

Coastal Peer Review, Inc.
2023 Annual Report on Peer Review Activities
Issued February 27, 2024

I. Administering Entity Oversight Process and Procedures

1. General Process

According to the *AICPA Peer Review Program Oversight Handbook*, the committee must perform oversight on peer reviews. The purpose for conducting oversight is to ensure firms are receiving properly performed peer reviews and that the peer review process is of an educational and equitable nature.

When administrative staff schedules an oversight, communications will be sent to the team captain/review captain, overseight, and reviewed firm via PRIMA. If an on-site oversight is scheduled, administrative staff will assign a Committee member within a reasonable distance of the reviewed firm, yet not too close, to keep the cost of time and travel to a minimum. If a reviewer coincidentally happens to be assigned to more than one of the selected reviews due for random oversight, a different firm's review may be selected.

The overseight is expected to complete the review on his/her own without the assistance or guidance of the committee member. If the committee member disagrees with the team captain's/review captain's conclusion, the committee member should note the disagreement. Disagreements should not be pursued in the presence of the reviewed firm, as the final conclusion will be made by the RAB.

Reviews may be selected for non-random oversight to include, but not limited to, firms:

- Which have received consecutive pass with deficiency(ies) and/or fail peer review report grade prior to the current review;
- Which previously received a fail report grade;
- Which previously had an engagement peer review that was not pass and is having its first system peer review;
- Which have requested and have been approved for an administrative change of venue into Coastal's jurisdiction;
- Where the managing owner and/or several owners are peer reviewers that perform a significant number of reviews (In this case, the peer reviewer resume and most recent scheduling forms may also be reviewed.);
- When the peer review has taken place and:
 - i) The RAB questioned the appropriateness of the report and could not resolve its questions without an independent look at the reviewed firm;
 - ii) There was a difference of opinion between the reviewed firm and the reviewer that could not be resolved without an independent look at the engagement(s) in question;
 - iii) The RAB questioned whether the reviewed firm understands the importance of the peer review findings or has committed to corrective actions that are impracticable in the circumstances.

2. General Selection Procedures

At a minimum, in accordance with AICPA guidance, Coastal will annually conduct oversight on 2% of all peer reviews to be performed. Within the 2%, a minimum of two each of system and engagement peer reviews will be selected. However, the 2% may be comprised of a combination of random and non-random selections.

3. Peer Reviews Selected for Random Oversight

At the beginning of the year, staff will randomly select a minimum of two percent of the total number each of system and engagement peer reviews. These selections will be reviewed by the Oversight Sub-Committee.

II. Summary of Peer Review Program(s)

- 1) Coastal Peer Review, Inc. administers the AICPA Peer Review Program for all CPA firms in Maryland and North Carolina that do not provide services to publicly traded companies or elect to have their peer review administered by another AE. As of February 27, 2024, Coastal had 934 enrolled firms participating within its jurisdiction.
- 2) Results of Peer Reviews Accepted During 2023
 - a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program
System Reviews	
Pass	121
Pass with deficiency(ies)	8
Fail	5
Total	134
Engagement Reviews	
Pass	161
Pass with deficiency(ies)	11
Fail	6
Total	178

- 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")	0
Relevant ethical requirements	1
Acceptance and continuance of client relationships and specific engagements	3
Human resources	7
Engagement performance	9
Monitoring	3
Total	23

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 Audits	50	7
Government Auditing Standards – All Other	37	1
ERISA	86	9
FDICIA	0	0
Other	164	20
Performance Audits	5	0
Examinations	9	0
Examinations – SOC1	5	0
Examinations – SOC2	4	0
Reviews	114	6
Compilation with Disclosures	118	4
Compilation without Disclosures	353	6
Comp. of Pros. Fin. Statements	3	0
Preparation with Disclosures	2	0
Preparation without Disclosures	24	1
Preparation omit disc. (with or without disclaimer reports)	11	0
Financial Forecasts & Projections	82	9
Agreed Upon Procedures	47	3
Other SSAEs	21	3
Attestation under GAS	13	0
Totals	1148	69

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	46
Agree to pre-issuance reviews	18
Agree to post-issuance reviews	1
Agree to remediate deficiencies noted in peer review	1
Outside party review correction of non-conforming engagements	8
Submit monitoring or inspection report to Team Captain or Peer Review Committee	2
Submit to outside party revisit	0
Elect to have accelerated review	0
Submit evidence of proper firm licensure	0
Firm has represented in writing they no longer perform or are engaged to perform any engagements subject to peer review	1
Agree to hire outside party or consultant for inspection	0
Team Captain to review Quality Control Document	0
Submit proof of purchase of manuals	0
Agree to join an Audit Quality Center	0
Other	0
Total	77

III. Oversight Process

Oversight Results

a) Peer reviews

AICPA Peer Review Program		
Type of Peer Review	Must Select Engagements (GAGAS, ERISA, FDICIA, SOC)	Total Oversights
System	3	5
Engagement	0	4

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](#).