

Peer Review

OAB Peer Review Rules

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Peer Review

- Title 59 Oklahoma Statutes became effective September 1, 1992; Peer Review Section 15:30
- OAB rules were written and approved during the 2004 legislative session to provide implementation by the Board for the first time since the law was established
- Thus, 10:15-33 became effective July 1, 2005

Implementation of 10:15-33 (OAB Peer Review Rules)

- Effective July 1, 2005, all firms holding a permit from the OAB engaged to perform any audit or review services must participate in a Board approved sponsoring organization's peer review program
- The Board adopted the "Standards for Performing and Reporting on Peer Reviews" (AICPA) as its minimum standards for sponsoring organizations administering peer reviews to Oklahoma registrants

Administering Entities

- All entities or sponsoring organizations, administering peer reviews to Oklahoma registrants must be approved by the OAB
- No peer review will be accepted from any entity that has not first been approved by the OAB
- Consideration for approval will be given to those entities that provide the Peer Review Committee with a copy of its AICPA Oversight Report, or its equivalent, and can attest that it administers its peer reviews in accordance with the “Standards for Perform and Reporting on Peer Reviews” as promulgated by the AICPA

Administering Entities Cont...

- The Peer Review Committee is comprised of non-Board members and makes its recommendations to the Board concerning the approval of each entity
- All AICPA Oversight Reports provided to the Peer Review Committee are confidential and will not be seen by any Board member

Standards for Peer Reviewers

- Any firm performing peer reviews for Oklahoma registrants must be registered and hold a valid permit to practice public accounting issued by the Board
- Any individual performing peer reviews for Oklahoma registrants must be registered and hold a valid permit to practice public accounting or make applications for practice privileges (Subchapter 10:15-22)

Enrollment Requirements

- Thirty days to notify OAB of first audit or review engagement
- Twelve months from the performance of services requiring a peer review to enroll in a Board approved sponsoring organization's peer review program
- Must notify the OAB within thirty days of the assignment of the peer review due date

Peer Review Deadlines

- Firms must have a peer review within eighteen months of the year end of the engagement performed
- Board will accept extensions granted by the sponsoring organization provided the Board is notified by the firm within thirty days of the date the extension was granted

Reporting Peer Reviews to the OAB

- Unmodified Reports (with or without comments)
 - Copy of the report and the final letter of acceptance from the sponsoring organization
- Modified/Adverse Reports
 - Copy of the report, letter of comments, letter of response, conditional letter of acceptance and final letter of acceptance from the sponsoring organization
- Thirty days to submit any document received from the sponsoring organization

Reporting Peer Reviews Cont...

- There is no fee for submitting any unmodified peer review report
- A \$100 fee is assessed for submitting modified or adverse peer review reports

Reporting Peer Reviews Cont...

- The Oklahoma Accountancy Board Peer Review Committee reviews all adverse and modified peer reviews
- The Committee evaluates the follow up prescribed by the sponsoring organization to determine if any additional actions need to be taken
- All peer reviews submitted to the OAB and reviewed by the Committee will remain confidential

Reporting Peer Reviews Cont...

A firm receiving 2 consecutive modified and/or 1 adverse report may be required by the Board or its designee to have an accelerated peer review within 18 months of the firm's last review

Audits Performed in Accordance With GAS

- All registrants, prior to entering into contracts to perform an audit of a governmental entity, must register with the OAB and attest to the registrant's compliance with Government Auditing Standards
- Section 10:15-43

Audits Performed in Accordance With GAS Cont...

- The *Registration Form For Firms Who Perform Audits of Governmental Entities* may be found on the OAB website at www.ok.gov/oab
 - Forms
 - *Registration Form for Firms who Perform Audits of Governmental Entities* (found under the *Registration* heading)
- Each office of a firm performing GAS audits must submit a separate form although every office is represented by the firm's peer review

Audits Performed in Accordance With GAS Cont...

- Firms must be compliant with OAB peer review rules and must attest to meeting the Government Auditing Standards continuing professional education requirements (*Yellow Book*, www.gao.gov, paragraph 3.45)
- Firms must submit the registration form on or before December 31st of each year to maintain its status on the list of approved government auditors

Definitions

“Adverse Report” means there are significant deficiencies in the design of the firm’s system of quality control, pervasive instances of noncompliance with the system as a whole, or both, resulting in several material failures to adhere to professional standards on engagements

Definitions

“Modified Report” means the design of the firm’s system of quality control created a condition in which the firm did not have reasonable assurance of complying with professional standards or that the firm’s degree procedures did not provide it with reasonable assurance of complying with professional standards. A report modified due to scope limitations specifically related to compilations would not be considered modified for the purpose pursuant to these rules

Definitions

“Unmodified Report” means the reviewed firm system of quality control has been designed to meet the requirements of the quality control standards for an accounting and auditing practice and the system was being complied with during the peer review year to provide the firm with reasonable assurance of complying with professional standards

Definitions

- “Peer Review Due Date” must be a date within 6 months after the peer review year end
- “Peer Review Year End” means the year end as determined by the firm and its reviewer
- “Review Year” means the peer review covers a one-year period. Engagements selected for peer review normally would have periods ending during the year under peer review

Definitions

- “Performance of Services” is deemed to start when an engagement letter is signed or agreement is reached
- “Sponsoring Organization” means an individual or entity that meets the standards specified by the Board for administering the peer review