

Nevada Society of CPAs

Annual Report on Oversight

Date Issued: December 28, 2016

Period Covered: January 1, 2016 – December 28, 2016

I. Administrative Entity Oversight Process and Procedures

Description of Oversight Process

The Nevada Society of CPAs, administering the Peer Review program for Nebraska, Nevada, Utah, and Wyoming abides by the oversight rules and procedures as outlined in the Oversight Handbook.

The Nevada Society of CPAs Peer Review is required to perform oversight on a minimum of 2% of reviews scheduled for the year and they must include must-select engagements.

Reviews selected for oversight may be random or targeted based on the criteria outlined in the AICPA Peer Review Oversight Handbook, Chapter 2, Section IV, items B&C.

A committee member that meets the experience criteria will be assigned to perform all System and must-select oversights and technical reviewers will conduct engagement oversights. All oversights are performed in accordance with the guidance listed in the AICPA Peer Review Oversight Handbook. The committee member or technical reviewer will complete all applicable exhibits and checklists, and submit, along with a report to the Peer Review Committee for approval. Committee members are reimbursed for their expenses and time (current hourly technical reviewer rate) while performing the oversight.

Annual Verification of Reviewer's Resumes

During 2016, the Nevada Society of CPAs processed 100% of active reviewer resume verifications. The technical reviewer reviewed each resume and noted any issued that needed correction. As noted on page 9, the technical reviewer was able to review 94% of all active reviewers. The remaining outstanding reviewers will be receiving their letter of suspension this week.

Administrative Oversight

In October 2016, the Nevada Society of CPAs Peer Review Program was oversights by Jake Lynch, AICPA Oversight Task Force member and Sue Lieberum, Associate Director, AICPA Peer Review. The visit reviewed all aspects of

the program with a final report and response being issued. During 2017, the committee-chair will perform the oversight with results being reviewed by the Committee.

II. Summary of Peer Review Programs

The Nevada Society of CPAs serves as the administrator of the AICPA Peer Review Program for Nebraska, Nevada, Utah, and Wyoming. In addition, for those firms who do not have a partner as an AICPA member, the Nevada Society of CPAs also administers state programs for each state noted above. The state program operates exactly the same as the AICPA Peer Review Program and utilizes the same computer software (PRISM).

2) Number of Enrolled Firms by Number of Professionals* as of 12/28/16.

	AE Peer Review Program	^AICPA Peer Review Program
Sole Practitioners	130	85
2 – 5	273	65
6 – 10	139	10
11 – 19	72	5
20 – 49	22	1
50 – 99	4	0
100 +	2	0
Total Enrolled Firms	642	166

*Professionals are considered all personnel who perform professional services, for which the firm is responsible, whether or not they are CPAs. The number of enrolled firms is as of 12/28/16.

^ 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 2016

a) Results by Type of Peer Review and Report Issued

	AE Peer Review Program	^AICPA Peer Review Program
System Reviews		
Pass	42	1
Pass with deficiency(ies)	3	1
Fail	0	0
Subtotal - System	45	2
Engagement Reviews		
Pass	58	14
Pass with deficiency(ies)	7	1
Fail	5	2
Subtotal - Engagement	70	17
Totals	115	19

Note: The above data reflects peer review results as of 12/28/16. Approximately 48% of 2016 reviews are in process and their results are not included in the total above.

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

b) Number and Reasons for Report Modifications

Reasons for Report Modifications	AE Peer Review Program	^AICPA Peer Review Program
Leadership responsibilities for quality within the firm (“the tone at the top”		
Relevant Ethical Requirements		
Acceptance & Continuance of Client Relationships and Specific Engagements		
Human Resources		
Engagement Performance	1	
Monitoring		

Note: The above data reflects peer review results as of 12/28/16. Approximately 48% of 2016 reviews are in process and their results are not included in the total above.

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

	AE Peer Review Program		^AICPA Peer Review Program	
	Number of Engagements		Number of Engagements	
	Reviewed	Not Performed in Accordance with Professional Standards	Reviewed	Not Performed in Accordance with Professional Standards
Audits – Single Audit Act (A-133)			51	7
Audits – Governmental All Other			29	10
Audits – ERISA				
Audits – FDICIA				
Audits – Other				
Reviews	2	2	14	7
Compilations with Disclosures			6	5
Compilations without Disclosures	3	3	6	5
Financial Forecast & Projections			2	1
Other SSAEs	5	4	27	7
Totals	10	9	135	42

Note: The above data reflects peer review results as of 12/28/16. Approximately 48% of 2016 reviews are in process and their results are not included in the total above.

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d) Summary of Required Follow-up Actions

Type of Follow up Action	AE Peer Review Program	^AICPA Peer Review Program
Agree to take certain CPE	3	8
Agree to comprehensive inspection		
Agree to hire consultant for inspection		
Agree to hire consultant for preissuance reviews		
Agree to strengthen staff		
Submit proof of CPE taken		2
Submit copy of inspection report	1	
Submit inspection completion letter		1
Submit report on consultant		
Submit quarterly progress reports		
Submit to team captain (TC) revisit – general		5
Submit to TC review of sub engagements with workpapers		
Submit to committee member visit		
Agree to have accelerated review		2
Oversight of Inspection – Review		
Oversight of Inspection – Visitation		
Submit Inspection Report to Team Captain		
Team captain to review Quality Control Document		
Review of formal CPE plan by outsider		
Submit a CPE Plan to the Committee		
Outside party to review inspection		
Outside party to Visit During Inspection		
Submit to TC review of sub engagement without workpapers		
Submit inspection report to outside part		
Team captain review correction of substandard engagement		
Outside party review substandard engagement		
Does not perform any auditing engagements		
Submit additional information regarding repeat findings		1
Submit monitoring report to Committee		
Submit monitoring report to Team Captain		
Oversight of monitoring by Team Captain		
Submit proof of purchase of manuals	1	
Submit evidence of proper firm licensure		
Agree to hire consultant – preissuance reviews		
Submit to TC review of sub engagement with workpapers		

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III. Oversight Process

Oversight Results

a) Peer Reviews

AICPA Member Firms

Type of Peer Review (sys, eng, rep)	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)
System	GAGAS
Engagement (3)	None

AICPA Non-Member Firms

Type of Peer Review (sys, eng, rep)	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)
n/a	n/a

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

b) Verification of Reviewer's Resumes

Total Number of Peer Reviewers	Total Number of Resume's Verified for Year	% of Total Verified
58	55	94%

Note: the above figures are slightly differently from the figures originally provided in the 2017 Plan of Administration. The current figures reflect all active reviewers and those resumes reviewed. The outstanding three reviewers will be receiving suspension letters this week.

c) Administrative oversights

Date of Last Administrative Oversight Performed by the Administering Entity	9/30/15
Date of Last On-site Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	10/3/16

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