

Michigan Association of CPAs
Annual Report on Peer Review Activities
For Peer Review accepted from 1/1/2023 – 12/31/2023.
Date Issued: January 31, 2024

I. Administering Entity Oversight Process and Procedures

In accordance with the AICPA Peer Review Program Standards, all peer reviews and peer reviewers are subject to oversight. The MICPA will conduct annual oversights on a sample of reviews/reviewers as dictated in Program Standards.

A member of the MICPA Peer Review Report Acceptance Body (RAB) or designee will perform the oversight. Both firms and peer reviewers are subject to oversight.

Oversights may include visiting the firm as part of the peer review process or reviewing specific engagements. Oversights may also be performed after a review is complete. The oversight reviewer will follow the guidance laid out in the AICPA Peer Review oversight manual to conduct the oversight.

Firms may be selected for oversight based on several factors included by not limited to the type of peer review reports received in the past, high risk engagements, a firms first peer review, or just by random selection.

Reviewers may be selected for oversight due to factors such as but not limited to, frequent submission of pass reports, conducting reviews for firms with audits in high-risk industries, past performance deficiencies, or random selection.

II. Summary of Peer Review Program(s)

- 1) The Michigan Association of CPAs administers the AICPA Peer Review Program for firms whose main office is in Michigan. Currently there are 642 firms enrolled in the program.
- 2) Results of Peer Reviews Accepted During the Year 2023 (there were 196 Peer Review accepted during this time period)

a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program	
System Reviews	79	%
Pass	70	89%
Pass with deficiency(ies)	1	1%
Fail	8	10%
Total	79	100%
Engagement Reviews	117	%
Pass	99	84%
Pass with deficiency(ies)	16	14%
Fail	2	2%
Total	117	100%

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

	AICPA Peer Review Program
Leadership responsibilities for quality within the firm ("the tone at the top")	4
Relevant ethical requirements	4
Acceptance and continuance of client relationships and specific engagements	4
Human resources	5
Engagement performance	4
Monitoring	4
Total	25

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	46	12	26%
Government Auditing Standards – All Other	27	3	11%
ERISA	45	4	9%
Attestation Engagements (Examinations, Reviews, or Agreed-upon Procedures under GAS)	8	1	13%
Other	83	12	14%
Reviews	138	17	12%
Compilations and Preparations:			
With Disclosures	89	7	8%
Omit Disclosures	245	6	2%
SOC Reports	1	0	0%
Agreed Upon Procedures	18	1	6%
Totals	700	63	9%

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	69
Submit to review of nonconforming engagements	2
Agree to pre-issuance reviews	20
Agree to post-issuance reviews	13
Agree to review of remedial actions	8
Submit monitoring or inspection report to Team Captain or Peer Review Committee	4
Submit evidence of proper firm licensure	1
Firm has represented in writing they no longer perform or are engaged to perform any engagements subject to peer review	2
Team Captain to review Quality Control Document	3

Submit proof of purchase of manuals	1
Agree to join an Audit Quality Center	3
Other	1
Total	127

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	Single Audit, ERISA	3
Engagement		3

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](#).