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.

I. Operating statement

“To evaluate and monitor the peer review program established by the 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 Board for further action as needed.”

II. Oversight Procedures

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).

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 Peer Review Compliance 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 Peer Review Compliance 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

III. 2020 PROC Activity

*Based on the aforementioned procedures, the following is a summary of the PROC activity during calendar year 2020:*

A. At least one PROC member or Board staff member attended the following OSCPA Peer Review Committee meetings during calendar year 2020:

- Thursday, February 6, 2020, Gibson
- Tuesday, May 26, 2020, Williamson
- Wednesday, July 22, 2020, Johnson
- Thursday, August 13, 2020, Johnson
- Thursday, October 22, 2020, Williamson
- Thursday, December 10, 2020 Johnson

B. The PROC referred 8 firms to the Enforcement Committee in calendar year 2020;

C. *At June 30, 2021, there were approximately 79 Sole Proprietors and 480 registered firms which have reported to the OAB the performance of engagements requiring peer review;*
D. At December 31, 2020, the following entities were approved to administer peer reviews to Oklahoma registrants:

<table>
<thead>
<tr>
<th>AICPA Center For Public Company Audit Firms</th>
<th>Ohio Society of CPAs</th>
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<tr>
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<td>New Jersey Society of CPAs</td>
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<td>New York State Society of CPAs</td>
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IV. Conclusion

*The PROC has concluded that for calendar year 2020:*

A. Technical reviews are being performed and reviewed in a timely manner by the OSCPA;

B. Technical reviewers appear knowledgeable about their function;

C. Technical reviewers resolve inconsistencies and disagreements before accepting reports;

D. Technical reviewers make the OSCPA Peer Review Committee aware of matters needed to properly evaluate the review.

E. The technical reviewers are available during the meetings to answer questions; and

F. During its oversight of the OSCPA Report Acceptance Bodies (RAB), the PROC specifically noted the various RABs consistently held open and thorough discussions of reviews. While attending 2020 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.

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 Johnson, CPA, PROC Chair

Janice Gray, CPA

Jim Williamson, CPA

* The Oklahoma Accountancy Board implemented a new licensing database at the start of 2021. As a result, the precise total number of OAB registrants required to undergo peer review was confirmed at June 30, 2021.

THIS REPORT CONTAINS THE FOLLOWING SUPPORTING MATERIALS:

- The 2020 PROC operating summary
- An illustration of the number of peer review reports received in 2020 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
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. (10:15-33-7e1)

- Review applications from entities requesting approval as a sponsoring organization (10:15-33-7a2)
- Annually obtain and review the list of NASBA Peer Review Compliance 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 OSCPA Peer Review Committee meeting (10:15-33-7e1).
- At least one member of the PROC will attend the AICPA Oversight visit exit conference for the OSCPA (10:15-33-7e1). 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 (10:15-33-7e2)
- Monitor firm compliance with prescribed remedial action (10:15-33-7e3)
- 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)
o Files referred to the Enforcement Committee by the PROC may include commentary and/or suggestions for potential corrective actions (Peer Review Committee Directive)
o 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) (10:15-33-7e5)
- 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

<table>
<thead>
<tr>
<th>Oversight Committee Member</th>
<th>Performing This Review</th>
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<th>RAB #</th>
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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:

   - 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_________________
Page 2 of 4

7. Were any specific solutions to problems discussed?
   Yes_______ No_______

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

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 __________

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
### PEER REVIEW REPORTS RECEIVED BY RESULT

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### SYSTEM REPORTS BY RESULT

![Graph showing system report by result]

### ENGAGEMENT REPORTS BY RESULT

![Graph showing engagement report by result]
## PEER REVIEW RESULTS BY YEAR

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### Bar Graph

**PEER REVIEW RESULTS BY YEAR**

- **Pass**
- **Pass with Deficiencies**
- **Fail**

The bar graph shows the number of reports received each year from 2010 to 2020, categorized by pass, pass with deficiencies, and fail. The trend indicates a decline in the number of reports received over the years, with a peak in 2011.
### Peer Review Results by % of Overall Reports Submitted to the OAB

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<td>PASS with Deficiencies</td>
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</table>

| TOTAL %               | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  |

#### Graphs:
- **Pass** (Green)
- **Pass with Deficiencies** (Blue)
- **Fail** (Orange)

**Note:** The graph represents the percentage of reports that passed, passed with deficiencies, and failed each year from 2010 to 2020.
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