

Oregon Society of CPAs

Annual Report on Peer Review Activities for 2024

Date Issued – March 6, 2025

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.

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 with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects); or
- *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 in conformity 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 for the accounting and auditing practice was not suitably designed or complied with 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 be:

- *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); or
- *Pass with deficiency(ies)* (the reviewer concludes that at least one, but not all, of the engagements submitted for review were nonconforming); or
- *Fail* (the reviewer concludes that all the engagements submitted for review were nonconforming.) 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 [AICPA website](#). The review should not commence until the firm has received notification through 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 OSCP Peer Review staff.

II. Summary of Peer Review Programs

Number of Enrolled Firms by Number of Professionals for 2024

Enrolled Firms by Number of Professionals in Practice	AICPA Peer Review Program
Sole Practitioners	86
2 to 5	138
6 to 10	56
11 to 19	33
20 to 49	16
50 to 99	2
100+	1
Total Enrolled Firms	332

Results of Peer Reviews Performed During 2024

Review Type	Report Rating	AICPA Peer Review Program	
<i>Engagement Reviews</i>			
	Fail	2	2%
	Pass	79	90%
	Pass with Deficiencies	7	8%
		88	
<i>System Reviews</i>			
	Fail	3	5%
	Pass	51	91%
	Pass with Deficiencies	2	4%
		56	
Total Reviews		144	

Type and Number of Reasons for Report Deficiencies (Reasons for PWD or Fail Reports) for System Reviews During 2024

Reasons for Report Modifications	AICPA Peer Review Program
Acceptance and continuance of client relationships and specific engagements	2
Engagement performance	2
Human Resources	3
Leadership responsibilities for quality within the firm (Tone at the Top)	2
Monitoring	3
Relevant Ethical requirements	0
Total	12

Number of Engagements Not Performed or Reported On in Conformity with Professional Standards in All Material Respects for 2024

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 2024. 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.

Engagement Type	AICPA Peer Review Program		
	Number of Engagements		
	Reviewed	Non-Conforming	%
Agreed-upon Procedures Engagements	18	1	6%
Agreed-upon Procedures Engagements (SSAE)	2	0	0%
All others subject to GAS	16	0	0%
Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)	7	1	14%
Compilations of financial statements that omit substantially all disclosures	90	3	3%
Compilations of financial statements with disclosures	39	1	3%
Compilations Omit Disclosures	47	0	0%
Compilations with Disclosures	25	1	4%
Employee Retirement Income Security Act (ERISA): Defined Benefit Plans	6	1	17%
Employee Retirement Income Security Act (ERISA): Defined Contribution Plans	32	2	6%
Employee Retirement Income Security Act (ERISA): Employee Stock Ownership Plans (ESOP)	5	0	0%
Employee Retirement Income Security Act (ERISA): Health and Welfare	6	0	0%
Examination Engagements	3	0	0%
Examination of Service Organization Control Reports (SOC Reports): SOC1	1	0	0%
Examination of Service Organization Control Reports (SOC Reports): SOC2	1	0	0%
FDICIA Audits of Federally Insured Depository Institutions (with > \$500 million, but < \$1 billion in beginning total assets)	1	0	0%
OMB Single Audit Engagements	32	3	9%
Other Audits under Statements on Auditing Standards	89	10	11%
Preparation Engagements Omit Disclosures	13	0	0%
Preparation Engagements with Disclosures	0	0	0%
Preparation of financial statements that omit substantially all disclosures (with or without disclaimer reports)	3	0	0%
Preparation of financial statements with disclosures (with or w/o disclaimer reports)	0	0	0%
Reviews	53	1	2%
Reviews of financial statements	57	6	11%
Total	546	30	5%

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 2024, the following represents the type of corrective actions required.

Summary of Required Follow-up Actions for 2024

Type of Follow-up Action	AICPA Peer Review Program
Agree to Pre-issuance Review by TC/Outside Party	3
Agree to remediate deficiencies noted in firm's peer review	0
Does not Perform Any [insert type] Engagements	0
Join EBPAQC	1
Join GAQC	1
Submit Inspection Report to TC/Outside Party for Review	1
Submit Proof of Certain CPE Taken	33
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/o wp's	9
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/ wp's	0
TC/Outside Party Review Correction of Non-Conforming Engagements	1
Total Enrolled Firms	49

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.

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 (RAB) 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. It is the firm’s first system review with must-select engagements.
4. The firm requested and was approved for an administrative change of venue.
5. The reviewing firm performs a significant number of reviews or has multiple peer reviewers.
6. The reviewer had performed in an unsatisfactory manner on a prior review.
7. The reviewer:
 - 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. Appears to be submitting the exact same boilerplate FFC form(s).
8. The reviewer conducts their first:
 - a. Peer Review,
 - b. System Review,
 - c. System Review that contains high-risk industries.
9. The reviewer performs a high volume of reviews.
10. The reviewer’s firm receives a report with a peer review rating of pass with deficiencies or fail on its current peer review.
11. The reviewer or the firm under review 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.
12. 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 2024 follows.

Peer reviews selected for oversight

Type of Peer Review	2024 Oversights
System	2
System (must select)	1
Engagement	2
Total	5

Oversight Task Force Administrative Entity oversight

Date of Last Oversight Performed by the AICPA Oversight Task Force	October 20-21, 2022
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The results of our most recent oversight performed by the AICPA Oversight Task Force are available on the [AICPA's website](#).