

**New Mexico Society of CPAs  
Annual Report on Oversight for 2009  
Date Issued: Nov. 7, 2011**

**I. Administering Entity Oversight Process and Procedures**

**General Guidelines:**

The New Mexico Society of CPAs Peer Review Committee will annually perform oversight on at least 2 percent of the reviews scheduled for the current year. Within the 2 percent selected, there will be at least one system and one engagement review selected for oversight.

In addition to the criteria mentioned above, at least two engagement oversights will be performed each year. These oversights must include either audits of employee benefit plans under ERISA, engagements under the Governmental Auditing Standards or FDIC engagements. Also, the two oversights selected should not be of the same types of audits. However, in 2009 there were no banks reviewed through the NMSCPA Peer Review Program under Industry Code 126 – FDICIA and very few New Mexico firms perform ERISA audits (Industry codes 400 & 405) and in some years there have been none subject to peer review.

Oversight selections may be random or targeted and are based on the criterion which is outlined in the AICPA Peer Review Program Oversight Handbook, Chapter 2, Section IV, Items B and C.

A Committee member will be assigned to perform the oversight, or the technical reviewer may also perform oversight when needed. The oversight will be performed in accordance with the guidelines listed in the AICPA Peer Review Program Oversight Handbook. The Committee member will be present for, at a minimum, the exit conference. The Committee member will complete the applicable exhibits in the Oversight Handbook and submit those exhibits along with a written report to the Peer Review Committee for approval.

**Reviewer Resume Verification:**

All New Mexico reviewer resumes will be verified every three years. The verification process will be performed in accordance with the guidance provided in the AICPA PRP Oversight Handbook.

**Administrative Oversight:**

Every other year, the Committee chair will perform administrative oversight to ensure that the peer review program is being administered in accordance with guidance as issued by the AICPA Peer Review Board. This oversight will be performed utilizing the guidelines listed in the AICPA Peer Review Program Oversight Handbook.

**Technical Reviewer Oversight:**

The Committee, or a representative of the Committee, will provide feedback to the technical reviewer as needed.

**II. Summary of Peer Review Programs**

**1) Number and name of peer review programs administered, including participation requirements of each.**

The New Mexico Society of CPAs serves as the administering entity for the AICPA Peer Review Program in the state of New Mexico and also administers the NMSCPA Peer Review Program (which operates exactly the same as the AICPA Peer Review Program) for firms not enrolled in the AICPA Peer Review Program. Participation in the program is required of each firm or sole practitioner registered with the New Mexico Public Accountancy Board (NMPAB), which issues reports on accounting and auditing engagements, including audits, reviews, compilations and prospective financial information. The NMPAB has designated NMSCPA as an authorized administering entity able to approve peer review reports issued for firms enrolled in peer review programs administered by NMSCPA.

**2) Number of enrolled firms by number of professionals\* as of July 18, 2011.**

	NMSCPA Peer Review Program	^AICPA Peer Review Program
Sole Practitioners	58	106
2 to 5	29	94
6 - 10	2	36
11 - 19		9
20-49		5
50-99		2
100+		
<b>Total Enrolled Firms</b>	<b>89</b>	<b>252</b>

\* Professionals are considered all personnel who perform professional services, for which the firm is responsible, whether or not they are CPAs. The number of enrolled firms is as of July 18, 2011. (The table does not include 32 firms that are enrolled in either the AICPA or AE peer review program but perform no Accounting and Auditing services.)

^ At least one partner of the firm must be a member of the AICPA to enroll in the AICPA Peer Review Program

### 3) Results of peer reviews performed during the year 2009

#### a) Results by type of peer review and report issued

	NMSCPA Peer Review Program	^AICPA Peer Review Program
System Reviews:		
Pass	3	25
Pass with deficiency(ies)	2	2
Fail	2	0
Subtotal – System	7	27
Engagement Reviews:		
Pass	12	37
Pass with deficiency(ies)	3	3
Fail	0	0
Subtotal - Engagement	15	40
Totals	22	67

Note: The above data reflects peer review results as of July 15, 2011.

#### b) Number and reasons for report modifications

	NMSCPA Peer Review Program	^AICPA Peer Review Program
Reasons for Report Modifications		
Leadership responsibilities for quality within the firm ("the tone at the top")	1	
Relevant Ethical Requirements		
Acceptance & Continuance of Client Relationships and specific engagements		1
Human Resources		
Engagement Performance	4	1
Monitoring	2	1
Totals	7	3

Note: The above data reflects peer review results as of July 15, 2011.

**c) Number of engagements not performed or reported on in accordance with Professional Standards in All Material Respects:**

Engagement Type	NMSCPA Peer Review Program		^AICPA Peer Review Program	
	Number of Engagements		Number of Engagements	
	Reviewed	Not Performed in Accordance with Professional Standards	Reviewed	Not Performed in Accordance with Professional Standards
Audits – Single Audit Act (A-133)	1	1	8	2
Audits – Governmental – All Other			5	0
Audits – ERISA			5	0
Audits – FDICIA				
Audits – Other	2	1	23	0
Reviews	5	1	35	1
Compilations with Disclosures	6	1	22	0
Compilations without Disclosures	23	1	80	0
Financial Forecast & Projections				
Other SSAEs			6	0
Totals	37	5	184	3

Note: The above data reflects peer review results as of July 5, 2011.

**d) Summary of required follow-up actions**

Type of Follow-up Action	NMSCPA Peer Review Program	^AICPA Peer Review Program
Agree to hire consultant for preissuance reviews	1	
Submit proof of CPE taken	1	3
Submit copy of inspection report		4
Submit to TC review of sub engagements with workpapers	1	1
Totals	3	8

Note: The above data reflects peer review results as of July 15, 2011 .

**III. Oversight Process**

## Oversight Results

### a) Peer reviews

#### AICPA Member Firms

Type of peer review	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)	Total Oversight
System - On sight	Included Govt. (325)	1
System - On sight	Included ERISA (400)	1
Engagement	N/A	2

#### AICPA Non-Member Firms

Type of peer review	Oversight Included Must Select Engagement (ERISA, GAGAS, FDIC, NONE)	Total Oversight
System	None	1

### b) Verification of reviewer's resumes

Total Number of Peer Reviewers	Total Number of Resumes Verified for Year 2009	Percent of Total Verified
25	23	92%

### c) Administrative oversights

Date of Last Administrative Oversight Performed by the Administering Entity	9/29/2009
Date of Last On-site Oversight Performed by the AICPA Oversight Task Force (covers only the AICPA Peer Review Program)	9/19/2008