

Tennessee Society of CPAs (TSCPA) Peer Review

Annual Report on Peer Review Activities

Issued: March 30, 2023

I. Administering Entity Oversight Process and Procedures

The TSCPA Peer Review Oversight Policy is attached.

II. Summary of Peer Review Program(s)

- 1) Number of firms enrolled and name of peer review program administered:

513 firms enrolled, AICPA Peer Review Program

- 2) Results of Peer Reviews Accepted During the Year(s) _____2022_____

- a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program	
System Reviews		%
Pass	53	85%
Pass with deficiency(ies)	6	10%
Fail	3	5%
Total	62	
Engagement Reviews		%
Pass	95	79%
Pass with deficiency(ies)	19	16%
Fail	7	6%
Total	121	

- b) Type and Number of Reasons for Report Deficiencies for System Reviews

	AICPA Peer Review Program
Leadership responsibilities for quality within the firm ("the tone at the top")	2
Relevant ethical requirements	0
Acceptance and continuance of client relationships and specific engagements	3

Human resources	4
Engagement performance	5
Monitoring	2
Total	16

c) Number of Engagements Not Performed or Reported on in Conformity with Professional Standards in All Material Respects (Nonconforming engagements)

Engagement Type	AICPA Peer Review Program		
	Number of Engagements		
	Reviewed	Nonconforming engagements	
Audits:			
Single Audit	20	3	15%
Government Auditing Standards	40	3	8%
ERISA	40	6	15%
FDICIA	1	1	100%
All Other	65	9	14%
Reviews	139	27	19%
Compilations and Preparations:			
With Disclosures	58	6	10%
Omit Disclosures	238	26	11%
SOC Reports	3	0	0%
Agreed Upon Procedures (including SSAE and GAS)	23	2	9%
Totals	627	83	13%

d) Summary of Required Follow-up Actions (includes corrective actions and implementation plans)

Type of Follow-Up Action	AICPA Peer Review Program
Agree to take/submit proof of certain CPE	56
Agree to pre-issuance reviews	26
Agree to post-issuance reviews	12
Agree to review of remedial actions	2

Submit monitoring or inspection report to Team Captain or Peer Review Committee	5
Submit to outside party revisit	1
Elect to have accelerated review	0
Submit evidence of proper firm licensure	0
Team Captain to review Quality Control Document	1
Submit a CPE Plan to the Committee	1
Total	104

III. Oversight Process

Oversight Results

a) Peer reviews

AICPA Peer Review Program Firms

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	GAGAS	1
Engagement		1

b) Oversight Performed on the AE

The results of our most recent oversight performed by the AICPA Oversight Task Force, which covers only the AICPA Peer Review Program, are available on the [AICPA's website](#).

TSCPA Peer Review Committee

Guidelines for Oversight of the Peer Review Program

In response to impacts from the COVID-19 pandemic, the AICPA Oversight Task Force (OTF) revised the minimum number required oversights for 2022. AEs are required to perform oversights on a minimum of:

- *1% of peer reviews performed*
- *One System and one Engagement Review*

In accordance with these revisions, the TSCPA Peer Review Committee plans to oversight a minimum of 1% of reviews performed in 2022.

The requirement to perform reviewer resume verification procedures was also waived for 2022.

In conjunction with the Committee's administration of the AICPA Peer Review Program, the Committee has accepted responsibility to ensure that:

- Reviews are administered in compliance with the administrative procedures established by the AICPA Peer Review Board.
- Reviews are being performed and reported upon in accordance with the *Standards for Performing and Reporting on Peer Reviews*.
- Review results are being evaluated on a consistent basis.
- Information disseminated by the Tennessee Society of CPAs with respect to peer reviews is current and accurate.

This responsibility involves a need to oversight selected peer reviews and selected peer reviewers in both a random and an as-needed basis.

During the selection process, special consideration will be given to firms and/or reviewers who appear in the referral database of the AICPA. Special consideration will also be given to reviews performed by Committee members or reviews performed on Committee members' firms. Additionally, the Committee Chair will be subject to an oversight at least once during his or her term as Chair. Chair terms typically are 3 years in duration.

Additional optional oversight procedures, including resume verification may be executed at the direction of the CPA on Staff, Committee and / or Technical Reviewers in accordance with guidance from the AICPA Peer Review Board.

In fulfilling its oversight responsibilities the Committee will be guided by Chapter 2 "Administering Entities' Oversight Requirements" in the *AICPA Peer Review Program Oversight Handbook*, which states that Oversight will be performed on a minimum of 2% of all reviews administered annually and will include a minimum of two system (on-site) reviews. These oversights will include peer reviewer materials involving the selected engagement and the reviewed firm's reports and related financial statements and the underlying working papers.

Reasonable deviations from or modifications to this guidance are allowed if directed by the Committee Chair. Periodically or no less than annually, the Committee Chair or his/her designee will report to the Committee on the extent of and results of recent administrative oversight procedures.

Revised: September 28, 2022

Revised: October 4, 2019

Revised: November 29, 2012

Adopted: December 15, 2005