Mississippi Society of CPAs

Annual Report on Oversight for 2013

Date Issued <u>December 12, 2014</u>

General description of oversight process:

The Peer Review Oversight Committee will annually perform oversight on at least 2% of the reviews scheduled for the current year. Within the 2% selected, there will be two system and two engagement reviews selected for oversight. The Oversight Chair asks the AE for assistance on choosing which reviews to oversight by looking at their scheduling form.

Within the two (2) system reviews selected, GAGAS engagements and ERISA engagements are covered.
The selections are random and/or targeted based on the above system review criteria.

A Peer Review Oversight Committee member will be assigned to perform the oversight. The oversight will be performed in accordance with the guidelines listed in the AICPA Peer Review Program Oversight Handbook. That Committee member will be present for, at a minimum, the exit conference. The Committee member will complete the applicable exhibits in the Oversight handbook and submit those exhibits along with a written report to the Peer Review Committee for approval. Committee members will be reimbursed for their travel expenses.

Reviewer Resume Verification:

All Mississippi reviewer resumes must be verified over a 3 year period, with 33% of reviewer resumes being verified each year by the MS Peer Review Oversight Chair. The verification process is performed in accordance with the guidance provided in the AICPA PRP Oversight Handbook.

Administrative Oversight:

Every year, the committee chair accompanies the oversight committee chair to perform the administrative oversight to ensure that the peer review program is being administered in accordance with the guidance as issued by the AICPA Peer Review Task Force.

Technical Reviewer Oversight:

Each year the Oversight chair performs an evaluation of the technical reviewer.

<u>Summary of Peer Review Programs:</u>

The Mississippi Society of CPAs (MSCPA) serves as the administering entity for the AICPA Peer Review Program in the state of MS, and also administered the MSCPA Peer Review Program (which operates exactly the same as the AICPA Peer Review Program) for firms not enrolled in the AICPA Peer Review Program. Participation in the program is required of each

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practice unit registered with the Mississippi State Board of Public Accountancy (MSBPA) which issues reports on accounting and auditing engagements, including audits, reviews, compilations and respective financial information. The MSBPA has designated MSCPA as an authorized administering entity able to approve peer review reports issued for firms enrolled in peer review programs administered by MSCPA

2) Number of Enrolled Firms by Number of Professionals* as of December 12, 2014

	AE Peer Review Program	^AICPA Peer Review Program
Sole Practitioners	21	81
2 to 5	22	129
6 - 10	2	42
11 - 19		23
20-49		7
50-99		
100+		1
Total Enrolled Firms	53	283

* Professionals are considered all personnel who perform professional services, for which the firm is responsible, whether or not they are CPAs. The number of enrolled firms is as of December 12, 2014. (The table does not include 22 firms that are enrolled but perform no Audit and Accounting services.)

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3) Results of Peer Reviews Performed During the Year(s) 2013

a) Results by Type of Peer Review and Report Issued

	NM Peer Review Program	^AICPA Peer Review Program
System Reviews:		
Pass	1	27
Pass with deficiency(ies)		7
Fail		1
Subtotal – System	1	35
Engagement Reviews:		
Pass	9	41
Pass with deficiency(ies)	4	6
Fail		
Subtotal - Engagement	13	47
Totals	14	82

Note: The above data reflects peer review results as of December 12, 2014. Approximately 1% of 2013(yr.) reviews are in process and their results are not included in the totals above.

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b) Number and Reasons for Report Modifications

Reasons for Report Modifications	AE Peer Review Program	^AICPA Peer Review Program
Leadership responsibilities for quality within the firm ("the tone at the top")		
Relevant Ethical Requirements		
Acceptance & Continuance of Client Relationships and specific engagements		1
Human Resources		
Engagement Performance		7
Monitoring		2
Totals	0	10

Note: The above data reflects peer review results as of December 12, 2014. Approximately 1% of 2013 (yr.) reviews are in process and their results are not included in the totals above.

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

Audits – Single Audit Act (A-133)			17	1
Audits – Governmental – All Other	1	1	18	
Audits – ERISA			1	
Audits – FDICIA			1	
Audits – Other	1		38	5
Reviews	3	1	34	
Compilations with Disclosures	3	1	15	1
Compilations without Disclosures	25	5	133	17
ESOP Plan			1	0
Other SSAEs			1	
Agreed-Upon Procedures			13	2
Def-Contrib. Plans-Ltd&Full Scope (excluding 403(b) plans			7	1
Def-Contrib. Plans-Ltd&Full Scope 403(b) plans only			1	
Totals	33	8	280	27

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d) Summary of Required Follow-up Actions

Note: The above data reflects peer review results as of December 12, 2014 Approximately 1% of 2013 (yr.) reviews are in process and their results are not included in the totals above.

Type of Follow-up Action	AE Peer Review Program	AICPA Peer Review Program
Agree to take certain Continuing Prof. Education (CPE)	3	5
Submit to team captain (TC) revisit – general		5
Submit to TC review of Sub engagement	4	4
Submit proof of CPE taken	1	
Total:	8	14

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III. Oversight Process

Oversight Results

a) Peer reviews

AICPA Member Firms

Type of Peer Review (Sys, Eng, Rpt)	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)
1 - System	GAGAS
1 - System	GAGAS
1 - System	ERISA
2 - Engagements	

AICPA Non-Member Firms

*

Type of Peer Review (Sys, Eng, Rpt)	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)
None	None

b) Verification of reviewer's resumes

Total Number of Peer Reviewers	Total Number of Resume's Verified for Year	% of Total Verified
38	16	33%

c) Administrative oversights

Date of Last Administrative Oversight Performed by the Administering Entity	September 2014
Date of Last On-site Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	November 2014