

Idaho Peer Review Annual Report on Oversight Date Issued – December 30, 2015

Administering Entity Oversight Process and Procedures

General Guidelines:

The Peer Review Committee will annually perform oversight on at least 2% of the reviews scheduled for the current year. Within the 2% selected, there will be at least one system and one engagement review selected for oversight.

In addition to the criteria mentioned above, at least two engagement oversights will be performed each year. These oversights must include either audits of employee benefit plans under ERISA, engagements under the Governmental Auditing Standards or FDIC engagements. Also, the two oversights selected should not be of the same types of audits.

The selections may be random or targeted and are based on the criterion which is outlined in the AICPA Peer Review Program Oversight Handbook.

A Committee member will be assigned to perform the oversight. Where needed, the technical reviewer may also perform oversight. The oversight will be performed in accordance with the guidelines listed in the *AICPA Peer Review Program Oversight Handbook*. The 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 Idaho reviewer resumes will be verified over a three-year period, with 1/3 of reviewer resumes being verified each year. The verification process will be performed in accordance with the guidance provided in the AICPA PRP Oversight Handbook.

Administrative Oversight:

Every other year, the Committee chair will perform administrative oversight to ensure that the peer review program is being administered in accordance with guidance as issued by the AICPA Peer Review Board. This oversight will be performed utilizing the guidelines listed in the *AICPA Peer Review Program Oversight Handbook*.

Technical Reviewer Oversight:

Each year the Committee, or a representative of the Committee, will perform a formal evaluation of the technical reviewer.

Summary of Peer Review Programs

The Idaho Society of CPAs (ISCPA) serves as the administering entity for the AICPA Peer Review Program in the State of Idaho, and also administers the ISCPA 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 practice unit registered with the Idaho State Board of Accountancy (ISBA) which issues reports on accounting and auditing engagements, including audits, reviews, compilations and prospective financial information. The ISBA has designated ISCPA as an authorized administering entity able to approve peer review reports issued for firms enrolled in peer review programs administered by ISCPA.

**Number of Enrolled Firms by Number of Professionals*
as of December 17, 2015**

	^AICPA Peer Review Program	ISCPA Peer Review Program
Sole Practitioners	31	21
2-5 Professionals	75	24
6-10 Professionals	43	3
11-19 Professionals	10	0
20-49 Professionals	7	0
Totals	166	48

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

^ At least one partner of the firm must be a member of the AICPA to enroll in the AICPA Peer Review Program.

Results of Peer Reviews Performed During the Year 2014

Results by Type of Peer Review and Report Issued

	^AICPA Peer Review Program	ISCPA Peer Review Program
System Reviews:		
Pass	18	0
Pass with Deficiencies	5	2
Fail	2	0
Subtotal – System	25	2
Engagement Reviews:		
Pass	31	8
Pass with Deficiencies	4	2
Fail	1	3
Subtotal – Engagement	36	13
Totals	61	15

Note: The above data reflects peer review results as of December 17, 2015. Approximately 8.5% of 2014 reviews are in process and their results are not included in the totals above.

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Reasons for Pass with Deficiencies and Fail Report Grade

The following lists the reasons, summarized by elements of quality control as defined by Statement on Quality Control Standards, for Pass with Deficiencies and Fail Report Grade for system reviews performed for 2014.

Reasons for Pass with Deficiencies and Fail Report Grade	^AICPA Peer Review Program	ISCPA Peer Review Program
Leadership responsibilities for quality within the firm (“the tone at the top”)	3	1
Relevant Ethical Requirements	1	0
Acceptance and Continuance of Client Relationships and specific engagements	0	0
Human Resources	3	1
Engagement Performance	5	2
Monitoring	0	0
Totals	12	4

Note: The above data reflects peer review results as of December 17, 2015. Approximately 8.5% of 2014 reviews are in process and their results are not included in the totals above.

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

The following shows the total number of engagements reviewed and the number identified as engagements not performed in accordance with professional standards in all materials respects (previously “substandard”) from peer reviews performed during 2014. The Standards state that an engagement is ordinarily considered not performed in accordance with professional standards in all material respects when deficiencies, 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.

Engagement Type	^AICPA Peer Review Program		ISCPA Peer Review Program	
	Number of Engagements		Number of Engagements	
	Reviewed	Not Performed in Accordance with Standards	Reviewed	Not Performed in Accordance with Standards
Audits – Single Audit Act (A-133)	12	2	0	0
Audits – Governmental – All Others	14	1	0	0
Audits – ERISA	13	2	0	0
Compiled Financial Forecast and Projection	4	0	0	0
Audits – Other	19	0	2	1

Engagement Type	^AICPA Peer Review Program		ISCPA Peer Review Program	
	Number of Engagements		Number of Engagements	
	Reviewed	Not Performed in Accordance with Standards	Reviewed	Not Performed in Accordance with Standards
Reviews	52	2	3	2
Compilations with Disclosures	47	1	5	3
Compilations without Disclosures	65	4	18	6
Reviews of Written Assertions	1	0	0	0
Examinations of Written Assertions	1	0	0	0
Agreed-Upon Procedures	7	1	0	0
Totals	235	13	28	12
Percent not performed in accordance with professional standards		5.5%		42.9%

Note: The above data reflects peer review results as of December 17, 2015. Approximately 8.5% of 2014 reviews are in process and their results are not included in the totals above.

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Summary of Required Follow-up Actions

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 2014, the following represents the type of follow-up actions required.

Type of Follow-up Action	^AICPA Peer Review Program	ISCPA Peer Review Program
Agree to take certain Continuing Professional Education (CPE)	5	2
Team Captain to review Quality Control Document	1	0
Agree to hire consultant for preissuance reviews	6	1
Submit proof of CPE taken	3	0
Team Captain review correction of subsequent engagement	2	0
Submit to team captain revisit – general	0	0
Submit proof of purchase of manuals	1	2
Totals	18	5

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Oversight Results

Peer Reviews

^AICPA Member Firms			Non-AICPA Member Firms		
Type of Peer Review (System or Engagement)	Must Select Engagement (ERISA, GAGAS, FDICA, NONE)	Total Oversights	Type of Peer Review (System or Engagement)	Must Select Engagement (ERISA, GAGAS, FDICA, NONE)	Total Oversights
System	ERISA	1	System	ERISA	0
	GAGAS	1		GAGAS	0
	NONE	1		NONE	1
Engagement		1	Engagement		0

^ At least one partner of the firm must be a member of the AICPA to enroll in the AICPA Peer Review Program.

Verification of Reviewer’s Resumes

Total Number of Peer Reviewers	Total Number of Resume’s Verified for Year	Percent of Total Verified
15	5	33%

Administrative Oversights

Date of Last Administrative Oversight Performed by the Administering Entity	November 2014
Date of Last On-site Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	August 2013