

## Puerto Rico Society of CPAs

### Annual Report on Peer Review Activities

Issued March 17, 2023

## I. Administering Entity Oversight Process and Procedures

- **Oversight process:**

The Peer Review Committee has an oversight subcommittee that selects Peer Reviews and Reviewers to be oversighted during the year. The committee selects oversights for Peer Reviewers, Engagements and Firms. The selection for each category is made based on input from AE, Technical Reviewers and Committee Members based on their own experience placing emphasis on matters outlined by the AICPA Peer Review Program oversight handbook.

The oversights are performed by a Peer Review Committee Member or its designee. On an annual basis at least two system reviews and two engagements reviews (depending on the quantity completed since we only may have one or two engagement reviews per year, if any.) are selected for oversight.

- **Oversight procedures performed to firms and peer reviewers.**

During 2022 we performed three<sup>1</sup> oversights (1 onsite and 2 offsite). These oversights were performed by committee/RAB members with proper qualifications, as required by AICPA. The oversighters completed the oversight procedures in accordance with the AICPA requirements.

- **General results of the oversight program for the year 2022**

As a result of the three oversights or 8.33% performed, it was noted that two of them were performed in agreement with AICPA procedures and one was not performed as such. To this reviewer the Committee sent a reviewer performance feedback communication. Each oversight was performed to a different reviewer, thus covering three reviewers, three firms.

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<sup>1</sup> The one related to NMA is part of the 2021 oversight count for POA purposes.

## II. Summary of Peer Review Program(s)

- 1) Our Society administers two (2) peer review programs:
  - a. **AICPA Peer Review Program:** 91 members. Participation in this program is mandatory for AICPA members, however, membership in the AICPA is voluntary.
  - b. **Programa Voluntario de Revisión de Calidad entre Colegas de PR (State Program):** 7 members.<sup>2</sup> . Participation in the state program is voluntary as in PR peer review is not mandatory as it is in the other US jurisdictions.

### 2) Results of Peer Reviews Accepted During the Year 2022:

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

	AICPA Peer Review Program		AE Peer Review Program	
<b>System Reviews</b>		%		%
Pass	33	92%	1	100
Pass with deficiency(ies)	3	8%	-	-
Fail	-	-	-	-
Total	36	100%	1	100%
<b>Engagement Reviews</b>		%		%
Pass	-	-	-	-
Pass with deficiency(ies)	-	-	-	-
Fail	-	-	-	-
Total	-	-	-	-

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

	AICPA Peer Review Program	AE Peer Review Program
Leadership responsibilities for quality within the firm (“the tone at the top”)	-	N/A
Relevant ethical requirements	-	-
Acceptance and continuance of client relationships and specific engagements	-	-
Human resources	-	-

<sup>2</sup> The Society Peer Review Program has in total 40 members, however out of these, only 7 are registered in the System Review section. This state program has other sections that are preparatory to the system review.

	<b>AICPA Peer Review Program</b>	<b>AE Peer Review Program</b>
Engagement performance	3	-
Monitoring	2	-
<b>Total</b>	<b>5</b>	<b>-</b>

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			AE Peer Review Program		
	Number of Engagements		%	Number of Engagements		%
	Reviewed	Nonconforming engagements		Reviewed	Nonconforming engagements	
Audits:				N/A	N/A	
Single Audit	20	5				
Government Auditing Standards – All Other	11	3		-	-	
ERISA	14	2		-	-	
FDICIA	-	-		-	-	
Other	39	3		-	-	
Reviews	16	-		-	-	
Compilations and Preparations:						
With Disclosures	31	1		-	-	
Omit Disclosures	2	-		-	-	
Financial Forecasts & Projections	-	-		-	-	
SOC Reports	2	-		-	-	
Agreed Upon Procedures	12	-		-	-	
Other SSAEs	8	-		-	-	
<b>Totals</b>	<b>155</b>	<b>14</b>		<b>-</b>	<b>-</b>	

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

<b>Type of Follow-Up Action</b>	<b>AICPA Peer Review Program</b>	<b>AE Peer Review Program</b>
Agree to take/submit proof of certain CPE	3	N/A
Submit to review of nonconforming engagements	-	-
Agree to pre-issuance reviews	3	-
Agree to post-issuance reviews	-	-
Agree to review of remedial actions	-	-
Submit monitoring or inspection report to Team Captain or Peer Review Committee	-	-
Submit to outside party revisit	1	-
Elect to have accelerated review	-	-
Submit evidence of proper firm licensure	-	-

Type of Follow-Up Action	AICPA Peer Review Program	AE Peer Review Program
Firm has represented in writing they no longer perform or are engaged to perform any engagements subject to peer review	-	-
Agree to hire outside party or consultant for inspection	-	-
Team Captain to review Quality Control Document	-	-
Submit proof of purchase of manuals	-	-
Agree to join an Audit Quality Center	1	-
Other	12	-
Total	20	-

### 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	2	2
Engagement	0	0

##### State Peer Review Program Firms

Type of Peer Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	0	0
Engagement	0	0

##### 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](#).