

# Missouri Society of CPAs

## Annual Report on Peer Review Activities

January 1 through December 31, 2024

Issued 2/18/2025

### I. Administering Entity Oversight Process and Procedures

#### Oversight of Peer Reviews and Peer Reviewers

The Missouri Society of CPAs (MOCPA) Peer Review Executive Committee (Committee) is required by the AICPA to perform oversight on reviews administered by the MOCPA Peer Review Program as part of a regular process to assure the consistency and quality of the program.

#### Minimum Requirements

Per the AICPA's Oversight Handbook, Chapter 2, Section IV C, the MOCPA Peer Review Program, at a minimum, must conduct oversights on two percent of all reviews performed during the calendar year and, within the two percent selected, there will be at least two system reviews and two engagement reviews evaluated. All oversights will be conducted in a matter that adheres to AICPA procedures and policies. All costs associated with the oversight visit shall be paid by the administering entity.

#### Selection Process

The overall selection of the reviews can be random or targeted; however, all selections are made using a risk-based approach. Selection for oversight will be made by the Committee Chair based on input from the Peer Review Manager, technical reviewers, the CPA on staff, Report Acceptance Body (RAB) members and/or other Committee members. Oversight selection is made throughout the year. MOCPA considers risk factors as high-volume reviewers and reviews referred by technical reviewers, RAB members, CPA on Staff/AE where feedback has shown deficiencies or problems.

At least one individual conducting a system review oversight shall have the qualifications required of a system review team captain. Individuals conducting engagements review oversight shall have the qualifications required of an engagement review captain. All individuals performing oversight are subject to normal conflict of interest consideration and are responsible for alerting the administering entity if a conflict of interest shall arise. Oversight will be performed by a committee member or RAB member unless the Committee Chair designates an experienced reviewer to perform oversight.

#### Oversight Reviewers

Oversight reviewers are required to use the appropriate AICPA checklist and ensure the oversight is performed in a professional manner. If issues arise during the oversight, the team captain and the oversight reviewer are responsible for resolving the issue in a professional manner prior to the exit conference date if possible. One of the objectives of the oversight should be to ensure that the review was performed in accordance with standards and that the correct report and FFCs (if applicable) are being issued. The oversight reviewer should not just play the role of an observer but should also report these issues to the Committee. If a difference of opinion occurs between the team captain, oversight reviewer and/or the firm, the administering entity should be contacted. The

administering entity will then make the Committee aware of the conflict; then make the team captain, oversight reviewer and the firm aware of the committee’s position on the matter. The team captain and the oversight reviewer should try to resolve all matters professionally prior to contacting the administering entity, if possible.

Oversight reviewers will be compensated for their time at the current CART rates, plus all direct travel and out-of-pocket expenses by the MOCPA Peer Review Program. Unless there is a direct conflict of interest, reviewers shall be assigned to firms located nearby to minimize travel time and costs.

**Conclusion**

The Missouri Society of CPAs Peer Review Program is committed to adhering to AICPA policies and procedures established by the AICPA Peer Review Board.

**II. Summary of Peer Review Program**

The Missouri Society of CPAs (MOCPA) has administered the AICPA Peer Review Program since 1989. Peer Review at that time was voluntary. On January 1, 2004, the Missouri State Board of Accountancy (MOSBA), by Statute and Rule, required Peer Review for all firm engaged to perform more than two attest services in any calendar year. On January 1, 2008, all firms providing attest, review or compilation services were required to be enrolled in the AICPA Peer Review Program administered by the Missouri Society of CPAs and by Rule, and as a condition to the renewal of permits, firms were required to undergo, no more frequently than once every three years, peer reviews conducted in a manner as the board shall specify.

Currently, MOCPA administers the Peer Review Program for Missouri firms only. Missouri has in the past and continues today to follow the AICPA “Standards for Performing and Reporting on Peer Reviews” and related guidance when administering the AICPA Peer Review Program in Missouri.

1) Number of firms enrolled by Professionals \*

<b>Number of Professionals</b>	<b>PRIMA Firm Listing Report</b>
Sole Practitioners	87
2 – 5	154
6- 10	55
11+	43
<b>Total of Enrolled Firms</b>	<b>339</b>

\* Professionals are considered all personnel who perform professional services, for which the firm is responsible, whether or not they are CPAs.

2) Results of Peer Reviews Accepted During the Year(s) 2024

a) Results by Type of Peer Review and Report Issued

	<b>AICPA Peer Review Program</b>	
<b>System Reviews</b>		%
Pass	35	85%
Pass with deficiency(ies)	2	5%
Fail	4	10%
Total	41	100%
<b>Engagement Reviews</b>		%
Pass	72	88%
Pass with deficiency(ies)	6	7%
Fail	4	5%
Total	82	100%

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”)	0
Relevant ethical requirements	0
Acceptance and continuance of client relationships and specific engagements	1
Human resources	5
Engagement performance	6
Monitoring	5
<b>Total</b>	<b>17</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		
	Number of Engagements		%
	Reviewed	Nonconforming engagements	
Audits:			
Single Audit	32	4	13%
Government Auditing Standards – All Other	27	2	7%
ERISA	15	2	13%
FDICIA	2	0	0%
Other	44	5	11%
Reviews	63	6	10%
Compilations and Preparations:			
With Disclosures	35	2	6%
Omit Disclosures	171	8	5%
Financial Forecasts & Projections	0	0	0%
SOC Reports	2	0	0%
Attestation Engagements (Examination, Review or Agreed Upon Procedures under Gas)	9	3	33%
Agreed Upon Procedures	18	0	0%
Other SSAEs	1	0	0%
Examination Engagements	18	1	6%
<b>Totals</b>	<b>437</b>	<b>33</b>	<b>8%</b>

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

Type of Follow-Up Action	AICPA Peer Review Program
Agree to take/submit proof of certain CPE	28
Submit to review of nonconforming engagements	1
Agree to pre-issuance reviews	8
Agree to post-issuance reviews	6
Agree to review of remedial actions	6
Submit monitoring or inspection report to Team Captain or Peer Review Committee	2
Submit to outside party revisit	0
Elect to have accelerated review	0
Submit evidence of proper firm licensure	0

Firm has represented in writing they no longer perform or are engaged to perform any engagements subject to peer review	3
Agree to hire outside party or consultant for inspection	0
Team Captain to review Quality Control Document	0
Submit proof of purchase of manuals	0
Agree to join an Audit Quality Center	1
Other	4
Total	59

### 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	GAGAS, OMB Single Audit/ Yellow Book, State & Local Governments	2
Engagement	N/A	2

##### b) Oversight Performed on the AE

<b>Last Administrative Oversight Performed by AICPA Oversight Task Force</b>	October 15-16, 2024
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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](#).