



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

Peer Review Oversight Committee Annual Report for Calendar Year 2018

03/22/2019

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. 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 2018.

- o At least one PROC member or Board staff member attended the following OSCPA Peer Review Committee meetings during calendar year 2018:
 - Thursday, February 8, 2018 - Gibson
 - Thursday, August 16, 2018 - Vaughn
 - Thursday, October 18, 2018 - Williamson
 - Thursday, December 13, 2018 - Gibson

As of December 31, 2018, there were 78 Sole Proprietors and 463 registered firms which have reported to the OAB the performance of engagements requiring peer review.

The PROC referred 4 firms to the Enforcement Committee in calendar year 2018.

The PROC has concluded that for calendar year 2018:

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 2018 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, 2018, 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 Jersey 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, 2018, 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 sponsoring organizations 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 OSCP 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



Mike Gibson, CPA



Jim Williamson, CPA