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. To perform a detailed review of all Pass with Deficiency and Fail peer review reports. Assess remedial action prescribed by the sponsoring organization for appropriateness and recommend additional remedial action if deemed necessary;

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:

- 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);
- Failing to submit required reports (10:15-33-6);
- Peer Review reports requiring continued oversight following deficient reports as described in 10:15-33-5; and
- Others as deemed appropriate by the PROC

Based on the aforementioned procedures, the following is a summary of the PROC activity during calendar year 2019.

- At least one PROC member or Board staff member attended the following OSCPA Peer Review Committee meetings during calendar year 2019:
  - Thursday, February 7, 2019 - Williamson
  - Tuesday, March 12, 2019 - Williamson
  - Thursday, June 20, 2019 – Vaughn
  - Thursday, August 15, 2019 - Gibson
  - Thursday, October 17, 2019 - Williamson
  - Thursday, December 12, 2019 - Vaughn

As of December 31, 2019, there were 77 Sole Proprietors and 477 registered firms which have reported to the OAB the performance of engagements requiring peer review.

The PROC referred 6 firms to the Enforcement Committee in calendar year 2019.

The PROC has concluded that for calendar year 2019:

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 OSCPAPeer 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 OSCPAPeer Review Acceptance Bodies (RAB), the PROC specifically noted the various RABs consistently held open and thorough discussions of reviews. While attending 2019 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, 2019, the following entities’ were approved to administer peer reviews to Oklahoma registrants:

- 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
- Peer Review Alliance Acceptance Committee
  - Illinois Society of Certified Public Accountants;
  - Indiana Certified Public Accountant Society
  - Iowa Society of Certified Public Accountants
  - Kentucky Society of Certified Public Accountants
  - South Carolina Society of Certified Public Accountants
  - West Virginia Society of Certified Public Accountants
  - Wisconsin 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
Approved sponsoring organization continued…

- 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
- 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

Mike Gibson, CPA

Jim Williamson, CPA

THIS REPORT CONTAINS THE FOLLOWING SUPPORTING MATERIALS:

- The 2019 PROC operating summary
- An illustration of the number of peer review reports received in 2019 by result
- An illustration of the number of peer review results received by year
- And an illustration of the number of peer review results by % of overall reports submitted to the OAB
- The PROC oversight visit checklist and summary of report acceptance body activities
## PEER REVIEW REPORTS RECEIVED BY RESULT

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<tr>
<td>PASS</td>
<td>175</td>
<td>240</td>
<td>108</td>
<td>161</td>
<td>87</td>
<td>176</td>
<td>141</td>
<td>128</td>
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<td>PASS WITH DEFICIENCIES</td>
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<td>23</td>
<td>13</td>
<td>16</td>
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<td>10</td>
<td>3</td>
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<td>267</td>
<td>125</td>
<td>179</td>
<td>99</td>
<td>211</td>
<td>161</td>
<td>148</td>
<td>106</td>
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<tr>
<td><strong>ENGAGEMENT PEER REVIEWS</strong></td>
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<tr>
<td>PASS</td>
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<td>58</td>
<td>13</td>
<td>29</td>
<td>18</td>
<td>42</td>
<td>27</td>
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<td>2</td>
<td>4</td>
<td>2</td>
<td>10</td>
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### SYSTEM REPORTS BY RESULT

![Graph of System Reports by Result](image1)

### ENGAGEMENT REPORTS BY RESULT

![Graph of Engagement Reports by Result](image2)
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<td><strong>PEER REVIEWS TOTAL</strong></td>
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<td>PASS</td>
<td>214</td>
<td>298</td>
<td>121</td>
<td>190</td>
<td>105</td>
<td>218</td>
<td>168</td>
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<td>27</td>
<td>15</td>
<td>26</td>
<td>11</td>
<td>28</td>
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<td>11</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td><strong>TOTALS</strong></td>
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<td>329</td>
<td>141</td>
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<td>119</td>
<td>257</td>
<td>197</td>
<td>174</td>
<td>138</td>
<td>160</td>
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</table>

**Graph:**
- **Blue Line:** PASS
- **Orange Line:** PASS WITH DEFICIENCIES
- **Red Line:** FAIL

**Y-Axis:** Reports Received
**X-Axis:** Year (2010 to 2019)
# Peer Review Results by % of Overall Reports Submitted to the OAB

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<tbody>
<tr>
<td>PASS</td>
<td>87</td>
<td>91</td>
<td>86</td>
<td>86</td>
<td>88</td>
<td>85</td>
<td>85</td>
<td>83</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>PASS WITH DEFICIENCIES</td>
<td>11</td>
<td>7</td>
<td>11</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>12</td>
<td>14</td>
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<tr>
<td>FAIL</td>
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<td>2</td>
<td>3</td>
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<td>3</td>
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<td>5</td>
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<td>TOTAL %</td>
<td>100</td>
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</table>

The graph above illustrates the trend of pass, pass with deficiencies, and fail results from 2010 to 2019. The green line represents pass, the blue line represents pass with deficiencies, and the orange line represents fail. The y-axis denotes the percentage range from 0 to 100, while the x-axis represents the years from 2010 to 2019.
Oklahoma Accountancy Board

BOARD OVERSIGHT COMMITTEE

Summary of Oversight Visit - Peer Review Committee

<table>
<thead>
<tr>
<th>Oversight Committee Member Performing This Review</th>
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<tbody>
<tr>
<td>Date Performed</td>
<td></td>
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<tr>
<td>RAB #</td>
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</table>

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:

<table>
<thead>
<tr>
<th>Engagements not performed and reported on in Monitoring issues? Governmental issues? Review scope? Appropriate format for report and letter of response, if applicable? Revisions to review documents? Corrective or monitoring actions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
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</table>

   - Yes ___  No ___  N/A ___
   - Yes ___  No ___  N/A ___
   - Yes ___  No ___  N/A ___
   - Yes ___  No ___  N/A ___
   - Yes ___  No ___  N/A ___
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
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<tbody>
<tr>
<td>8. Do technical reviewers believe sufficient guidance is provided by their program?</td>
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<td>9. Have the technical reviewers demonstrated improvement from any prior oversight visit report?</td>
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<td>10. Were the following manuals available during the meeting:</td>
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<tr>
<td>Peer Review Program Manual?</td>
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<tr>
<td>Peer Review Administrative Manual?</td>
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<tr>
<td>RAB Handbook?</td>
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<td>11. Is the RAB meeting comprised of at least three members?</td>
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<td>12. Does the extent of the RAB's review appear appropriate?</td>
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</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
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<tbody>
<tr>
<td>13. Were the appropriate decisions made by the RAB regarding:</td>
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<tr>
<td>conformity with professional standards?</td>
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<tr>
<td>Monitoring issues?</td>
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<tr>
<td>Governmental issues?</td>
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<tr>
<td>Review scope?</td>
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<tr>
<td>Revisions to review documents?</td>
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<tr>
<td>The issuance of team captain feedback forms?</td>
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<tr>
<td>Requests for extensions?</td>
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<tr>
<td>Handling problem reviews?</td>
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<tr>
<td>Corrective or monitoring actions?</td>
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Summary of Oversight Visit - Peer Review Committee

Date__________

14. Were any specific solutions to problems discussed?  
   Yes ________ No ________

15. Has the RAB agreed to take any action on problems?  
   Yes ________ No ________

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 OSCPA Peer Review Chairperson.

________________________________________________________________________

________________________________________________________________________

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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