

PEER REVIEW OVERSIGHT COMMITTEE
Washington State Board of Accountancy (ACB)

RE: Annual Report on Oversight of AICPA Peer Review Program
Administered by the Washington Society of CPAs
For the period from January 1, 2020 through December 31, 2020

Dear NASBA Representative:

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, 2020 through December 31, 2020. 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 feedback to the administrative entity (AE) and report to the Board.

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 five 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.

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

- a) The total number of Peer Review Executive Committee meetings conducted in the year:

Committee meetings - 1

- b) The total number of RAB meetings conducted in the year:

Engagement RAB – 6, System RAB - 5 No RABs for non-attest work.

- c) The number of total RAB meetings attended by the PROC expressed as a percentage:

PROC attended 7 of 12 RAB meetings = 58%

PROC attended 7 of all 13 meetings = 54%

- d) The number of RABs working with the Administering Entity: 2

- e) The number of technical reviewers:

January through December -5

- f) The number of total reviews conducted broken down by engagement and system reviews:

Total ACCEPTED (reports are based on Acceptance Dates) in 2020:
Engagement – 76, System – 30

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

Engagement – $57/76 = 75\%$, System – $21/30 = 70\%$

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

Engagement – $19/76 = 25\%$, System – $9/30 = 30\%$

- i) Number of firms' reviews that were deferred to obtain additional information, broken down by engagement and system reviews

Engagement – 0, System – 1

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

Engagement – 55, System – 28

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

Engagement – 13, System - 2

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

Engagement – 8, System - 0

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

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 2020 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