 Oversight
System	0
Engagement	0
Total	0

***Oversight Task Force Administrative Entity oversight***

Date of Last Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	October 20-21, 2022
--	---------------------

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](#).