

Minnesota Society of CPAs
2025 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 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 oversights each year, based on requirements communicated from the AICPA. For 2025, the minimum number of oversights required was 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.

3. General Results of 2025 Oversight Program

In 2025, 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 one reviewer on an engagement review oversight.

II. Summary of Peer Review Programs

1. Peer Review Program administered and number of enrolled firms

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

Number of Enrolled Firms as of 1/27/2026

Minnesota	212
North Dakota	55
Other	2
Total firms administered	269

2. Results of Peer Reviews Accepted During the Year 2025

a) Results by Type of Peer Review and Report Issued

System Reviews	Number	%
Pass	41	93
Pass with deficiency(ies)	3	7
Fail	-	-
Total	44	100

Engagement Reviews	Number	%
Pass	41	74
Pass with deficiency(ies)	12	22
Fail	2	4
Total	55	100

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

Leadership responsibilities for quality within the firm (“the tone at the top”)	1
Relevant ethical requirements	-
Acceptance and continuance of client relationships and specific engagements	-
Human resources	2
Engagement performance	2
Monitoring	1
Total	6

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

Engagement Type	Number of Engagements		%
	Reviewed	Nonconforming engagements	
Audits:			
Single Audit	15	3	20
Government Auditing Standards – All Other	16	3	19
ERISA	16	2	13
FDICIA	-	-	
Other	78	6	7
Reviews	75	14	19
Compilations and Preparations:			
With Disclosures	51	5	10
Omit Disclosures	138	4	3
Financial Forecasts & Projections			
SOC Reports			
Agreed Upon Procedures	17	0	0
Other SSAEs	12	1	8
Totals	418	38	9

d) Summary of Required Follow-up Actions

Agree to take/submit proof of CPE	27
Submit to review of nonconforming engagements	-
Agree to pre-issuance reviews	4
Agree to post-issuance reviews	6
Agree to review of remedial actions	
Submit monitoring or inspection report to Team Captain or Peer Review Committee	1
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	1
Agree to hire outside party or consultant for inspection	
Team Captain to review Quality Control Document	
Submit proof of purchase of manuals	
Agree to join Audit Quality Center	
Other	
Total	40

III. Oversight Process

Oversight Results

a) Peer reviews

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

b) Oversight Performed on the AE

The results of the most recent oversight performed by the AICPA Oversight Task Force are available on [AICPA's website](#).