

Minnesota Society of CPAs
2024 Annual Report on Peer Review Activities

I. Administering Entity Oversight Process and Procedures

Background

The Minnesota Society of CPAs (MNCPA) is an administering entity (AE) for the AICPA peer review program for Minnesota and North Dakota. The MNCPA previously administered a separate MNCPA peer review program, but the program was discontinued as of May 1, 2024, and all firms now fall under the AICPA peer review program. The MNCPA Peer Review Committee (Committee) has an executive committee made up of the Committee's chair, vice-chair, past chair, and chairs of the two Report Acceptance Bodies (RABs) as voting members, and the contracted technical reviewers as ex officio non-voting members. As part of its yearly agenda, the executive committee makes recommendations for oversight.

Oversight selection

AE staff advise the executive committee on the minimum number of reviews to be oversighted each year, based on requirements communicated from the AICPA. For 2024, the minimum number of oversights required was two system reviews and two engagement reviews, based on a minimum of 2% of peer reviews accepted, with a minimum of two system reviews and two engagement reviews.

The executive committee has adopted an Oversight Criteria Policy and Procedure which contains considerations in selecting reviewers or reviewed firms for oversight and makes recommendations for oversight. AE staff, including the CPA on staff, use the recommendations of the executive committee, the Oversight Criteria Policy, and a risk-based approach in selecting firms or reviewers to oversight.

Firms may be selected for oversight based on several factors including, but not limited to, the types of peer review reports previously received, high risk engagements performed by the firm, or if it's the firm's first peer review.

Reviewers may be selected randomly or due to other factors including but not limited to past performance deficiencies such as issuance of an inappropriate peer review report or failure to properly reach the appropriate conclusion during a review, recent qualification as a team or review captain, or if the reviewer has had no oversight in the past three years.

Oversight performance

Oversights are most often performed by a technical reviewer, but a system review oversight may also be performed by a qualified member of the Committee.

Oversight involves a review of background information, peer review documents submitted by the firm, and documents prepared by the peer reviewer as part of the peer review. Oversight also includes a review of the reports and financial statements as well as firm work papers for

specific engagements. Oversight of a system review may include visiting the firm as part of the peer review process. Oversight may also be performed after a review is complete.

2. Review of Technical Reviewers

The CPA on staff performs an annual review of the technical reviewers who provide services to the AE. Reviews are approved by the executive committee.

3. General Results of 2024 Oversight Program

In 2024, the MNCPA performed oversights on two system reviews and two engagement reviews of firms enrolled in the AICPA’s peer review program. Four different reviewers were selected. Feedback was issued to reviewers on both engagement review oversights.

II. Summary of Peer Review Programs

1. Number and Names of Peer Review Programs Administered

The MNCPA serves as the AE for Minnesota and North Dakota for the AICPA Peer Review Program.

2. Number of Enrolled Firms as of 2/4/2025

	AICPA Peer Review program
Minnesota	238
North Dakota	61
Other	2
Total firms administered	301

3. Results of Peer Reviews Accepted During the Year 2024

a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program		MNCPA Peer Review Program (prior to discontinuation on 4/30/2024)	
	Number	%	Number	%
System Reviews				
Pass	48	89	4	100
Pass with deficiency(ies)	5	9		
Fail	1	2		
Total	54	100	4	100

	AICPA Peer Review Program		MNCPA Peer Review Program (prior to discontinuation on 4/30/2024)	
	Number	%	Number	%
Engagement Reviews				
Pass	45	88	3	75
Pass with deficiency(ies)	4	8		
Fail	2	4	1	25
Total	51	100	4	100

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

	AICPA Peer Review Program	MNCPA Peer Review Program
Leadership responsibilities for quality within the firm (“the tone at the top”)		N/A – No system reviews with deficiencies
Relevant ethical requirements	1	
Acceptance and continuance of client relationships and specific engagements		
Human resources	5	
Engagement performance	3	
Monitoring	2	
Total	11	

c) Number of Engagements Not Performed or Reported on in Conformity with Professional Standards in All Material Respects (Nonconforming engagements)

	AICPA Peer Review Program			MNCPA Peer Review Program		
	Reviewed	Nonconforming engagements	%	Reviewed	Nonconforming engagements	%
Engagement Type						
Audits:						
Single Audit	22	4	18	-	-	
Government Auditing Standards – All Other	21	2	10	-	-	
ERISA	25	7	28	-	-	
FDICIA	-	-		-	-	
Other	79	11	14	5	-	
Reviews	79	9	11	4	-	
Compilations and Preparations:						
With Disclosures	53	3	6	2	-	
Omit Disclosures	156	7	1	14	2	14
Financial Forecasts & Projections	-	-		-	-	
SOC Reports	2	-		-	-	

Agreed Upon Procedures	20	1	5	-	-	
Other SSAEs	6	-	-	-	-	
Totals	463	44	10	25	2	8

d) Summary of Required Follow-up Actions

	AICPA Peer Review Program	MNCPA Peer Review Program
Agree to take/submit proof of CPE	27	1
Submit to review of nonconforming engagements		
Agree to pre-issuance reviews	3	
Agree to post-issuance reviews	7	
Agree to review of remedial actions		
Submit monitoring or inspection report to Team Captain or Peer Review Committee	3	
Submit to outside party revisit		
Elect to have accelerated review		
Submit evidence of proper firm licensure	1	
Firm has represented in writing they no longer perform or are engaged to perform any engagement subject to peer review	2	
Agree to hire outside party or consultant for inspection		
Team Captain to review Quality Control Document	1	
Submit proof of purchase of manuals		
Agree to join Audit Quality Center		
Total	44	1

III. Oversight Process

Oversight Results

a) Peer reviews

AICPA Peer Review Program Firms

Type of Review	Must Select Engagement (GAGAS, ERISA, FDICIA, SOC)	Total Oversight
System	ERISA	2
Engagement		2

b) Oversight Performed on the AE

The results of the most recent oversight performed by the AICPA Oversight Task Force, which covers only the AICPA Peer Review Program, are available on [AICPA's website](#).