

## **Connecticut Society of CPAs Peer Review program**

### **2022 Annual Report on Peer Review Activities**

**Accepted by CTCPA Peer Review Committee January 11, 2023**

#### **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 CTCPA's Peer Review Committee or other approved qualified individual performs the oversight.

Oversight may include visiting the firm as part of the peer review process or reviewing specific engagements. Alternatively, oversight may be performed after the review is complete. Oversight includes review of the reports, financial statements, and 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 chosen for oversight due to factors including but not limited to a reviewer who issues an atypical percentage of pass peer review reports, conducting reviews for firms with audits in high-risk industries, or known performance deficiencies. Reviewers may also be chosen randomly, or on a rotating basis.

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

- 1) As of December 31, 2022, the Connecticut Society of CPAs administers peer review for 309 firms enrolled in the AICPA Peer Review program.
- 2) Results of Peer Reviews Accepted During Calendar 2022.
  - a) Results of Reviews Accepted in 2022 by Type of Peer Review and Report Issued

<b>AICPA Peer Review Program</b>		
<b>System Reviews</b>	<b>number</b>	<b>%</b>
Pass	40	83.33%
Pass with deficiency(ies)	5	10.42%
Fail	3	6.25%
Total	48	100.00%
<b>Engagement Reviews</b>	<b>number</b>	<b>%</b>
Pass	42	77.78%
Pass with deficiency(ies)	11	20.37%
Fail	1	1.85%
Total	54	100.00%

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

<b>AICPA Peer Review Program</b>	
Leadership responsibilities for quality within the firm (“the tone at the top”)	1
Relevant ethical requirements	0
Acceptance and continuance of client relationships and specific engagements	1
Human resources	2
Engagement performance	7
Monitoring	5
<b>Total</b>	<b>16</b>

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

<b>AICPA Peer Review Program</b>			
Engagement Type	Engagement Reviewed		%
	Total	Nonconforming engagements	
Audits:			
Single Audit	17	6	35.29%
Government Auditing Standards – All Other	18	4	22.22%
ERISA	22	4	18.18%
FDICIA	0	0	n/a
Other	51	3	5.88%
Reviews	83	14	16.87%
Compilations and Preparations:			
With Disclosures	62	4	6.45%
Omit Disclosures	88	4	4.55%
Financial Forecasts & Projections	0	0	n/a
SOC Reports	0	0	n/a
Agreed Upon Procedures	16	2	12.5%
Other SSAEs	1	0	0.00%
<b>Totals</b>	<b>358</b>	<b>41</b>	

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

<b>AICPA Peer Review Program</b>	
<b>Type of Follow-Up Action</b>	
Agree to take/submit proof of certain CPE	33
Submit to review of nonconforming engagements	5
Agree to pre-issuance reviews	13
Agree to post-issuance reviews	1
Agree to review of remedial actions	8
Submit monitoring or inspection report to Team Captain or Peer Review Committee	1
Agree to hire outside party or consultant for inspection	2
Agree to join an Audit Quality Center	1
<b>Total</b>	<b>64</b>

### III. Oversight Process

#### Oversight Results

##### a) Peer reviews

##### AICPA Peer Review Program Firms

Type of Peer Review	Must Select Engagements (GAGAS, ERISA)	Total Oversights
System	2	1
Engagement	n/a	1

##### 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](https://us.aicpa.org/content/dam/aicpa/interestareas/peerreview/resources/transparency/oversight/downloadabledocuments/connecticut.pdf)

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