



**STATE OF OKLAHOMA  
OKLAHOMA ACCOUNTANCY BOARD  
PEER REVIEW OVERSIGHT COMMITTEE**

**Peer Review Oversight Committee Annual Report for Calendar Year 2017**

**3/23/2018**

Pursuant to the Oklahoma Accountancy Act (The Act), §15.30, the Oklahoma Accountancy Board (OAB) establishes a peer review program to monitor firms' compliance with applicable accounting and auditing standards adopted by generally recognized standard setting bodies, the program emphasizes education, including appropriate remedial procedures, which may be recommended or required when financial statement reports do not comply with professional standards. In the event a firm does not comply with established professional standards, or a firm's professional work is so inadequate as to warrant disciplinary actions, the OAB shall take appropriate action to protect the public interest.

The OAB, pursuant to Title 10 of the Oklahoma Administrative Code; Subchapter 33; Section 10:15-33-3 adopts the "*Standards for Performing and Reporting on Peer Reviews*," as promulgated by the American Institute of Certified Public Accountants (AICPA) or other standards approved by the OAB as its minimum standards for peer review of registrants.

Oversight of the minimum standards for peer review of registrants is established through the OAB's Peer Review Oversight Committee (PROC) which is provided for in 10:15-33-7 of the Oklahoma Administrative Code.

The purpose of the PROC is to monitor Sponsoring Organizations and provide the OAB with a reasonable assurance that peer reviews are being conducted and reported on in accordance with the OAB's minimum standards for peer review, review the policies and procedures of sponsoring organization applicants as to their conformity with the peer review minimum standards, and report to the OAB on the conclusions and recommendations reached as a result of performing the aforementioned functions.

The PROC operating statement is:

*"To evaluate and monitor the Peer Review Program established by the Oklahoma Accountancy Board to provide reasonable assurance that the American Institute of Certified Public Accountants' Peer Review Program Standards are being properly administered in the State of Oklahoma making referrals to the Oklahoma Accountancy Board as needed for further action."*

Oversight procedures have been established to ensure that the peer reviews being administered to OAB registrants are being conducted and reported in accordance with peer review minimum standards (PROC Operating Summary attached). The procedures include:

- A. At least one PROC member is scheduled to attend in person, all Oklahoma Society of Certified Public Accountant's (OSCPA) Peer Review Committee meetings to consider the acceptance bodies' deliberations in accepting peer reviews;

- B. On an annual basis, the PROC reviews the qualifications of each entity approved by the OAB to administer peer reviews. The PROC shall first seek to rely on the NASBA Compliance Assurance Committee's list of approved Peer Review Oversight Committees as oversight to ensure peer reviews are being performed in accordance with AICPA Minimum Standards. In the event this list is not available for the PROC to review, it will then seek to rely on the administering entity's AICPA Oversight Report;
- C. A detailed review of all Pass with Deficiency and Fail peer review reports are performed by the PROC. When necessary, prescribe actions designed to assure correction of the deficiencies in the reviewed firm's system of quality control;
- D. Monitor remedial and corrective actions as prescribed by the PROC and/or the administering entity to determine compliance by the firm;
- E. Accept all pass system and engagement peer review reports submitted to the OAB; and
- F. As deemed appropriate, refer firms to the OAB's Enforcement Committee for failing to comply with the OAB's peer review program or performing work that is so inadequate as to warrant disciplinary action. Files referred to the Enforcement Committee by the PROC may include commentary and/or suggestions for potential corrective actions. Firms will be referred to the Enforcement Committee for:
  - o Receiving consecutive substandard reports. Firms shall automatically be sent to the Enforcement Committee for further scrutiny unless the PROC determines the firm to have complied to the extent this action is not warranted (NASBA Compliance Assurance Committee Guidelines and Peer Review Committee Directive);
  - o Failing to submit required reports (10:15-33-6);
  - o Peer Review reports requiring continued oversight following deficient reports as described in 10:15-33-5; and
  - o Others as deemed appropriate by the PROC

Based on the aforementioned procedures, the following is a summary of the PROC activity during calendar year 2017.

- o At least one PROC member or Board staff member attended the following OSCPA Peer Review Committee meetings during calendar year 2017:
  - Thursday, February 9, 2017 - Vaughn
  - Thursday, August 10, 2017 - Vaughn
  - Thursday, October 29, 2017 - Williamson
  - Thursday, December 14, 2017 - Vaughn

As of December 31, 2017, there were 77 Sole Proprietors and 461 registered firms which have reported to the OAB the performance of engagements requiring peer review.

The PROC referred four firms to the Enforcement Committee in calendar year 2017.

The PROC has concluded that for calendar year 2017:

1. Technical reviews are being performed and reviewed in a timely manner by the OSCPA;
2. Technical reviewers appear knowledgeable about their function;
3. Technical reviewers resolve inconsistencies and disagreements before accepting reports;
4. Technical reviewers make the OSCPA Peer Review Committee aware of matters needed to properly evaluate the review.
5. The technical reviewers are available during the meetings to answer questions; and

6. During its oversight of the OSCP Report Acceptance Bodies (RAB), the PROC specifically noted the various RABs consistently held open and thorough discussions of reviews. While attending 2017 meetings, the PROC also observed the RABs address every issue with purpose and in a thoughtful and meaningful discussion. Finally, the PROC concludes the vast knowledge collectively shared by RAB members regarding acceptance procedures and corrective or monitoring actions to be excellent.

At December 31, 2017, the following entities' are approved as sponsoring organizations:

- AICPA Center For Public Company Audit Firms
- Alabama Society of Certified Public Accountants
- Arkansas Society of Certified Public Accountants
- California Society of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Connecticut Society of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Georgia Society of Certified Public Accountants
- Illinois Society of Certified Public Accountants
- Indiana Certified Public Accountant Society
- Iowa Society of Certified Public Accountants
- Kansas Society of Certified Public Accountants
- Maryland Society of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants
- Michigan Society of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Mississippi Society of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Montana Society of Certified Public Accountants
- National Peer Review Committee
- Nevada Society of Certified Public Accountants
- New England Society of Certified Public Accountants
- New York State Society of Certified Public Accountants
- Ohio Society of Certified Public Accountants
- Oklahoma Society of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- Pennsylvania Society of Certified Public Accountants
- Society of Louisiana Certified Public Accountants

At December 31, 2017, sponsoring organizations (Continued):


- South Carolina Society of Certified Public Accountants
- Tennessee Society of Certified Public Accountants
- Texas Society of Certified Public Accountants
- Virginia Society of Certified Public Accountants
- Washington Society of Certified Public Accountant

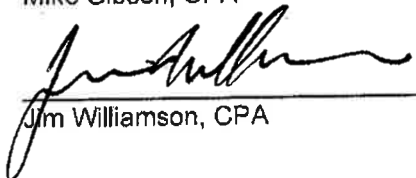
Nothing came to the PROC's attention that would lead them to believe that, these administering entities were not administering peer reviews in accordance with "*Standards for Performing and Reporting on Peer Reviews*," as promulgated by the AICPA.

Finally, the PROC concludes that peer reviews administered by the OSCPA are being performed for Oklahoma registrants in accordance with the "*Standards for Performing and Reporting on Peer Reviews*," as promulgated by the AICPA.

Oklahoma Accountancy Board Peer Review Oversight Committee

  
\_\_\_\_\_  
Jayna Vaughn, CPA, PROC Chair

  
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Mike Gibson, CPA

  
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Jim Williamson, CPA

**Oklahoma Accountancy Board  
Peer Review Oversight Committee (PROC)**

**OPERATING SUMMARY**

Purpose

**To evaluate and monitor the peer review program established by the Board to provide reasonable assurance that the AICPA Peer Review Program standards are being properly administered in the state of Oklahoma making referrals to the Board for further action as needed. (10:15-33-7)**

Objectives and Procedures

**Ensure that peer reviews are conducted in accordance with AICPA Standards for Performing and Reporting on Peer Reviews. (10:15-33-7e3)**

- Review applications from entities requesting approval as a sponsoring organization (10:15-33-7a2)
- Annually obtain and review the list of NASBA Compliance and Assurance Committee approved Peer Review Oversight Committees, or if not available, the most recent sponsoring organization AICPA oversight report (10:15-33-7a1)
- At least one member of the PROC will attend each OSCP A Peer Review Committee meeting (10:15-33-7e3).
- At least one member of the PROC will attend the AICPA Oversight visit exit conference for the OSCP A (10:15-33-7e3). The PROC shall use its discretion when determining the need to be present for more of the oversight process beyond attending the oversight exit conference. (Peer Review Committee Directive)
- Annually recommend sponsoring organizations to the Board for approval (10:15-33-7d)

**Ensure firms undergo peer reviews as required and recommend appropriate remedial actions if necessary. (10:15-33-4 and 10:15-33-7e2)**

- Ensure firms submit required reports (10:15-33-6)
- Accept all Pass reports submitted to the Board without review by PROC (10:15-33-7e4)
- Review and discuss all Pass with Deficiencies and Fail reports (10:15-33-7e4)
- Assess remedial action prescribed by the sponsoring organization for appropriateness and prescribe additional remedial action if deemed necessary (10:15-33-7e1)
- Monitor firm compliance with prescribed remedial action (10:15-33-7e2)
- Firms may be referred to the Enforcement Committee based on the judgement of the PROC: (10:15-37-1a)
  - o Firms not submitting required reports (10:15-33-6)
  - o Firms requiring continued oversight following deficient reports as described in 10:15-33-5
- o Firms with consecutive substandard reports shall automatically be sent to the Enforcement Committee for further scrutiny unless the PROC

determines the firm to have complied to the extent this action is not warranted (Peer Review Committee Directive)

- Files referred to the Enforcement Committee by the PROC may include commentary and/or suggestions for potential corrective actions (Peer Review Committee Directive)
- Others as deemed appropriate by the PROC

**Regularly communicate results of PROC operations. (10:15-33-7a3)**

- PROC will meet and report activities to the Board at least quarterly (March, June, September, and November) (10:15-33-7e4)
- Annually report conclusions and recommendations regarding evaluation and monitoring of peer review program to Board during the April Board meeting (10:15-33-7a3)
- Communicate problems encountered to sponsoring organizations as needed (10:15-33-7e5)

Oklahoma Accountancy Board

BOARD OVERSIGHT COMMITTEE

Summary of Oversight Visit - Peer Review Committee

Oversight Committee Member  
Performing This Review

\_\_\_\_\_

Date Performed

\_\_\_\_\_

RAB # \_\_\_\_\_

Attend the program's Peer Review Committee meeting as an observer. Do not advise or otherwise attempt to influence the report acceptance process.

1. Are technical reviews being performed within a reasonable time period after review documents are submitted to the Peer Review Program?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do technical reviewers appear knowledgeable about their function?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Do the technical reviewers attempt to resolve inconsistencies and disagreements before recommending the reviews for acceptance to the RAB?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do the technical reviewers make the RABs aware of matters needed to properly evaluate the review?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Is the technical reviewer available during the meeting to answer questions that arise?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Are the technical reviewers knowledgeable about the treatment of:

Engagements not performed and reported on in	Yes _____	No _____	N/A _____
Monitoring issues?	Yes _____	No _____	N/A _____
Governmental issues?	Yes _____	No _____	N/A _____
Review scope?	Yes _____	No _____	N/A _____
Appropriate format for report and letter of response, if applicable?	Yes _____	No _____	N/A _____
Revisions to review documents?	Yes _____	No _____	N/A _____
Corrective or monitoring actions?	Yes _____	No _____	N/A _____

Summary of Oversight Visit - Peer Review Committee

Date \_\_\_\_\_

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7. Were any specific solutions to problems discussed?

Yes \_\_\_\_\_ No \_\_\_\_\_

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8. Do technical reviewers believe sufficient guidance is provided by their program?

Yes \_\_\_\_\_ No \_\_\_\_\_

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9. Have the technical reviewers demonstrated improvement from any prior oversight visit report?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Were the following manuals available during the meeting:

Peer Review Program Manual? Yes \_\_\_\_\_ No \_\_\_\_\_

Peer Review Administrative Manual? Yes \_\_\_\_\_ No \_\_\_\_\_

RAB Handbook? Yes \_\_\_\_\_ No \_\_\_\_\_

11. Is the RAB meeting comprised of at least three members?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Does the extent of the RAB's review appear appropriate?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Were the appropriate decisions made by the RAB regarding:

conformity with professional standards? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Monitoring issues? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Governmental issues? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Review scope? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Revisions to review documents? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

The issuance of team captain feedback forms? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Requests for extensions? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Handling problem reviews? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

Corrective or monitoring actions? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_



**Summary of Oversight Visit - Peer Review Committee**

Date \_\_\_\_\_

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14. Were any specific solutions to problems discussed?

Yes \_\_\_\_\_ No \_\_\_\_\_

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15. Has the RAB agreed to take any action on problems?

Yes \_\_\_\_\_ No \_\_\_\_\_

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16. Do the RAB members believe sufficient guidance is provided by the program?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Does the RAB consider technical reviewers' recommendations and then come to its own decision?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Has the RAB demonstrated improvement from any prior oversight visit report?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Please rate the RAB's knowledge of acceptance procedures and corrective/monitoring actions?

- \_\_\_\_\_ Poor
- \_\_\_\_\_ Adequate; needs some improvement
- \_\_\_\_\_ Excellent

20. List any items discussed with the OSCP Peer Review Chairperson.

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**Summary of Oversight Visit - Peer Review Committee**

Date \_\_\_\_\_

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21. List the number of each type of peer review presented:

\_\_\_\_\_ Pass System Reports

\_\_\_\_\_ Pass Engagement Reports

\_\_\_\_\_ Pass with Deficiencies System Reports

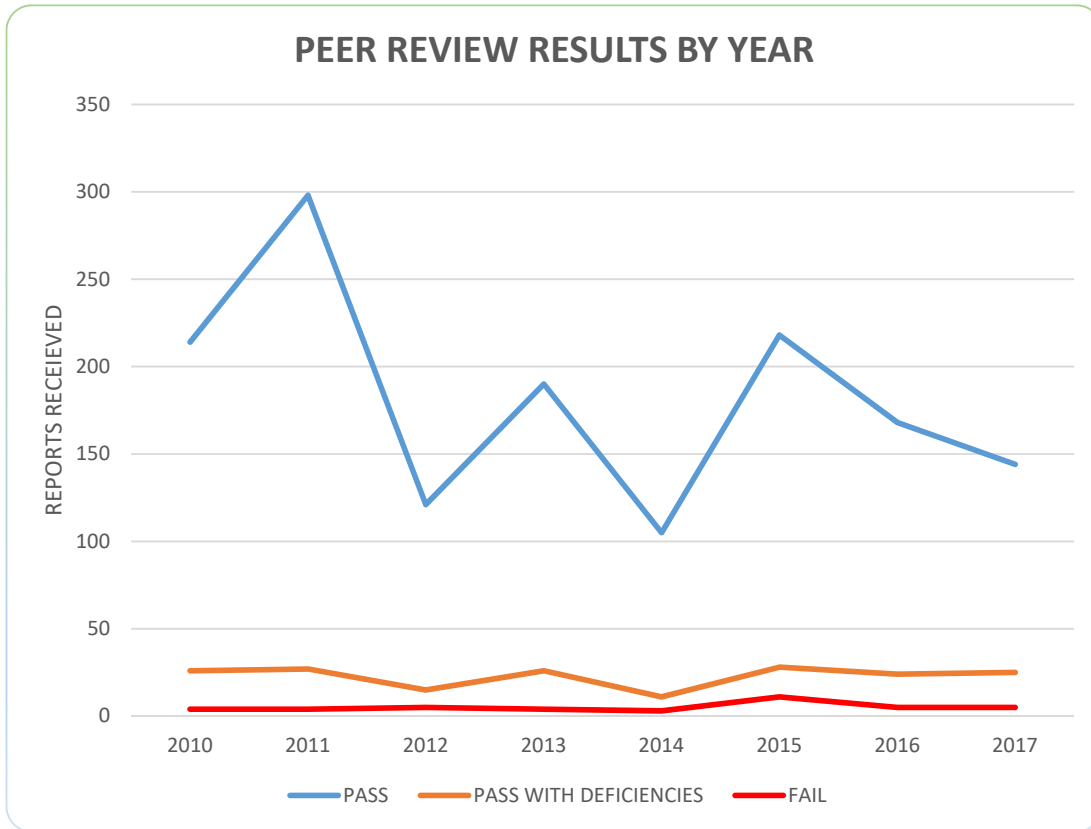
\_\_\_\_\_ Pass with Deficiencies Engagement Reports

\_\_\_\_\_ Fail System Reports

\_\_\_\_\_ Fail Engagement Reports

## PEER REVIEW RESULTS BY YEAR

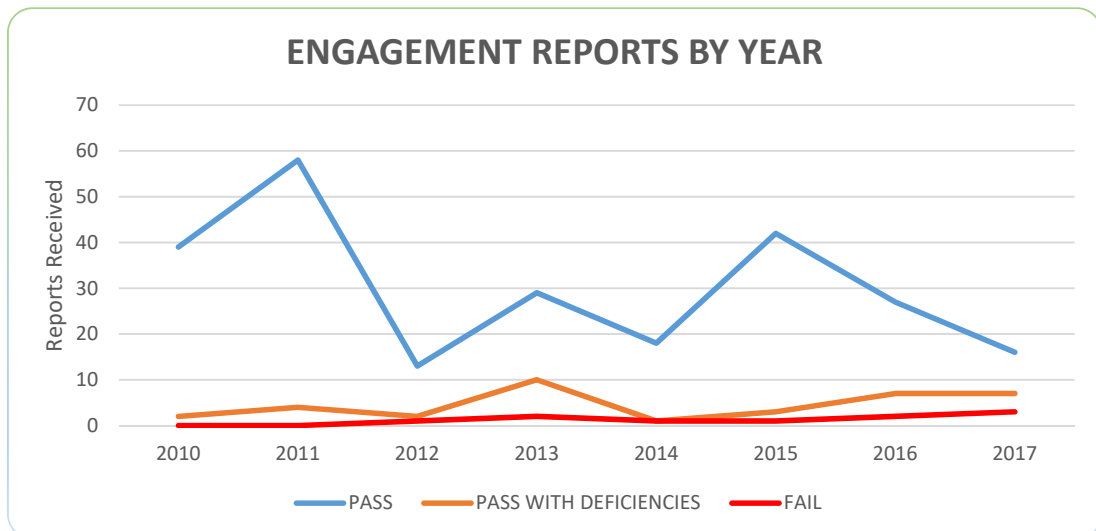
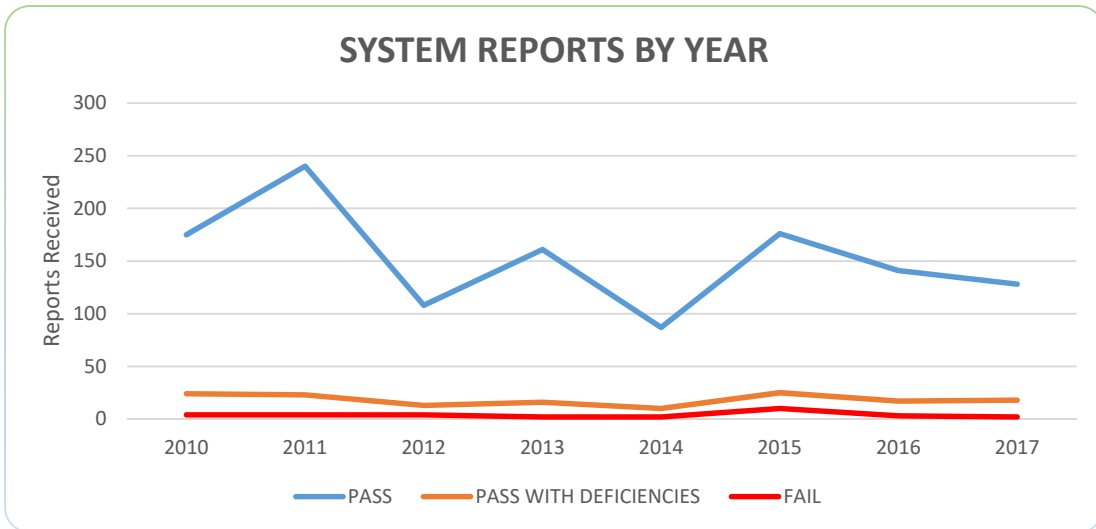
PEER REVIEWS TOTAL (ALL)	2010	2011	2012	2013	2014	2015	2016	2017
PASS	214	298	121	190	105	218	168	144
PASS WITH DEFICIENCIES	26	27	15	26	11	28	24	25
FAIL	4	4	5	4	3	11	5	5
<b>TOTALS</b>	<b>244</b>	<b>329</b>	<b>141</b>	<b>220</b>	<b>119</b>	<b>257</b>	<b>197</b>	<b>174</b>



## PEER REVIEW RESULTS BY TYPE

SYSTEM PEER REVIEWS	2010	2011	2012	2013	2014	2015	2016	2017
PASS	175	240	108	161	87	176	141	128
PASS WITH DEFICIENCIES	24	23	13	16	10	25	17	18
FAIL	4	4	4	2	2	10	3	2
TOTALS	203	267	125	179	99	211	161	148

ENGAGEMENT PEER REVIEWS	2010	2011	2012	2013	2014	2015	2016	2017
PASS	39	58	13	29	18	42	27	16
PASS WITH DEFICIENCIES	2	4	2	10	1	3	7	7
FAIL	0	0	1	2	1	1	2	3
TOTALS	41	62	16	41	20	46	36	26



## PEER REVIEW RESULTS BY PERCENTAGE

PEER REVIEWS TOTAL (%)	2010	2011	2012	2013	2014	2015	2016	2017
PASS	88%	91%	86%	86%	88%	85%	85%	83%
PASS WITH DEFICIENCIES	11%	7%	11%	12%	9%	11%	12%	14%
FAIL	2%	1%	4%	2%	3%	4%	3%	3%
TOTALS	100%	100%	100%	100%	100%	100%	100%	100%

