

## **Massachusetts Society of CPAs AICPA Peer Review Program 2023 Annual Report on Peer Review Activities**

**Accepted by MassCPAs Peer Review Executive Committee May 1, 2024**

### **I. Administering Entity Oversight Process and Procedures**

Oversight is a process where a firm's review/reviewer is observed by another peer reviewer. Annually, the AICPA sets the minimum number of system and engagement review oversights required by each administering entity.

A member of the MassCPA's Peer Review Committee or other approved qualified individual performs the oversight. Both firms and reviewers are subject to oversight.

Oversight may include visiting the firm as part of the peer review process or reviewing specific engagements. Oversight may also be performed after the review is complete. Oversight includes review of the reports and financial statements, as well as firm work papers.

Firms may be chosen for oversight based on several factors including but not limited to the types of peer review reports previously received, high risk engagements performed by the firm, or if it's the firm's first peer review.

Reviewers may be selected randomly or due to other factors including but not limited to frequent submissions of pass reports, conducting reviews for firms with audits in high-risk industries, or due to performance deficiencies such as issuance of an inappropriate peer review report or failure to properly reach the appropriate conclusion during a review.

## II. Summary of Peer Review Program

- 1) As of December 31, 2023, the Massachusetts Society of CPAs Administers Peer Review for 476 Firms Enrolled in the AICPA Peer Review Program.
- 2) Results of Peer Reviews Performed and Accepted During Calendar Year 2023.
  - a) Results of Reviews by Type of Peer Review and Report Issued

<b>Engagement Reviews</b>	<b>Number</b>	<b>%</b>
Pass	80	91.95%
Pass with Deficiency(ies)	6	6.90%
Fail	1	1.15%
<b>Total</b>	<b>87</b>	<b>100.00%</b>
<b>System Reviews</b>		
Pass	56	81.16%
Pass with Deficiency(ies)	10	14.49%
Fail	3	4.35%
<b>Total</b>	<b>69</b>	<b>100.00%</b>

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

Engagement Performance	8
Human Resources	3
Monitoring	3
Acceptance and continuance of client relationships and specific engagements	1
<b>Total</b>	<b>15</b>

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

Engagement Type	Number of Engagements		%
	Reviewed	Nonconforming Engagements	
Audits:	21	9	42.86%
Single Audit			
Government Auditing Standards – All Other	38	5	13.16%
ERISA	38	4	10.53%
FDICIA	1	0	0.00%
Other	102	5	4.90%
Reviews	171	7	4.09%
Compilations and Preparations:	81	1	1.23%
With Disclosures			
Omit Disclosures	126	3	2.38%
Financial Forecast & Projections	0	0	0.00%
SOC Reports	0	0	0.00%
Agreed Upon Procedures	13	0	0.00%
Other SSAEs			
<b>Totals</b>	<b>591</b>	<b>34</b>	

d) Summary of Required Follow-up Actions

Type of Follow-Up Action	
Agree to Pre-issuance Review by Team Captain or Outside Party	7
Agree to Remediate Deficiencies noted in firm's Peer Review	4
Agree to Not Perform Any Engagements Subject to Peer Review	2
Join Government Audit Quality Center	1
Submit Evidence of Proper Firm License	1
Submit Inspection Report to Team Captain or Outside Party for Review	1
Submit Monitoring Report to Team Captain or Outside Party for Review	3
Submit Proof of Certain CPE Taken	15
Team Captain or Outside Party to Review Firm's Remedial Actions in its Response on the FFC	1
Team Captain or Outside Party to Review Firm's Remedial Actions in LOR	3
<b>Total</b>	<b>38</b>

### III. Oversight Process

#### Oversight Results

##### a) Peer Reviews

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	2	2
Engagement	NA	2

##### b) Oversight Performed on MassCPAs

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](https://us.aicpa.org/content/dam/aicpa/interestareas/peerreview/resources/transparency/oversight/downloadabledocuments/massachusetts.pdf) <https://us.aicpa.org/content/dam/aicpa/interestareas/peerreview/resources/transparency/oversight/downloadabledocuments/massachusetts.pdf>