

Coastal Peer Review, Inc.
2024 Annual Report on Peer Review Activities
Issued January 14, 2025

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 to perform the oversight who is located 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 reviewer is expected to complete the review on his/her own without the assistance or guidance of the overseight. If the overseight disagrees with the team captain's/review captain's conclusion, the overseight 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 CPA firms headquartered in Maryland or North Carolina that have not elected a different administering entity and are not required to be administered by the National Peer Review Committee. As of January 9, 2025, Coastal had 962 firms enrolled within its jurisdiction.
- 2) Results of Peer Reviews Accepted During 2024
 - a) Results by Type of Peer Review and Report Issued

	AICPA Peer Review Program
System Reviews	
Pass	120
Pass with deficiency(ies)	9
Fail	1
Total	130
Engagement Reviews	
Pass	168
Pass with deficiency(ies)	9
Fail	10
Total	187

- 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	0
Acceptance and continuance of client relationships and specific engagements	0
Human resources	5
Engagement performance	7
Monitoring	2
Total	14

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	52	12
Government Auditing Standards – All Other	40	6
ERISA - DBP	5	0
ERISA - DCP	48	4
ERISA - ESOP	4	1
ERISA – Health & Welfare	7	0
FDICIA	0	0
Other	147	16
Performance Audits	1	0
Examinations	12	0
Examinations – SOC1	0	0
Examinations – SOC2	2	0
Reviews	114	2
Review of Financial Statement	106	11
Compilation with Disclosures	59	3
Compilation without Disclosures	190	10
Preparation with Disclosures	0	0
Preparation without Disclosures	19	1
Preparation omit disc. (with or without disclaimer reports)	24	3
Financial Forecasts & Projections		
Agreed Upon Procedures	31	1
Other SSAEs	25	4
Attestation under GAS	11	0
Totals	1040	76

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	14
Agree to post-issuance reviews	5
Agree to remediate deficiencies noted in peer review	2
Outside party review correction of non-conforming engagements	11
Outside party to review firm's remedial actions in its response on the FFC	2
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	2
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	1
Total	85

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	2	3
Engagement	0	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](#).