Puerto Rico Society of CPAs

Annual Report on Peer Review Activities
Issued April 2, 2024

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 selection for each category is made based on input from AE, Technical Reviewers and Committee Members placing emphasis on matters outlined by the current Standards for Performing and Reporting on Peer Reviews and the Oversight Policy.

  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. During this year we did not have engagement reviews.

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

  During 2023 we performed four oversights (three onsite and one 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 four oversights performed, it was noted that the four were performed in agreement with AICPA procedures. Each oversight was performed to a different reviewer, thus covering four reviewers, four firms.

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): 6 members.[1] . 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 2023:

a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program		AE Peer Review Program	
System Reviews		%		%
Pass	24	92%	-	-
Pass with deficiency(ies)	-	-	-	-
Fail	2	8%	2	100%
Total	26	100%	2	100%
Engagement Reviews		%		%
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")	1	-
Relevant ethical requirements	-	-
Acceptance and continuance of client relationships and specific engagements	-	-
Human resources	1	-
Engagement performance	2	2
Monitoring	1	2
Total	**5**	**4**

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[1] The Society Peer Review Program has in total 40 members, however out of these, only 6 are registered in the System Review section. This state program has other sections that are preparatory to the system review.

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	15	4				
Government Auditing Standards – All Other	4	1		-	-	
ERISA	11	2		-	-	
FDICIA	-	-		-	-	
Other	41	5		4	3	
Reviews	9	1		2	1	
Compilations and Preparations:						
With Disclosures	26	1		2	1	
Omit Disclosures	-	-		-	-	
Financial Forecasts & Projections	-	-		-	-	
SOC Reports	2	-		-	-	
Agreed Upon Procedures	16	1		-	-	
Other SSAEs	-	-		-	-	
Examinations	1	0				
Attestation Engagements (Examination, Reviews or AUP under GAS)	3	0				
Totals	128	15		8	5	

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

Type of Follow-Up Action	AICPA Peer Review Program	AE Peer Review Program
Agree to take/submit proof of certain CPE	3	N/A
Submit to review of nonconforming engagements	-	-
Agree to pre-issuance reviews	2	-
Agree to post-issuance reviews	-	-
Agree to review of remedial actions in LOR	1	2
Submit monitoring or inspection report to Team Captain or Peer Review Committee	-	-
Submit to outside party revisit	-	-
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	-	-
Other	-	-
Total	6	2

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	4	4
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.