



ARIZONA STATE BOARD OF ACCOUNTANCY

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August 24, 2026

Brandon Richard Eggleston, CPA, President
Arizona State Board of Accountancy
100 North 15th Avenue, Suite 165
Phoenix, AZ 85007

Re: Peer Review Oversight Advisory Committee Annual Report for FY 2026

Dear Mr. President and Board Members:

Thank you for the opportunity to present the Peer Review Oversight Advisory Committee (“Committee”) report for fiscal year 2026. I have the pleasure of submitting this report, which identifies our members, details the Committee’s statistical data, compares statistics from previous fiscal years, provides the Committee’s survey responses, and highlights from the Committee’s work.

Peer Review Oversight Advisory Committee Members Summary

Wesley Benally, CPA (REDW LLC)

Serving on the Committee since September 2015 (11 years)

Julie Prue Cauich, CPA (Hunter Hagan & Company, LTD)

Serving on the Committee since July 2004 (22 years); past chairperson

Timothy R. Coffey, CPA (Timothy R. Coffey, CPA)

Serving on the Committee since July 2007 (19 years); past chairperson

Heather Gordon, CPA (Ullmann & Company, P.C.)

Serving on the Committee since December 2019 (7 years)

Vacancy

Summary of Peer Review Program

CalCPA serves as the administering entity for the AICPA Peer Review Program for the states of California, Arizona and Alaska. AICPA bylaws require that members engaged in the practice of public accounting be associated with a firm that is enrolled in an approved practice-monitoring program if the services performed by such firm are within the scope of the AICPA’s practice monitoring standards and the firm prepares reports in accordance with AICPA professional standards. For purposes of peer review under the AICPA program, an accounting and auditing practice includes engagements performed under Statements on Auditing Standards (SASs); Statements on Standards for Accounting and Review Services

The Americans with Disabilities Act

Persons with disabilities may request reasonable accommodations, such as sign language interpreters.
Requests should be made as early as possible to allow time to arrange the accommodation.

(SSARs); Statements on Standards for Attestation Engagements (SSAEs); Government Auditing Standards (the Yellow Book) issued by the U.S. Government Accountability Office; and Public Company Accounting Oversight Board (PCAOB) Standards.

The Board requires firms that provide attest services or compilation services as part of their public accounting process to be enrolled in a practice monitoring program. The Board has designated CalCPA as an approved sponsoring organization to approve peer review reports issued for firms enrolled in peer review programs administered by CalCPA. Firms enrolled in the peer review program are required to have a peer review every three years, the scope of which covers a one-year period. There are two levels of Peer Reviews. For those Firms that their highest level of report issued is a review report there is an "Engagement review" available. This review involves submitting sample reports and other selected documents to a Peer Reviewer. This is all done remotely and is much less expensive to undergo. For those Firms that issue audit level reports, they are required to have a "System review". A System review requires a complete review of all levels of reports issued including the related working papers and a study of the Firm's system of quality control. This type of review is generally conducted at the Firm's office. However, in certain circumstances a system review can be performed remotely. The review is conducted by an independent evaluator known as a peer reviewer and is not considered final until accepted by a technical reviewer and committee of their peers, also known as report acceptance bodies (RABs). RABs must consist of at least three qualified individuals who are independent of the reviewed firm and the peer reviewer. In certain circumstances, reviewed firms are requested by the reviewer to complete one or more follow-up actions, also known as corrective actions. The RAB approves or reviews and requests changes to the corrective actions as a condition of acceptance by the RAB.

PROAC Annual Report

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the California Society of CPA's ("CalCPA") for the period from July 1, 2025, through June 30, 2026. The purpose of the Peer Review Oversight Advisory Committee (PROAC) is to provide reasonable assurance that:

- The participating entities are complying with the administrative procedures acceptable to the Board.
- Reviews are being conducted in accordance with A.A.C R4-1-454 which incorporates by reference the Standards for Performing and Reporting on Peer Reviews.
- Results of peer reviews are evaluated in a consistent manner.
- Compliance information is provided to reviewed firms and reviewers by administering entities in an accurate and timely manner.
- The Board is advised on any other matters related to the Peer Review program.
- Corrective actions are appropriate and consistent, the Committee monitors corrective actions to ensure they are consistent and appropriate.
- Firms that are issued two consecutive non-pass peer review reports are properly evaluated for potential referral to the AICPA Peer Review Board.

The CalCPA administration of the peer review program is performed by a Peer Review Committee and associated Report Acceptance Bodies (RABs). They are assisted by technical reviewers engaged by

CalCPA 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 of corrective actions to be performed relative to the peer review.

PROAC members observed 34 RAB meetings during fiscal year 2026. We received the information the RABs had available to make their conclusions prior to the meetings and observed, without comment, the proceedings. We endeavor to ensure that at least one PROAC member attends each RAB meeting but on occasion a RAB meeting might not have Arizona oversight due to last minute scheduling conflicts. After each of the meetings, the PROAC members review a standardized checklist and summarize any observations if members felt it was noteworthy. The PROAC members reported that the RAB members were engaged, knowledgeable, and fair. They were very well-informed about each individual file, professional standards, and peer review standards. We found that RAB members had productive and informative discussions, resolved any issues quickly and fairly, and were consistent in their conclusions and required corrective actions.

During the 2026 fiscal year, CalCPA reviewed 22 system review reports and accepted 15 (68.18%) without follow-up or monitoring actions. The remaining 7 (31.82%) were subjected to further monitoring by the RAB.

CalCPA reviewed 28 engagement review reports and accepted 20 (71.43%) without follow-up or monitoring actions. The remaining 8 (28.57%) were subjected to further monitoring by the RAB.

Additionally, there was one firm with that was referred to an AICPA Hearing, which resulted in termination from the program.

Report Ratings	07/01/2025-06/30/2026	
	QTY	%
System Reviews		
Pass	15	68%
Pass with Deficiency	5	23%
Fail	2	9%
Total System	22	

Engagement Reviews		
Pass	20	71%
Pass with Deficiency	6	21%
Fail	2	7%
Total Engagement	28	
Summary Total	50	

Based upon the results of the procedures we performed, it is our conclusion that peer reviews administered by CalCPA for the period from July 1, 2026, through June 30, 2027, were conducted and reported on in accordance with the standards of the AICPA Peer Review Program and that the AICPA program can be relied upon as a basis for excluding AZ registered firms from undergoing Board initiated reviews.

PROAC Business:

The Committee did not meet in fiscal year 2026. The Committee is scheduled to meet once a quarter but will only meet if the PROAC members have concerns that they want to discuss and share as a result of their oversight of the RAB process. The Board relies on AICPA communications of dropped or terminated firms to take enforcement action.

Review of Firms' Compliance with Peer Review Requirements:

This fiscal year, through the ED Delegated authority to approve compliance with peer review requirements for firms enrolled in peer review, 98% of the files were compliant with 2% of files for firms not enrolled in peer review being referred to the Compliance team for further action.

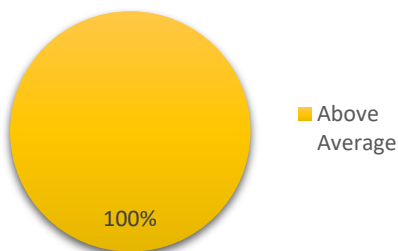
Committee Feedback

Board staff distributed the annual Committee Survey in March 2026 to help better understand Committee efficiency and effectiveness. Three out of five Committee members responded this year. Below are their responses:

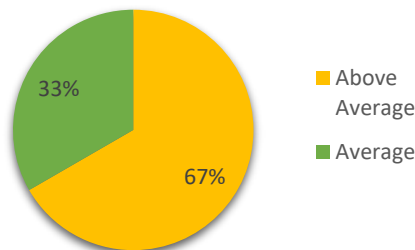
FISCAL YEAR 2026 PEER REVIEW FILES REVIEWED			
Month	ED Delegation	Compliance	Total
July-25	7	0	7
August-25	7	0	7
September-25	6	1	7
October-25	10	0	10
November-25	9	0	9
December-25	13	0	13
January-26	14	1	15
February-26	14	0	14
March-26	20	0	20
April-26	4	0	4
May-26	7	0	7
June-26	10	1	11
Total	121	3	124
Percent	98%	2%	100%

How would you rate your Committee's diversity as it relates to:

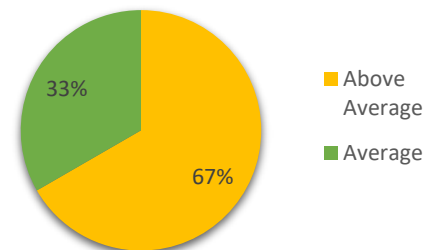
Professional specialities/expertise?



Size of CPA firms represented?

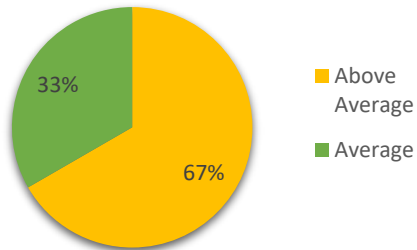


Years of Practice?

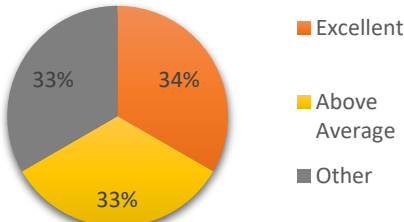


How would you rate your fellow Committee members' level of engagement as it relates to:

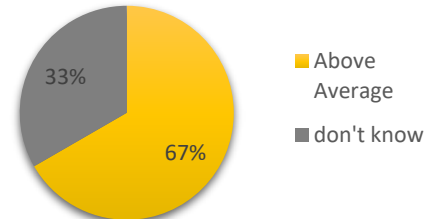
Coming prepared to each Committee meeting?



Participating in Committee deliberation (asking questions, identifying violations, making recommendations)?



Being knowledgeable of Board statutes and rules?



Other: "No actual meetings-online observations only"

The survey also inquired if there was any additional information the Committee members would like to share regarding the survey questions or the operation of their Committee. One comment we provided, *"Our committee no longer meets due to inactivity-still active in RAB observations only."*

The Committee would like to thank Board staff for their support in their ongoing coordination with the administering entity throughout the fiscal year to get PROAC members scheduled to attend the monthly RAB meetings.

Respectfully submitted,

Timothy R. Coffey

Timothy R. Coffey
Peer Review Oversight Advisory Committee Member