

**Virginia Society of CPAs**  
**January 1, 2024 – December 31, 2024**  
**Annual Report on Peer Review Activities**  
**Date Issued February 24, 2025**

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

### **Oversight Selection**

The Virginia Society of CPAs (VSCPA) 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.

Firms and peer reviewers are subject to oversight. Oversight of system reviews may include visiting the firm as part of the peer review process (on-site oversight) or reviewing specific engagement(s) (engagement oversight). An engagement oversight is generally performed after a system review is complete. Oversight of engagement reviews is generally performed after the peer review is complete.

Oversight of peer reviews should follow a risk-based approach. The selections for oversight may be made randomly or be targeted to address concerns about the firm to be reviewed or the peer reviewer.

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

### **Oversight Process**

A member of the VSCPA 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 and current peer review training.

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.

A system review oversight includes 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 report, 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.

### **Minimum Requirements**

A minimum of four oversights, which is based on a minimum of 2% of peer reviews performed during the period January 1, 2024 through December 31, 2024, will be selected. Within the 2% selected, there will be a minimum of two of each type of peer review evaluated (two system and two engagement reviews).

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

The VSCPA serves as the administering entity for the AICPA Peer Review Program in Virginia and the District of Columbia.

The Virginia Board of Accountancy (VBOA) requires all firms licensed in Virginia providing attestation services to be enrolled in a practice monitoring program. The VBOA has designated the VSCPA Peer Review Committee as an authorized report acceptance body to approve peer review reports issued for firms enrolled in the peer review program administered by VSCPA Peer Review Program.

The VSCPA has agreed to follow the AICPA "Standards for Performing and Reporting on Peer Reviews" and related guidance when administering the AICPA Peer Review Program in Virginia.

There are 401 firms subject to peer review enrolled in the peer review program administered by the VSCPA.

### 1) Number of Enrolled Firms by Number of Professionals\*

Number of Professionals	PRIMA Firm Listing Report
Sole Practitioners	123
2 – 5	167
6- 10	67
11+	44
<b>Total of Enrolled Firms</b>	<b>401</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>System Reviews</b>	<b>AICPA Peer Review Program</b>	
<b>Report Rating</b>	<b>Reviewed</b>	<b>%</b>
Pass	70	88%
Pass with deficiency(ies)	8	10%
Fail	2	3%
Total	80	

<b>Engagement Reviews</b>	<b>AICPA Peer Review Program</b>	
<b>Report Rating</b>	<b>Reviewed</b>	<b>%</b>
Pass	58	87%
Pass with deficiency(ies)	3	4%
Fail	6	9%
Total	67	

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

<b>Reason for Report Deficiency(ies) System Reviews</b>	<b>AICPA Peer Review Program</b>
Acceptance and continuance of client relationships and specific engagements	1
Engagement performance	10
Human resources	3
Leadership responsibilities for quality within the firm (Tone at the Top)	1
Monitoring	3
Relevant ethical requirements	1

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	23	8	35%
Government Auditing Standards – All Other	15	5	33%
ERISA	46	8	17%
FDICIA	0	0	0%
Other	108	9	8%
Reviews	109	7	6%
Compilations and Preparations:			
With Disclosures	71	2	3%
Omit Disclosures	132	13	10%
Financial Forecasts & Projections	0	0	0%
SOC Reports	4	0	0%
Performance Audits	7	0	0%
Attestation Engagements (Examination, Review or Agreed upon procedures under GAS)	8	0	0%
Agreed Upon Procedures	25	0	0%
Examinations	5	0	0%
Agreed Upon Procedures (SSAEs)	10	3	30%
<b>Totals</b>	<b>563</b>	<b>55</b>	<b>10%</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 Pre-issuance Review by TC/Outside Party	7
Join EBPAQC	1
Join GAQC	2
Submit Monitoring Report to Team Captain/Outside Party for Review	2
Agree to Take/Submit Proof of Certain CPE	32
Submit to TC/Outside Party Post-issuance Review of Subsequent Engagements w/ wp's	7
TC/Outside Party Review Correction of Non-Conforming Engagements	12
TC/Outside Party to Review Firm's Remedial Actions in its response on the FFC	1
No longer performs engagements subject to corrective action	2
<b>Total</b>	<b>66</b>

### 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		2	2
Engagement		--	2

##### 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](#).