**PEER REVIEW OVERSIGHT COMMITTEE**

**Washington State Board of Accountancy (ACB)**

March 14, 2019

Charles Satterlund, CPA

Executive Director

Washington State Board of Accountancy

Wade Jewell,

Staff Liaison

Compliance Assurance Committee

NASBA

RE: Annual Report on Oversight of AICPA Peer Review Program

 Administered by the Washington Society of CPAs

 For the period from January 1, 2018 through December 31, 2018

Dear Mr. Jewell:

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the Washington Society of CPAs for the period from January 1, 2018 through December 31, 2018. Our oversight work was performed in accordance with the *Operating Agreement between the Washington State Board of Accountancy (ACB) and the Washington Society of CPAs (WSCPA) for State Oversight of the AICPA Peer Review Program*.

The purpose of the Peer Review Oversight Committee (PROC) is to provide reasonable assurance that:

* + The participating entities are complying with the administrative procedures acceptable to the Board.
	+ Reviews are being conducted in accordance with WAC 4-30-130. Firms licensed in Washington state offering and/or performing attest services, compilation services, or other professional services for which a report expressing assurance is prescribed by professional standards is required to participate in a board-approved peer review program.
	+ Results of peer reviews are evaluated in a consistent manner.
	+ Compliance assurance information is provided to reviewed firms and reviewers by administering entities in an accurate and timely manner.
	+ The Board is advised on any other matters related to the compliance assurance program.

The WSCPA administration of the peer review program is performed by a Peer Review Committee and a Report Acceptance Body (RABs). They are assisted by technical reviewers engaged by the WSCPA who receive peer review reports from firms upon completion of their reviews. These reports and certain review documents provided by the peer reviewer are reviewed by the technical reviewers who summarize the information and obtain explanations from peer reviewers and require revisions as considered necessary. The RABs receive this information for review, acceptance, modification, and determination of any follow up and/or monitoring actions to be performed relative to the peer review.

Late in 2017, the Board’s two individuals who had served as our PROC over the previous several years ended their voluntary service. It took some effort to find individuals who were willing to serve our Board in this capacity, but in October 2018 and in January 2019 two individuals volunteered their services to ACB in this capacity.

Regular attendance at RAB meetings began in November of 2018 with two meetings attended on November 27, 2018 and November 30, 2018.

Here is the data requested in the model report provided by NASBA:

1. The total number of Peer Review Committee meetings conducted in the year:

Committee meetings - 2

1. The total number of RAB meetings conducted in the year:

Engagement RAB – 6, System RAB - 9 No RABs for non-attest work.

1. The number of total RAB meetings attended by the PROC expressed as a percentage:

PROC attended 2 of 15 RAB meetings = 13%

PROC attended 2 of all 17 meetings = 12%

1. The number of RABs working with the Administering entity: 2
2. The number of technical reviewers:

January through May – 4

June through December -5

1. The number of total reviews conducted broken down by engagement and system reviews:

Total ACCEPTED (reports are based on Acceptance Dates) in 2018:

Engagement – 109, System – 66

1. The number of reports accepted without further monitoring expressed as a percentage of the total, broken down by engagement and system reviews.

Engagement - 82/109 = 75%, System – 45/66 = 68%,

1. The number of reports accepted with additional monitoring expressed as a percentage of the total, broken down by engagement and system reviews.

Engagement - 27/109 = 25%, System - 21/66 = 32%

1. Number of firms’ reviews that were deferred to obtain additional information, broken down by engagement and system reviews

Engagement – 3, System – 6

1. The number of reports that were rated “pass” by the peer reviewer, broken down by engagement and system reviews

Engagement – 82, System – 45

k) The number of reports that were rated “pass with deficiencies”, broken down by engagement and system reviews

Engagement – 17, System - 12

l) The number of reports that were rated “fail”, broken down by engagement and system reviews

Engagement – 10, System - 9

Schedule I is a summary of matters we observed during the meetings:

SCHEDULE I

SUMMARY OF OBSERVATIONS OF PEER REVIEW OVERSIGHT COMMITTEE

For the period from January 1, 2018 through December 31, 2018

During the reporting period, the Washington State Board of Accountancy PROC was dormant except for the last two months of the year. Because of this limited observation period, we are deferring on any affirmative statements regarding our observations for the 2018 reporting period regarding the functioning of the Administering Entity, the associated RABs, or our PROC.

Please contact me if you have any questions.

Charles Satterlund, CPA

Executive Director

Washington State Board of Accountancy