

# **Society of Louisiana CPAs Annual Report on Oversight**

**Date Issued – August 12, 2022**  
**Period covered January 1, 2021 – December 31, 2021**  
**As of August 12, 2022**

## **Administering Entity Oversight Process and Procedures**

### **Summary of Peer Review Programs**

#### **Overview of Society of Louisiana CPAs Peer Review Program**

The Society of Louisiana CPAs Peer Review Program was formed in 1989, to administer the AICPA Peer Review Program. Society of Louisiana CPA member firms are enrolled in the AICPA Peer Review Program.

The Society of Louisiana CPAs serves as the administering entity for the AICPA Peer Review Program in Louisiana.

The Louisiana State Board of Accountancy (BOA) requires all firms permitted in Louisiana, who provide attestation services, be enrolled in a practice monitoring program. The BOA has designated the Society of Louisiana CPAs Peer Review Committee (LCPA PRC) as an authorized report acceptance body to approve peer review reports issued for firms enrolled in the peer review program.

The Society of Louisiana CPAs agrees to follow the AICPA “Standards for Performing and Reporting on Peer Reviews” and related guidance when administering the AICPA Peer Review Program in Louisiana.

### **Oversight of Peer Reviews and Reviewers**

#### **Oversight Selection**

The Society of Louisiana CPAs Peer Review Committee established Oversight Policies for the selection of peer reviews and reviewers for oversight based on the criterion as outlined in Chapter 2 of the AICPA Peer Review Program Oversight Handbook.

Both firms and peer reviewers are subject to oversight. Oversight on system reviews may include visiting the firm as part of the peer review process (on-site oversight) or reviewing specific engagement(s) (engagement oversight). Engagement oversight is generally performed after a system review is complete. Oversight on engagement reviews includes a review of the reports and financial statements as well as certain workpapers and is generally performed after the review is complete.

Firms may be selected for oversight based on several factors including but not limited to the types of peer review reports previously received, a member of the firm performs multiple peer reviews, high risk engagements performed by the firm, or the fact that it's the firm's first peer review.

Reviewers may be selected randomly or due to other factors including but not limited to frequent submission of pass reports, conducting reviews for firms with audits in high-risk industries, performance of their first peer review, or performing high volumes of reviews. Oversight of a reviewer can also occur due to performance deficiencies such as issuance of an inappropriate peer review report or failure to properly reach the appropriate conclusion during a review.

**Oversight Process**

A member of the Society of Louisiana CPAs Peer Review Committee or other approved qualified individual will perform the oversight. For system reviews and must-select engagement oversights, the individual must meet the requirements for serving as a team captain and have the appropriate industry experience.

The AICPA Peer Review Program Oversight Checklists are utilized on all oversight engagements. Oversight reports are tracked and maintained in an electronic file in the AICPA Peer Review Information Application (PRIMA). The reviewer is expected to respond to the oversight comments within 14 days of receiving the report via PRIMA.

**Minimum Requirements**

At a minimum, the Society of Louisiana CPAs Peer Review Program is required to conduct oversight on 2% of all reviews performed in a twelve-month period, and within the 2% selected, there must be at least two of each type of peer reviews evaluated (system and engagement reviews).

Also, at least two system reviews must be conducted and include a review of the complete peer review process, including attendance at the exit conference. An engagement oversight (performed either off-site or on-site) is the review of all peer reviewer workpapers and the reviewed firm's financial statements and working papers on the engagement. Oversight of engagement reviews includes a review of the selected financial statements and engagement working papers prepared by the reviewed firm that the review captain previously reviewed, as well as the peer review report and complete reviewer's working papers.

1. Number of Enrolled Firms by Number of Professionals\*

Number of Professionals	PRIMA Firm Listing Report
Sole Practitioners	136
2 – 5	146
6- 10	52
11+	44
<b>Total of Enrolled Firms</b>	<b>378</b>

PRIMA Firm Listing Report

\* 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 Performed

Report: (Summary/Detailed Results of Peer Reviews Performed)

a. Results by Type of Peer Review and Report Issued

	PRIMA Results
<b>System Reviews:</b>	
Pass	56
Pass with deficiency(ies)	06
Fail	02
<b>Subtotal –System</b>	<b>64</b>
<b>Engagement Reviews:</b>	
Pass	85
Pass with deficiency(ies)	14
Fail	06
<b>Subtotal – Engagement</b>	<b>105</b>
<b>Total</b>	<b>169</b>

Results of Peer Reviews Performed During Year

b. Number and Reasons for Report Modifications

Report: (Summary/Detailed Reasons for PWD or Fail Reports)

The following lists the reasons for report modifications (that is, pass with deficiency(ies) or fail reports) from system reviews performed for the period covered summarized by elements of quality control as defined by QC section 10. A system review includes determining whether the firm’s system of quality control for its accounting and auditing practice is designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including QC section 10, in all material respects. QC section 10 states that the quality control policies and procedures applicable to a professional service provided by the firm should encompass the following elements: leadership responsibilities for quality within the firm (“the tone at the top”); relevant ethical requirements; acceptance and continuance of client relationships and specific engagements; human resources; engagement performance; and monitoring. Because pass with deficiency(ies) or fail reports can have multiple reasons identified, the numbers contained in this exhibit will exceed the number of pass with deficiency(ies) or fail system reviews listed in other areas of the report.

<b>Reasons for Report Modifications</b>	<b>PRIMA Results</b>
Acceptance and continuance of client relationships and specific engagements	02
Engagement Performance	07
Human Resources	04
Leadership Responsibilities for Quality within the Firm (Tone at the Top)	02
Monitoring	03
Relevant Ethical Requirements	01
<b>*Total</b>	<b>19</b>

\*Represents 8 firms

c. Number of Engagements Not Performed or Reported on in Accordance with Professional Standards  
 Report: Summary/Detailed of Non-Conforming Engagements

The following shows the total number of engagements reviewed (system reviews and engagement reviews) and the number identified as Not Performed in Accordance with Professional Standards in all material respects. The Standards state that an engagement is ordinarily considered not performed or reported in accordance with applicable professional standards in all material respects when issues, individually or in aggregate, exist that are material to understanding the report or the financial statements accompanying the report, or represents omission of a critical accounting, auditing, or attestation procedure required by professional standards.

Summary of Non- Conforming Engagements	PRIMA Results	
	# Reviewed	# Non-Conforming
Level of Service		
Agreed-upon Procedures Engagements	12	02
Agreed-upon Procedures Engagements (SSAE)	05	00
All others subject to GAS	41	11
Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)	41	07
Compilations Omit Disclosures (Engagement Reviews)	145	18
Compilations with Disclosures (Engagement Reviews)	25	04
Compilations Omit Disclosures (System Reviews)	53	05
Compilations with Disclosures (System Reviews)	36	02
Employee Retirement Income Security Act (ERISA): Defined Benefit Plans	01	00
Employee Retirement Income Security Act (ERISA): Defined Contribution Plans (403(b) plans only)	03	02
Employee Retirement Income Security Act (ERISA): Defined Contribution Plans (excluding 403(b) plans)	23	07
Employee Retirement Income Security Act (ERISA): Employee Stock Ownership Plans (ESOP)	04	01
Employee Retirement Income Security Act (ERISA): Health and Welfare	03	01
Examination Engagements	01	00
FDICIA Audits of Federally Insured Depository Institutions (with more than \$1 billion in beg total assets and required annual report on internal controls)	01	00
OMB Single Audit Engagements	33	09
Other Audits Under Statements on Auditing Standards	34	07
Preparation Engagements Omit Disclosures	13	00
Preparation of financial statements that omit substantially all Disclosures (with or without disclaimer reports)	06	01
Reviews of financial statements (System Reviews)	58	05
Reviews of financial statements (Engagement Reviews)	31	03
<b>Totals</b>	<b>569</b>	<b>85</b>

d) Summary of Required Follow--up Actions

Report: Summary/Detailed of Required Followup

The Peer Review Committee is authorized by the Standards to decide on the need for and nature of any additional follow--up actions required as a condition of acceptance of the firm's peer review. During the report acceptance process, the peer review committee evaluates the need for follow--up actions based on the nature, significance, pattern, and pervasiveness of engagement deficiencies. The peer review committee also considers the comments noted by the reviewer and the firm's response thereto. If the firm's response contains remedial actions which are comprehensive, genuine, and feasible, then the committee may decide to not recommend further follow--up actions. Follow--up actions are remedial and educational in nature and are imposed in an attempt to strengthen the performance of the firm. A review can have multiple follow--up actions. For 2021, the following represents the type of follow--up actions required.

<b>Type of Follow-up Action</b>	<b>PRIMA Results</b>
Agree to Pre-issuance Review by TC/Outside Party	08
Submit Monitoring Report to Team Captain/Outside Party for Review	01
Submit Proof of Certain CPE Taken	59
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/o wp's	01
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/ wp's	04
TC/Outside Party Review Correction of Non-Conforming Engagements	06
TC/Outside Party to Review Quality Control Document	01
<b>Total</b>	<b>80</b>

(TC=Team Captain)

**III. Oversight Results**

a) Peer reviews

AICPA Member Firms

<b>Type of Peer Review (SYS, ENG)</b>	<b>Total Number of Oversight Performed</b>	<b>Oversight Included Must Select Engagement (ERISA, GAGAS, FDICA)</b>
System	3	1
Engagement	3	

b) Administrative oversights

Date of Last On-site Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	<b>August 24-25, 2021</b>
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