AICPA® Peer Review Program

Peer Review Board Open Session Materials

January 27, 2015

Carolina, PR

AICPA Peer Review Board
Open Session Agenda
January 27, 2015
Carolina, Puerto Rico

Date/Time: Tuesday, January 27, 2015 10:30 AM – 2:00 PM (Atlantic Standard Time)

1.1 Welcome Attendees and Roll Call of Board** – Ms. McClintock/Ms. Ford
1.2 Approval of Revisions to Reviewer Performance Guidance * - Mr. Parry
1.3 Approval of Revisions to AICPA Peer Review Program Guidance on Preparation Services*- Mr. Parry
1.4 Update on Enhancing Audit Quality Initiative:
A. Peer Reviewer Quality Task Force**- Mr. McNichols
B. Emerging Risk Industries and Areas Task Force**- Ms. Ford
C. Population Completeness Task Force**- Mr. Porch
D. Reporting Task Force**- Mr. Long
1.5 Approval of Enhanced Quality Initiative – Emerging Industries and Risk Areas*- Ms. Ford
1.6 Update on Practice Monitoring of the Future** - Ms. McClintock
1.7 Approval of Administering Entity Plans of Administration***-Mr. Hill
1.8 Oversight Task Force Report* – Mr. Hill
1.9 Standards Task Force Report* – Mr. Parry
1.10 Education and Communication Task Force Report* – Ms. Lee-Andrews
1.11 Update on the DOL Research Project** – Ms. Lieberum
1.12 Operations Director's Report** – Ms. Thoresen
1.13 Report from State CPA Society CEOs** – Mr. Jones
1.14 Update on National Peer Review Committee** – Mr. Gray
1.15 For Informational Purposes*:
A. Report on Firms Whose Enrollment was Dropped or Terminated
B. Approved 2015 Association Information Forms for Associations of CPA Firms
C. Approved Revisions to AICPA Peer Review Program Question & Answers
1.16 Future Open Session Meetings**
A. Monday/Tuesday, May 4-5, 2015 Task force meetings/open/closed sessions – Durham, NC
B. Wednesday, August 5, 2015 Open/closed sessions (AM) – New Orleans, LA
C. Thursday/Friday, September 17-18, 2015 Open/closed sessions – Conference call
D. Thursday/Friday, January 21-22, 2016 Task force meetings/open/closed sessions – Location TBD
E. Monday/Tuesday, May 2-3, 2016 Task force meetings/open/closed sessions – Durham, NC
F. Thursday, August 11, 2016 Open/closed sessions (AM) – Location TBD
G. Monday/Tuesday, September 26-27, 2016 Open/closed sessions – Conference call

---

*- Document Provided
**-Verbal Discussion
***-Will be provided at a later date

Agenda Item 1.2

Peer Reviewer Performance, Disagreements and Qualifications

Why is this on the Agenda?
On November 14, 2014, the Peer Review Board (PRB) approved the issuance of the Peer Reviewer Performance, Disagreements and Qualifications Exposure Draft (ED) proposing revisions to Standards and related interpretations designed to expedite remediation and removal of poor performing reviewers, improve consistency in the handling of reviewer performance matters and enhance reviewer qualifications and training requirements for reviewers of must-select engagements. The exposure draft had a 45 day comment period starting on November 18, 2014, and ending on January 2, 2015. All comments received will be posted to aicpa.org.

Refer to Agenda Item 1.2A for the proposed standards and interpretation changes. Changes to additional guidance, such as Report Acceptance Handbook and the Oversight Handbook, related to Reviewer Performance will be presented to PRB for approval at a later date.

Feedback Received
The AICPA issued the Enhancing Audit Quality (EAQ) Discussion Paper on August 7, 2014. The detailed responses to the EAQ Discussion Paper were presented to the PRB's Education and Communication Task Force and that input has been considered.

Staff discussed the ED with the AATF in December 2014 and that input has been considered.

On January 6 and 26, 2015, the Standards Task Force (STF) reviewed the direct responses to the ED, related responses to the EAQ Discussion Paper, and the proposed changes to the Standard and related interpretations.

PRISM Impact
The guidance in the exposure draft will have a PRISM impact. Staff has discussed implementation strategies with the AICPA PRISM team and the effective date below was proposed giving consideration to PRISM programming requirements.

AE Impact
The recommended guidance will impact the way administering entities schedule reviews, in that reviewers will be required to meet additional requirements before they can be approved to review must-select engagements.

The guidance envisions a new process for handling disagreements whereby a panel of the PRC is required to reach a resolution on the disagreement (not required today), appeals to the full PRC will be eliminated, and any appeals to the national level will go to an ad hoc committee.

Finally, the guidance significantly impacts the handling of reviewer performance matters, such that a reviewer may be removed from the reviewer pool in 90 days compared to 330 days under the current system.

Communications Plan
Staff will issue the Peer Review Alert included at Agenda Item 1.2B upon PRB approval.

Manual Production Cycle (estimated)
If the Standards and related interpretations are approved by the PRB, the guidance would be included in the January 2016 manual.

Effective Date
The guidance will be effective for reviews commencing on or after May 1, 2016.

Task Force Consideration

- Review and approve the changes to the Standards and related Interpretations in Agenda Item 1.2A.
- Review and approve the Peer Review Alert in Agenda Item 1.2B.

Proposed Revisions

Peer Review Standards

Qualifying for Service as a Peer Reviewer

System and Engagement Reviewers

.31 Performing and reporting on a peer review requires the exercise of professional judgment by peers (see paragraphs 147–153 for a discussion of a reviewer's responsibilities when performing a peer review). Accordingly, an individual serving as a reviewer on a System or Engagement Review should at a minimum:

a. Be a member of the AICPA in good standing (that is, AICPA membership in active, non-suspended status) licensed to practice as a CPA.

b. Be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in the program (see interpretations), as a partner of the firm, or as a manager or person with equivalent supervisory responsibilities.[~~1~~, 2] To be considered currently active in the accounting or auditing function, a reviewer should be presently involved in the accounting or auditing practice of a firm supervising one or more of ~~the~~ a firm's accounting or auditing engagements or carrying out a quality control function on ~~the~~ a firm's accounting or auditing engagements (see interpretations). CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise (see interpretations).

c. Be associated with a firm (or all firms if associated with more than one firm) that has received a report with a peer review rating of *pass*[~~3~~] for its most recent System or Engagement Review that was accepted timely, ordinarily within the last three years and six months.[4]

d. Possess current knowledge of professional standards applicable to the kind of practice to be reviewed, including quality control and peer review standards. This includes recent

---

~~[1] The board recognizes that practitioners often perform a number of functions, including tax and consulting work, and cannot restrict themselves to accounting and auditing work. These standards are not intended to require that reviewers be individuals who spend all their time on accounting and auditing engagements. However, CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise. For instance, in a System Review, a reviewer of auditing engagements should be currently reviewing or performing auditing engagements. In an Engagement Review, a reviewer of engagements performed under the Statements on Standards for Attestation Engagements should also be currently reviewing or performing the same type of engagements.~~

[2] A manager or person with equivalent supervisory responsibilities is a professional employee of the firm who has either a continuing responsibility for the overall planning and supervision of engagements for specified clients or authority to determine that an engagement is complete subject to final partner approval if required.

~~[3] A peer review report with a rating of *pass* was previously referred to as an unmodified report (with or without a letter of comments). If a firm's most recent peer review rating was a *pass with deficiencies* or *fail*, the firm's members are not eligible to perform peer reviews.~~

~~[4] If a firm's most recent review was a report review, then the firm's members are not eligible to perform peer reviews.~~

experience in and knowledge about current rules and regulations appropriate to the level of service applicable to the industries of the engagements that the individual will be reviewing (see interpretations).[5]

e. Have spent the last five years ~~at least five years of recent experience~~ in the practice of public accounting in the accounting or auditing function.[6]

f. Have provided the administering entity with information that accurately reflects the qualifications of the reviewer including recent industry experience, which is updated on a timely basis (see interpretations).

g. If the reviewer will review engagements that must be selected in a System Review under paragraph .63, possess specific additional qualifications (see interpretations).

h~~*g*~~. If the reviewer is from a firm that is a provider of quality control materials (QCM) or is affiliated with a provider of quality control materials and is required to have a QCM review under these standards, be associated with a provider firm or affiliated entity that has received a QCM report with a review rating of pass for its most recent QCM review that was submitted timely, ordinarily within six months of the provider's year-end.

Team Captain or Review Captain

.32 In addition to adhering to the ~~general~~ requirements in paragraph .31(a) – (f) to be a peer reviewer, a System Review team captain must be a partner.[7] For an Engagement Review, the review captain is not required to be a partner. The team captain, or the review captain in limited circumstances, is required to ensure that all team members possess the necessary capabilities and competencies to perform assigned responsibilities and that team members are adequately supervised. The team captain or review captain has the ultimate responsibility for the review, including the work performed by team members (see interpretations).

.33 Also, team captains and review captains should have completed peer review training that meets the requirements established by the board (see interpretations). For additional team captain qualification requirements, see the interpretations.

Other Peer Reviewer or Reviewing Firm Qualification Considerations

.34 Communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of a peer reviewer or reviewing firm's accounting and auditing practice, and notifications of limitations or restrictions on a peer reviewer or reviewing firm to practice, may impact the peer reviewer or reviewing firm's ability to perform the peer review. The peer reviewer or reviewing firm has a responsibility to inform the administering entity of such communications or notifications (see interpretations).

.35 If required by the nature of the reviewed firm's practice, individuals with expertise in specialized areas may assist the review team in a consulting capacity (see interpretations). For

[5] A reviewer should be cautious of those high-risk engagements or industries in which new standards or regulations have been issued. For example, in those cases in which new industry standards or practices have occurred in the most recent year, it may be necessary to have *current* practice experience in that industry.

[6] ~~For this purpose, *recent* means having experience within the last five years in the industries and related levels of service for which engagements are reviewed. However, a~~A reviewer should be cautious of those high-risk engagements or industries in which new standards have been issued. For example, in those cases in which new industry standards or practices have occurred in the most recent year, it may be necessary to have *current* practice experience in that industry in order to have *recent* experience.

[7] If the peer reviewer's firm's (see paragraph 31c) most recent peer review was an Engagement ~~or Report~~ Review, then the peer reviewer is not eligible to be a System Review team captain.

example, computer specialists, statistical sampling specialists, actuaries, or experts in continuing professional education (CPE) may participate in certain segments of the review.

Performing System Reviews

Addressing Disagreements Between the Reviewer and the Reviewed Firm

.93 Disagreements may arise during attempts to resolve ~~on the resolution of~~ various issues, for instance, related to the review of particular engagements, the systemic cause of ~~for~~ a deficiency, or issues related to a design deficiency. In addition, there could be a disagreement on the appropriate approach to be taken in performing and/or reporting in conformity with applicable professional standards, or the review team might not believe that the actions planned or taken by the firm, if any, are appropriate (for example, if the reviewed firm believes that it can continue to support a previously issued report and the review team continues to believe that there may be a failure to reach appropriate conclusions in the application of professional standards). Reviewers and reviewed firms should understand that professional judgment often becomes a part of the process and that each party has the right to challenge each other on an issue. Nevertheless, a disagreement during~~on~~ the resolution of an issue may persist in some circumstances. The reviewed firm or reviewer should ~~be aware that they may~~ consult with their administering entity and, if necessary, request that a panel of the administering entity's peer review committee members resolve the disagreement. The panel must reach a decision to resolve the disagreement. Any of the disagreeing parties may request an appeal by writing the board and explaining why he or she believes a review of the ~~hearing~~ panel's decision is warranted. A panel formed by the board will review and consider the request and take further action pursuant to fair procedures that it has established.~~If the administering entity's full peer review committee is unable to resolve the disagreement, the administering entity may refer unresolved issues to the board for a final determination. Only the administering entity's peer review committee will be responsible for determining whether a disagreement still exists, or whether the reviewed firm or review team is not cooperating, in order for the administering entity to refer the issue to the board.~~

Performing Engagement Reviews

Addressing Disagreements Between the Reviewer and the Reviewed Firm

.116 Disagreements may arise during attempts to resolve ~~on the resolution of~~ various issues. For instance, there could be a disagreement on the appropriate approach to performing and/or reporting in conformity with applicable professional standards, or the review team might not believe that the actions planned or taken by the firm, if any, are appropriate (for example, if the reviewed firm believes that it can continue to support a previously issued report and the review team continues to believe that there may be a failure to reach appropriate conclusions in the application of professional standards). Reviewers and reviewed firms should understand that professional judgment often becomes a part of the process and that each party has the right to challenge each other on an issue. Nevertheless, a disagreement during~~on~~ the resolution of an issue may persist in some circumstances. The reviewed firm and reviewer should ~~be aware that they may~~ consult with their administering entity and, if necessary, request that a panel of the administering entity's peer review committee members resolve the disagreement. The panel must reach a decision to resolve the disagreement. Any of the disagreeing parties may request an appeal by writing the board and explaining why he or she believes a review of the ~~hearing~~ panel's decision is warranted. A panel formed by the board will review and consider the request and take further action pursuant to fair procedures that it has established.~~If the administering entity's full peer review committee is unable to resolve the disagreement, the administering entity may refer unresolved issues to the board for a final determination. Only the administering entity's peer review committee will be responsible for determining whether a disagreement still exists or~~

~~whether the reviewed firm or review team is not cooperating in order to refer the issue to the board.~~

Peer Reviewers' Performance and Cooperation

.147 A team captain, review captain, or reviewer (hereinafter, reviewer) has a responsibility to perform a review in a timely, professional manner. This relates not only to the initial submission of the report and materials on the review, but also to the timely completion of any additional actions necessary to complete the review, such as completing any omitted documentation of the work performed on the review and resolving questions raised by the committee or technical reviewer accepting the review as well as the board and AICPA staff.

.148 In considering peer review documents for acceptance, the committee evaluates the reviewer's performance on the peer review. In addition to the committee's evaluation, the board and AICPA staff also evaluate and track reviewers' performance on peer reviews. If a pattern of reviewer performance deficiencies by a particular reviewer is noted, then the board or committee should require the reviewer to complete one or more corrective actions. If significant reviewer performance deficiencies are noted, then the board or committee should either require the reviewer to complete one or more corrective actions or recommend to the board that the reviewer be prohibited from performing peer reviews in the future. ~~serious weaknesses in the reviewer's performance are noted on a particular review, or if a pattern of poor performance by a particular reviewer is noted, then the board or committee, depending on the particular circumstances, will consider the need to impose corrective actions on the service of the reviewer.~~

.149 In situations in which one or more of such corrective actions are required~~is imposed~~, the administering entity must inform AICPA staff and such actions will ~~will inform the board and may request that the board ratify the action(s) to~~ be recognized by all other administering entities.

.150 Any ~~condition imposed on or~~ corrective action required of a reviewer will ~~generally~~ apply to the individual's participation in the performance of any peer review~~service as a team captain, review captain, team member, or QCM reviewer~~ unless the condition is specific to the individual's service as only a team captain, review captain, team member, or QCM reviewer, respectively.

.151 If the reviewer disagrees with the corrective action(s) required by the committee or board, he or she may appeal the decision by writing the board and explaining why he or she believes that the action(s) are unwarranted. A hearing panel formed by the board will review and consider the request and take further action pursuant to fair procedures that it has established.

~~.151~~152 If a reviewer fails to correct reviewer performance deficiencies after a corrective action has been required or has committed egregious acts in the performance of a peer review, the committee should recommend to the board that the reviewer be prohibited from performing peer reviews in the future.~~If a reviewer refuses to cooperate with the committee or board, fails to revise peer review documents as requested by the committee or board, fails to correct the poor performance, or is found to be deficient in his or her performance, and education or other corrective or monitoring actions are not considered adequate to correct the poor performance, the committee may recommend to the board that the reviewer be prohibited from performing peer reviews in the future. In such situations imposed by a committee, the board shall appoint a hearing panel to consider ratifying the action(s) taken by the committee for the reviewer's name to be removed from the list of qualified reviewers or if some other action should be taken. The board may decide, with or without committee recommendation pursuant to fair procedures that it has established, to consider whether the reviewer should be prohibited from performing peer reviews or whether some other action should be taken.~~

.153 When a committee recommends that a reviewer should be prohibited from performing peer reviews in the future, the board shall appoint a hearing panel to consider, pursuant to fair procedures that it has established, whether the reviewer should be removed from the list of qualified reviewers or whether some other action should be taken. The board may appoint such a hearing panel without a committee recommendation. If the reviewer disagrees with the decision of the panel, he or she may appeal the decision by writing the board and explaining why he or she believes removal from the list of qualified reviewers is unwarranted. The board will take further action pursuant to fair procedures that it has established.

~~**.152** Corrective or other action(s) can only initially be appealed to the committee that imposed the action(s). For actions previously appealed to the committee or imposed or ratified by the board, if the reviewer disagrees with the corrective action(s), he or she may appeal the decision by writing the board and explaining why he or she believes that the action(s) are unwarranted. The board will review and consider the request upon its receipt.~~

~~**.153**~~**.154** If a reviewer has a corrective or other action(s) imposed on him or her by the committee or board, and the reviewer had previously been approved to perform a peer review that has either begun or has yet to begin, then the committee or board will need to consider whether the review should be performed by another reviewer, or if the review should be overseen by a member of the committee at the reviewer's expense, or other actions, if any (whether or not the reviewer has filed an appeal with the committee or board). If the reviewer has completed the fieldwork on one or more peer reviews prior to the imposition of the corrective action, then the committee or board will consider what action, if any, to take regarding those peer reviews based on the facts and circumstances.

Peer Review Standards Interpretations

Qualifying for Service as a Peer Reviewer

31b-5 *Question*—Paragraph .31(b) of the standards states that, to be considered currently active in the accounting or auditing function, a reviewer should be presently involved in the accounting or auditing practice of a firm supervising one or more of a firm's accounting or auditing engagements or carrying out a quality control function on a firm's accounting or auditing engagements. How is a "quality control function" defined?

Interpretation—In the context of standards paragraph .31(b), a quality control function is defined as performing an Engagement Qualtiy Control Review as part of the Engagement Performance element of a firm's system of quality control or ~~having responsibility for~~ supervising or performing the inspection as part of the Monitoring element of a firm's sytem of quality control ~~an engagement quality control review or monitoring.~~ Definitions of these terms appear in SQCS No. 8.

31b-6 *Question*—Paragraph .31(b) of the standards states that CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise. What factors should a reviewer consider when determining whether their day-to-day involvement is sufficiently comprehensive?

Interpretation— The reviewer should consider whether he or she is currently involved in supervising or carrying out a quality control function on the same types of engagements they will review. For example,

a. A reviewer of auditing engagements should be presently involved in supervising or carrying out a quality control function on a firm's auditing engagements;

b. A reviewer of engagements performed under Statements on Standards for Attestation Engagements (SSAE) should be presently involved in supervising or carrying out a quality control function on a firm's SSAE engagements; and

c. A reviewer of compilations with disclosures should be presently involved in supervising or carrying out a quality control function on engagements with disclosures.

A reviewer that only currently supervises or carries out a quality control function on compilation engagements should not review auditing, SSAE or review engagements.

31g-1 *Question*—Paragraph .31(g) of the standards states that reviewers must possess specific additional qualifications to review engagements that must be selected in a System Review under paragraph .63. What additional qualifications must the reviewer possess?

Interpretation—The additional qualifications that reviewers must possess in order to review must-select engagements are

a. The reviewer should have completed additional training focused on must-select engagements that meets the requirements of the board. Peer review training and criteria for demonstrating proficiency in the standards, interpretations and guidance of the program is established by the board. Those criteria are located on the Peer Review page of the AICPA website.

b. The reviewer must be currently (presently involved in) supervising or performing engagements, in his or her own firm, in the must-select industry or area; or carrying out reviews of engagements in the must-select industry or area in his or her own firm as part of the firm's monitoring or inspection process and currently meeting relevant, industry specific educational requirements, as applicable.

c. Where AICPA Audit Quality Centers exist (such as, but not limited to, the Employee Benefit Plan and Governmental Audit Quality Centers), reviewers of must-select engagements must be associated with firms that are members of the respective Audit Quality Center.

31g-2 *Question*—Are there any exceptions to the additional training requirements described in 31g-1?

Interpretation—Ordinarily, the must-select training courses developed and issued by the board are to be used to meet the requirements to review must-select engagements. However, reviewers may undergo training which includes the same elements as, and is as comprehensive as, the must-select training required by the board.

Peer Reviewers' Performance and Cooperation

~~**149-1** *Question*—When one or more corrective actions are imposed on a reviewer, the administering entity will inform the board and may request that the board ratify the action(s) to be recognized by other administering entities. When can these actions be imposed by other administering entities without board ratification?~~

~~*Interpretation*—When the reviewer is notified of performance issues through deficiency letters, corrective actions or restrictions placed upon the reviewer. For reviewers who perform reviews in multiple administering entities, any corrective action or restriction included in a deficiency letter should be considered by other administering entities regarding whether they want to enforce the action or restriction on all or some reviews performed by the reviewer in their jurisdiction.~~

~~**151-1** *Question*—When the board or committee requires the reviewer to comply with such corrective actions and the reviewer fails to correct the poor performance or refuses to cooperate, what procedures should be followed?~~

~~*Interpretation*—The committee or board must assess if the reviewer is making a reasonable effort to improve performance. After being provided reasonable time to improve performance, if the prescribed actions are not resulting in the necessary performance improvements, the committee or board may determine that the reviewer's action warrant board consideration. If a reviewer is referred to the board, the board will consider whether the reviewer should be prohibited from performing reviews or whether some other action should be taken.~~

Agenda Item 1.2B

Revision to Peer Review Guidance for Peer Reviewer Performance, Disagreements and Qualifications

On November 18, 2014, the Peer Review Board (Board) issued the Peer Reviewer Performance, Disagreements and Qualifications Exposure Draft proposing revisions to Standards and related interpretations designed to expedite remediation and removal of poor performing reviewers, improve consistency in the handling of reviewer performance matters and enhance reviewer qualifications and training requirements for reviewers of must-select engagements.

The Board considered the feedback received during the comment period ended January 2, 2015. The Board has adopted the proposed guidance presented at the January 27, 2015 board meeting. The change is effective for peer reviews commencing on or after May 1, 2016.

Preparation of Financial Statements Performed Under SSARS and the Impact on Enrollment in and the Scope of Peer Review

Why is this on the Agenda?

The Board recently issued an exposure draft on November 18th that, if approved, would allow firms that only perform engagements under SSARS *Preparation of Financial Statements* (preparation engagements) not to enroll in the AICPA peer review program (Program). However, it also proposed that a firm's preparation engagements would be included in the scope of a peer review when the firm either elects to enroll in the program (for example, to comply with licensing or other requirements) or is already enrolled due to other engagements it performs. Refer to Agenda Item 1.3A for the proposed standards and interpretation changes as well as other conforming changes to the Program manual.

Feedback Received

Refer to Agenda Item 1.3B for a summary of the comments received. Staff received a total of 10 responses to the exposure draft, five from the peer review committees (or their equivalents) of various State Societies, three from practitioners, one from the PCPS Technical Issues Committee (TIC) and one from NASBA. The responses from the peer review committees and practitioners were primarily against the proposal with the majority stating that all firms that perform services within the scope of AICPA professional standards should be subject to peer review requirements. TIC and NASBA did not oppose the proposal outlined in the exposure draft in their responses.

Many respondents offered other suggestions including changes to the verbiage used in the guidance revisions as well as the effective date of the guidance. These suggestions are further outlined in Agenda Item 1.3B and in the Board Considerations section below.

PRISM/Technology Impact

Staff are currently developing proposed updates to the forms that would impact PRISM programming (e.g. the Background Form and the Enrollment Form).

AE Impact

AEs would need to follow the revised guidance upon adoption by the PRB. Staff is currently working on ways for AEs to capture information related to preparation engagements in PRISM (such as background information or post scheduling statistics) and elsewhere in the timeframe between when the guidance is adopted, pending PRB approval, and when the relevant forms have been updated.

Communications Plan

Refer to Agenda Item 1.3C for the Peer Review Alert to be issued in January of 2015, pending PRB approval.

Manual Production Cycle (estimated)

If the proposals in the exposure draft are approved, the updated guidance would be included in the April 2015 manual.

Effective Date

The exposure draft indicated that the final revisions to the Standards will be effective upon issuance by the Board. The effective date is prior to the finalization of all checklists and forms

as firms can currently perform these types of engagements. A reviewer focus article will be published shortly to address how reviewers and AEs should document the review of any preparation engagement in the timeframe before the necessary checklists and forms are updated.

Board Considerations

Staff would like the Board to consider the following items:

- Consider the comments received in Agenda Item 1.3B and approve the changes to the Standards and Interpretations as presented in Agenda Item 1.3A.
- Approve the other conforming manual changes in Agenda Item 1.3D.
- Consider and approve the Peer Review Alert in Agenda Item 1.3C.

Staff would also like Board to specifically discuss certain suggestions that were raised by respondents to the exposure draft. This includes whether:

- Allowing firms that only perform preparation engagements to enroll in the Program without having to undergo a peer review by signing a 'No A&A' confirmation.
- Modifying proposed Interpretation 7-3 to begin as follows: "If a firm is required to enroll in the peer review program due to licensing or other requirements or otherwise elects to enroll in the peer review program,…". This suggestion was made to clarify that firms may not purely 'elect' to enroll in the program, but may enroll to comply with their state board's licensing requirement.

All other suggestions made by respondents are summarized in, and included in, Agenda Item 1.3B.

Proposed Revisions

Peer Review Standards

Overview

.07 The objectives of the program are achieved through the performance of peer reviews involving procedures tailored to the size of the firm and the nature of its practice. Firms that perform engagements under the SASs or Government Auditing Standards, examinations under the SSAEs, or engagements under PCAOB standards, as their highest level of service have peer reviews called System Reviews. A System Review includes determining whether the firm's system of quality control for its accounting and auditing practice is designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including SQCS No. 8, in all material respects. Firms that only perform services under SSARS or services under the SSAEs not included in System Reviews are eligible to have peer reviews called Engagement Reviews[5], however firms that only perform preparation engagements (with or without disclaimer reports) under SSARS are not required to enroll in the program (see interpretations). These standards are not intended for and exclude the review of the firm's accounting and auditing practice applicable to engagements subject to PCAOB permanent inspection (see interpretations). Firms that do not provide any of the services listed in paragraph 6 are not peer reviewed (see interpretations).

Performing Engagement Reviews

.104 The criteria for selecting the peer review year-end and the period to be covered by an Engagement Review are the same as those for a System Review (see paragraphs 13–19). Engagements subject to review ordinarily should be those with periods ending during the year under review, except for financial forecasts or projections and agreed upon procedures. Financial forecasts or projections and agreed upon procedures with report dates during the year under review would be subject to selection. The reviewed firm should provide summarized information showing the number of its compilation, review, and preparation engagements performed under SSARS and engagements performed under the SSAEs, classified into industry categories. That information should be provided for each partner, or individual if not a partner, of the firm who is responsible for the issuance of reports on such engagements or the issuance of prepared financial statements with or without disclaimer reports. On the basis of that information, the review captain or the administering entity ordinarily should select the types of engagements to be submitted for review, in accordance with the following guidelines (See Interpretations):

a. One engagement should be selected from each of the following areas of service performed by the firm:

1. Review of historical financial statements (performed under SSARS)
2. Compilation of historical financial statements, with disclosures (performed under SSARS)
3. Compilation of historical financial statements that omits substantially all disclosures (performed under SSARS)
4. Engagement performed under the SSAEs other than examinations

b. One engagement should be selected from each partner, or individual of the firm if not a partner, responsible for the issuance of reports listed in item (a).
c. Selection of preparation engagements should only be made in the following instances:

1. One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements.

2. One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only omit disclosure engagements are preparation engagements.

3. One preparation engagement should be selected if needed to meet the requirement in item (d).

~~e~~d. Ordinarily, at least two engagements should be selected for review.

.108 The evaluation of each engagement submitted for review includes:
a. Consideration of the financial statements or information and the related accountant's report on the compilation, ~~and~~ review, and preparation engagements performed under SSARS and engagements performed under SSAEs (see interpretations).
b. Consideration of the documentation on the engagements performed via reviewing background and engagement profile information, representations made by the firm, and inquiries.
c. Review of all other documentation required by applicable professional standards on the engagements.

Peer Review Interpretations

Compilations Performed When the Compiled Financial Statements Are Not Expected to Be Used by a Third Party (Management Use Only), Where No Compilation Report Is Issued

6-3 Question— A firm is not required to enroll in the AICPA peer review program if ~~If a firm elects to enroll in the peer review program and~~ its only level of service is performing compilations when the financial statements are not expected to be used by a third party (management use only) and when no report is issued.~~,~~ However, if the firm elects to enroll in the peer review program, is the firm required to have a peer review?

Interpretation— ~~No~~Yes. If a~~A~~ firm ~~that~~ elects to enroll in the peer review program, and its only level of service is performing management use only compilation engagements, it is ~~not~~ required to have a peer review~~, but may elect to do so~~. ~~If a firm elects to undergo a peer review, t~~The peer review is required to be performed under these standards.

Preparation of Financial Statements Engagements

7-3 *Question*— A firm is not required to enroll in the AICPA peer review program if its only level of service is performing preparation engagements (with or without disclaimer reports) under SSARS. However, if the firm elects to enroll in the peer review program is the firm required to have a peer review?

Interpretation— Yes. If a firm elects to enroll in the peer review program, and its only level of service is performing preparation engagements (with or without disclaimer reports) under SSARS, it is required to have a peer review. The peer review is required to be performed under these standards.

7-4 *Question* – Would preparation engagements (with and without disclaimer reports) be subject to peer review when the firm is already enrolled in the program because, for example, it performs services and issues reports on other engagements that are within the scope of the standards?

Interpretation – Yes. For firms enrolled in the program, preparation engagements (with and without disclaimer reports) fall within the scope of peer review. The standards define an accounting and auditing practice as all engagements covered by SSARS except where SSARS provide and exemption from those standards.

Selecting a Preparation Engagement in an Engagement Review

104-1 *Question* – Must a peer reviewer select a preparation engagement in an Engagement Review?

Interpretation – No, a reviewer is not necessarily required to select a preparation engagement in an Engagement Review. If a reviewer is able to meet the requirements of paragraph .104 of the standards– without selecting a preparation engagement, then a preparation engagement is not selected. However, if selecting a preparation engagement is the only way a reviewer can meet any of the following requirements (as outlined in paragraph .104 of the standards), then a preparation engagement (either with or without a disclaimer report) should be selected. These requirements are as follows:

- Ordinarily, at least two engagements should be selected for review.
- One engagement should be selected from each partner, or individual of the firm if not a partner, responsible for the issuance of reports or performance of engagements.
- An engagement with disclosures (performed under SSARS or the SSAEs) should be selected.
- An engagement that omits substantially all disclosures (performed under SSARS) should be selected.

104-2 *Question*—What should the peer reviewer be reviewing on such an engagement on an Engagement Review?

Interpretation—The reviewer would review the engagement letter as well as the legend on each page of the financial statements to determine that they comply with SSARS. If the firm issues a disclaimer report, the reviewer would also assess whether it complied with SSARS. In addition, the reviewer should also perform procedures to determine whether the presentation of the financial statements is appropriate and that the disclosures are adequate based on the

applicable financial reporting framework. If substantially all disclosures are omitted, the reviewer would need to determine whether the appropriate label is present for any disclosures that are made.

104-3 *Question*—Should the standard language in the peer review report be tailored on an Engagement Review, if preparation engagement(s) are selected for review.

Interpretation—No.

104-4 *Question*—What are some examples of when a preparation engagement should be selected during an Engagement Review?

Interpretation—

Example 1 - If a sole practitioner performs compilation engagements with disclosures (or SSAEs, or reviews) and compilation engagements that omit substantially all disclosures, then one of each of these levels of service should be selected as part of the peer review. None of the firm's preparation engagements should be selected.

Example 2 - If a sole practitioner only performs compilation engagements with disclosures and preparation engagements that omit substantially all disclosures (and no other engagements under the SSAES or SSARS), then one of each type of engagement should be selected as part of the peer review since an engagement that omits substantially all disclosures should be selected.

Example 3 - If a sole practitioner only performs compilation engagements that omit substantially all disclosures and preparation engagements with disclosures (and no other engagements under the SSAES or SSARS), then one of each type of engagement should be selected as part of the peer review since a full disclosure engagement should be selected.

Example 4 - If a sole practitioner only performs compilation engagements with disclosures and preparation engagements with disclosures, then two compilation engagements should be selected as the selection of a preparation engagement is not required to be and should not be selected to meet any of the criteria outlined in paragraph .104 of the standards. However, if the firm only performs one compilation engagement with disclosures (as well as preparation engagements with disclosures and no other engagements under the SSAES or SSARS), the compilation engagement and a preparation engagement should be selected as part of the peer review. In this case, a preparation engagement is selected in order to meet the requirement of selecting a minimum of two engagements.

Example 5 - Firm ABCDE is a 5 partner firm and Partner A performs agreed–upon procedure engagements, Partner B performs review engagements, Partner C performs full disclosure compilation engagements, Partner D performs compilation engagements that omit substantially all disclosures and Partner E performs preparation engagements. In this scenario one engagement is selected from each Partner ABCD which fulfills the requirement to select an engagement in each level of service outlined in paragraph .104a of the standards. However, since every person in the firm responsible for the issuance of financial statements must have an engagement selected, one of Partner E's preparation engagements should be selected. Since the requirement to select an engagement with disclosures and an engagement that omits

substantially all disclosures has been met (through the selection of engagements performed by the other partners) any preparation engagement performed by Partner E may be selected.

Example 6 – Using the same facts described in Example 5, if Partner E also performed a review engagement and a compilation engagement that omits substantially all disclosures, either the review engagement or the compilation engagement should be selected. The reviewer should not select any of Partner E's preparation engagements unless one of the requirements listed in paragraph .104 of the Standards cannot otherwise be met.

Corresponding changes to the Peer Review Program Manual will be made as necessary based on the final guidance approved by the Peer Review Board.

Number	Respondent	Summarized Response	Agrees	Other Suggested Revisions
1	Robert Fisher	Respondent agrees with Proposal	Yes	None
2	Erling Wang	Feels proposal is not clear enough. Suggests keeping old Q&A regarding management use only financial statements and adding the new Q&A's	No	
3	Peer Review Report Acceptance Committee of the Illinois CPA Society	Committee agrees with original Exposure Draft (to exclude preparation engagements entirely from the Peer Review process). However, the Committee does provide some recommendations for the second Exposure Draft, specifically related to the engagement selection process for Engagement Reviews and the proposed effective date.	No	1) Treat as different level of service (which would primarily affect Engagement Reviews) 2) PRB needs to issue guidance on the severity of performing a MUO engagement after 12/15/2015. 3) The effective date should be when the forms necessary to capture this information (e.g. SRM, BG Form) are available for use.
4	Peer Review Committee of the Oregon Society of CPAs	The Committee agrees with the decision to include preparation engagements in the scope of peer reviews for enrolled firms. The Committee disagrees with the decision to allow firms not to enroll in the program if their firm only performs preparation engagements.	Yes & No	None
5	Peer Review Committee of the Ohio Society of CPAs	The Committee believes that preparation engagements "should be covered by the peer review process and not carved out and excluded from peer review."	No	None
6	Peer Review Committee of the Indiana CPA Society	The Committee believes it to be in the best interest of the public to require all firms that perform services within the scope of AICPA professional standards to be subject to peer review requirements. This would include firms that only issue preparation engagement services	No	None
7	Ed Gray	The member believes the service should be treated the same as other professional standards and subjected to peer review. The member also believes that the preparation services should be treated as a separate level of service for selection purposes.	No	1) Treat as different level of service (which would primarily affect Engagement Reviews) 2) Requests that further time be allotted to the Exposure Period.
8	Georgia Society of CPAs Peer Review Executive Committee	The Committee agrees with the proposal to not require firms that only perform preparation services to enroll in peer review. However, they would like to see firms that enroll in Peer Review to meet State Board licensing requirements to be able to sign the No A&A confirmation annually once enrolled (as opposed to having to undergo a peer review).	Yes & No	1) They recommend allowing the firm to remain enrolled, but at the no accounting and auditing level with annual confirmation.
9	PCPS Technical Issues Committee	The Committee agrees with the proposal outlined in the Exposure Draft. The Committee did also have some suggestions for revisions and asked the PRB to issue additional guidance around whether noncompliance with certain aspects of Section 70 would result in a matter, finding or deficiency.	Yes	1) PRB needs to devise guidance that would illustrate the severity of examples of noncompliance. 2) TIC recommends that an alert (in whatever form deemed appropriate) be added to Interpretation 6-3 to ensure that firms understand when the guidance therein would be applicable. 3) Peer Review Interpretation 7-3 be amended as follows: "If a firm is required to enroll in the peer review program due to licensing or other requirements or otherwise elects to enroll in the peer review program,..."

10	NASBA	NASBA believes the language added to the proposed standards and interpretations regarding preparation services in the new exposure draft facilitates compliance with the licensing requirements of Boards of Accountancy and is consistent with their charge to protect the public interest.	Yes	None

Kindem, Tim

From: robert fisher <robert@robertfishercpa.com>
Sent: Monday, November 17, 2014 10:16 PM
To: PR_expdraft
Subject: NOV 18 EXPOSURE DRAFT

Follow Up Flag: Follow up
Flag Status: Flagged

I fully agree that a Firm that only does Preparation of Financial Statements because it is a non-attest service should not be required to enroll in Peer Review. States would not be able to require Peer Review of these Firms for license renewal purposes as well.

Sincerely,

Robert
President & CEO

ROBERT B FISHER CPA PC
1580 S MILWAUKEE AVE SUITE 504
LIBERTYVILLE IL 60048
TEL:847-680-7505
FAX:847-557-9009
Website:www.robertfishercpa.com

REFERRAL AWARDS PROGRAM

Simply email us at **robert@robertfishercpa.com**. Upon receipt of your referral,one of our professional account representatives will contact your lead promptly within 1 business day, and we will send you $100 when they sign up! You can refer as many as you like.

If you are happy with our services, please feel free to write a positive review online about your experience with our firm.

Kindem, Tim

From: Erling Wang <myerwa2g@gmail.com>
Sent: Monday, November 24, 2014 1:46 PM
To: PR_expdraft
Subject: EXPOSURE DRAFT- PROPOSED CHANGES TO THE AICPA STANDARDS FOR PERFORMING AND REPORTING ON PEER REVIEWS

Follow Up Flag: Follow up
Flag Status: Flagged

Re:

PROPOSED CHANGES TO THE
AICPA STANDARDS FOR PERFORMING
AND REPORTING ON PEER REVIEWS
Preparation of Financial Statements Performed under SSARS and the
Impact on Enrollment in and the Scope of Peer Review
November 18, 2014
Comments are requested by January 2, 2015
Prepared by the AICPA Peer Review Board for comment from persons
interested in the
AICPA Peer Review Program
Comments should be received by January 2, 2015 and addressed to
Tim Kindem, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road, Durham, NC 27707-8110
or PR_expdraft@aicpa.org

Dear Sir or Madam,

My comments are regarding page 9 as shown under "P.S." below.

1) Do you agree with this position? Please explain why you agree or disagree.

Yes and No.

Both old and new questions are clarifying 2 different issues that pertain to small CPA firms who need clear-cut answers without lengthy and/or ambiguous explanations.

So I suggest to keep the old Q&A, and add the new Q&A.

Thank you

Erling Wang

P.S.

Peer Review Interpretations
Compilations Performed When the Compiled Financial Statements Are Not Expected to Be Used by a Third Party (Management Use Only), Where No Compilation Report Is Issued
6-3 Question— A firm is not required to enroll in the AICPA peer review program if If a firm elects to enroll in the peer review program and its only level of service is performing compilations when the financial statements are not expected to be used by a third party (management use only) and when no report is issued,. However, if the firm elects to enroll in the peer review program, is the firm required to have a peer review?
Interpretation— NoYes. If aA firm that elects to enroll in the peer review program, and its only level of service is performing management use only compilation engagements, it is not required to have a peer review, but may elect to do so. If a firm elects to undergo a peer review,tThe peer review is required to be performed under these standards.

December 19, 2014

Tim Kindem, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Dear Mr. Kindem:

The Peer Review Report Acceptance Committee of the Illinois CPA Society (Committee) is pleased to provide our comments on the Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Preparation of Financial Statements Performed Under SSARS and the Impact on the Scope of Peer Review*. The Committee consists of 28 CPAs from public practice ranging in size from sole practitioner to large national firms. Experience on the Committee ranges from newly appointed to inception of the Program. These comments and recommendations represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which such members are associated.

General Comments

The Committee still agrees with the original proposal by the AICPA Peer Review Board (PRB) from August 18, 2014 to exclude preparation services from requiring enrollment in peer review and inclusion in the scope of peer review.

However, if the PRB chooses to move ahead with inclusion of preparation services in the scope of peer review, the Committee recommends certain changes to the proposal to simplify the Standards for all involved parties.

Alternate Position

The Committee still agrees that if a firm only performs preparation engagements under SSARS and no other engagements that would trigger the need for a peer review, the bylaw requirements should not require the firm to enroll in the Peer Review Program.

However, the Committee does not agree with the following from the proposal:

"...a preparation engagement is ONLY selected when certain requirements of paragraph .104 of the Standards cannot be met otherwise. Specifically, a preparation engagement is only selected if one of the individuals within the firm responsible for performing engagements/issuing reports only performs preparation engagements (and no other engagements within the scope of peer

review) or if a firm performs no other engagements with disclosures except for preparation engagements or if a firm performs no other engagements that omit disclosures except for preparation engagements."

The Committee feels this complicates what is currently a very simple engagement selection process for Engagement Reviews and will only confuse all involved parties. If the PRB is going to include these engagements in the scope of peer review, the Committee feels these engagements should be listed and treated as a different level of service on the Scope of Work Performed for a System Review and on the Engagement Summary Form for an Engagement Review. For a System Review, a Team Captain would still use a risk-based approach to determine whether one or more of these engagements should be selected for review. For an Engagement Review, these engagements would be treated as a separate level of service and as such, selected for review as required under the current rules for engagement selection on an Engagement Review.

Additional Position (Also included in the Committee's original response dated October 31, 2014)

It is the understanding of the Committee that the standard for preparation services will replace the standard for C-8 engagements, and that accountants will not be permitted to perform C-8 engagements for financial statements with periods ending on or after December 15, 2015. If that is the case, the Committee recommends the PRB provide additional guidance as to the peer review implications of a firm issuing one or more C-8 engagements with periods ending on or after December 15, 2015. Specifically, the PRB should provide guidance as to whether such engagements would result in a departure from professional standards and if so, whether the engagements would be deemed to not be in conformity with professional standards in all material respects (i.e., non-conforming).

Effective Date

The PRB must consider that as of the date of this letter, the Illinois CPA Society (and most likely many other administering entities) have already sent out background forms to firms with peer reviews due on or before June 30, 2015. It would be a huge burden on the administering entities to require them to go back to all of the reviews already scheduled to check if they have done any preparation services under the SSARS. The Committee feels that any revisions to the Standards cannot go into effect until preparation services are incorporated into the background forms available to be sent to the firms, as well as the checklists utilized by Team Captains, Review Captains, and Technical Reviewers.

The Illinois CPA Society appreciates the opportunity to express its opinion on this matter and would be pleased to discuss our comments in greater detail if requested.

Sincerely,

Catherine Allen, CPA
Chair, Peer Review Report Acceptance Committee

Robert Giblichman, CPA
Vice-chair, Peer Review Report Acceptance Committee

December 18, 2014

Tim Kindem, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

RE: The Peer Review Board's Exposure Draft "Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Preparation of Financial Statements Performed under SSARS and the Impact on Enrollment in and the Scope of Peer Review*" – Issued November 18, 2014

This response to the referenced exposure draft (ED) is submitted on behalf of the Peer Review Committee of the Oregon Society of CPAs (the Committee). These comments have no official status and do not represent the approval or disapproval of the ED by the Oregon Society of CPAs or its Board of Directors.

We applaud the Board's decision to issue a revised ED on the treatment of financial statement preparation services in the peer review program.

While we concur with the Board's decision to include preparation services as defined in SSARS No. 21 within the scope of peer review for firms already enrolled in the peer review program, we disagree with the Board's choice to exempt from peer review firms whose practices are restricted to providing this service.

Although preparation engagements are defined in SSARS No. 21 as a non-attest service, the resulting financial statements will not be restricted use and may be relied upon by the public.

The public will not be able to distinguish this non-attest service from compiled financial statements. The only meaningful difference between the engagements is the method of communicating the accountant's involvement to the user, either in a legend on each page of the financial statement for the preparation engagement, or in the accountant's report for a compilation engagement. Matters communicated in the accountant's report on nondisclosure compilation engagements, such as departures from the applicable financial reporting framework or the decision by management to omit substantially all disclosures, will be conveyed with the use of identical language on preparation engagements, except on the face of the financial statements or in a note to the financial statements instead of in a report.

Not only will the preparation service be indistinguishable from the compilation service in the eyes of the public, the time and effort expended by the accountant on these engagements will be comparable.

Neither preparation engagements nor compilation engagements require the accountant to verify the accuracy or completeness of the information provided by management. Both engagements require the accountant to request additional information from management if the records or other information used in preparing the financial statements are incomplete, inaccurate, or otherwise unsatisfactory. Both engagements allow the accountant to provide assistance to management with significant judgments on accounting policy and estimates, and on presentation and disclosure. Both engagements require a signed engagement letter.

The preparation service is perceived by many as a replacement for "management use only" statements and for interim financial statements prepared on accounting software.

We agree that the preparation service will be applied to those engagements formerly conducted under the standards for management use only engagements, and that the public will not be harmed so long as those engagements are circulated only among members of management. However, absent a restriction on their use, these financial statements will be distributed to and relied upon by lenders, investors and other members of the public. Therefore the preparation service rather than a replacement for is an expansion of the standards in this area to a degree warranting coverage under peer review.

With respect to interim financial statements prepared on accounting software such as QuickBooks, SSARS No. 21 proposes to solve a problem the profession has already solved. The problem was how to integrate QuickBooks engagements with our professional standards. The solution was and is to treat these engagements as bookkeeping engagements. Under the recently superseded standards for compilation, an accountant had to both prepare and present the financial statements to elevate a bookkeeping engagement to a compilation service. Accountants rarely both prepare and present on QuickBooks engagements. Under SSARS No. 21, these bookkeeping engagements retain their character; they do not become a preparation service.

Even if circumstances require the accountant to prepare and present interim financial statements, the preparation service under SSARS No. 21 does not differ substantively from the compilation service. In the past a firm preparing interim financial statements might have generated a balance sheet and income statement from QuickBooks, tailored the titles to indicate the income tax basis of accounting was used, included a legend on each page asking the user to "see accountant's report" and, after obtaining an engagement letter, issued a compilation report with boiler plate language stating no assurances were offered. If there were departures from the income tax basis, the accountant described the departures in the report. Preparing the same financial statements but now under the standards for preparation service, the firm generates a balance sheet and income statement from QuickBooks, tailors the titles to indicate the income tax basis of accounting is used, includes a legend on each page advising the user that the firm offers no assurances and, after obtaining an engagement letter, presents the statements to the client. If there are departures from the income tax basis, the accountant describes the departures in selected footnotes. The same effort is required. The only significant difference is that the compilation is subject to peer review, while the preparation service is not.

Instead of solving a problem, SSARS No. 21 creates a new, more vexing, one. It is a problem the AICPA Peer Review Board could resolve by subjecting firms that perform preparation services to peer review.

That problem is the potential for a new category of CPA firm, a kind of second tier CPA firm. Such firms will undertake to convert their compilation practice to a preparation services practice. These firms will potentially withdraw from the peer review program, cease to obtain continuing education on the topic of accounting standards, and unsubscribe from the third party practice aids and other library materials that currently support their accounting practice. If performed properly, a financial preparation engagement requires the same professional care and time commitment as a compilation engagement, yet such firms will not have the education or the tools to perform their engagements adequately. The result will be lower quality work that the public will rely upon to the same extent as it does a compilation engagement. Such engagements should be peer reviewed.

If the risk assessment concepts used in peer review were to be applied at the firm level rather than the engagement level, firms restricting their practice to preparation services would be more deserving of peer review than firms issuing compilation reports.

Another concern we have is that exempting some, but not all, CPA firms from peer review is contrary to the recent trend in our profession for mobility among states and territories. Nearly all states now have mobility for individual licensing and many have implemented firm mobility. By allowing states and territories to decide individually whether firms whose practices are limited to preparation services should be peer reviewed, the ED is decreasing mobility when the trend has been to increase mobility. If the Peer Review Board requires AICPA member firms with practices limited to preparation services to undergo peer review, conflicts among the states and territories will be reduced, and mobility will be increased. We believe the AICPA should take the high road and promote standards that increase rather than decrease mobility.

In addition to performing an educational function for CPA firms, peer review serves the public interest, but it is not in the public's interest to establish a category of firm exempt from peer review. If the public is relying on a financial statement then that financial statement should be subject to peer review.

Thank you for considering our comments on this important issue.

Sincerely yours,

Rick Proulx, CPA, Chair
Oregon Society of CPAs Peer Review Committee

December 30, 2014

Tim Kindem, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Exposure Draft - Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Preparation of Financial Statements Performed Under SSARS and the Impact on the Scope of Peer Review*

Dear Technical Manager, Board Members and Staff:

The Peer Review Committee of The Ohio Society of Certified Public Accountants is pleased to respond to the invitation to comment on the AICPA's Exposure Draft Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Preparation of Financial Statements Performed under SSARS and the Impact on the Scope of Peer Review.*

The committee is not in support of the "revised" exposure draft. The committee still feels that if preparation standards are part of the professional standards they should in fact be covered by the peer review process and not carved out and excluded from peer review. This point is further supported by the fact that statements under preparation services could be used by third parties and the public interest would not be served by excluding these services from the scope of the review. Any statement prepared by a CPA will always have at least some reliance placed on it.

The committee also feels that there are sufficient procedures within the Standards to allow peer review to occur. These procedures would be somewhat analogous to the procedures currently included for the review of management-use-only ("SSARS 8") compilations. In particular, reviewing the engagement letter would be a critical procedure relative to the preparation of financial statements, since it establishes the applicable financial reporting framework. Preparation procedures also require ensuring that the applicable financial reporting framework is disclosed on the face of the financial statements, along with a "no assurance" legend (or an accompanying disclaimer.) We believe that in many cases, preparation will result in departures from the applicable financial reporting framework, the omission of statements of cash flows, and/or the omission of substantially all disclosures; these matters are also required by SSARS to be disclosed on the face of the financial statements or in a note. Non-compliance with these provisions of the Standards would create material non-compliance which could result in misleading financial statements. This is clearly not in the public interest. We believe that there is a high risk of non-compliance with these provisions which could be reduced by including preparation services within the scope of a peer review.

We appreciate the opportunity to provide feedback to the proposed changes to the AICPA Standards for Performing and Reporting on Peer Reviews: *Preparation of Financial Statements Performed under SSARS and the Impact on the Scope of Peer Review* and welcome any additional opportunities to further discuss the matter.

Sincerely,

Mark A. Malachin, CPA
Chairman, Peer Review Committee

December 29, 2014

Tim Kindem
Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

RE: Comments to Exposure Draft:
Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews
Preparation of Financial Statements Performed Under SSARS and the Impact on The Scope of the Peer Review Dated November 18, 2014

Dear Mr. Kindem:

These comments are submitted on behalf of the Peer Review Committee of the Indiana CPA Society (the Committee). These comments have no official status and do not represent the approval or disapproval of the exposure draft by the Indiana CPA Society or its Board of Directors.

The Committee appreciates the opportunity to offer our comments on the AICPA Peer Review Board's proposed changes to the Peer Review Standards.

As was stated in our previous response to the exposure draft dated August 18, 2014 on the same topic, the Committee disagrees with the AICPA Peer Review Board's proposed changes to the Peer Review Standards to exclude Preparation of Financial Statements services from the peer review process. We believe it to be in the best interest of the public to require all firms that perform services within the scope of AICPA professional standards are subject to peer review requirements to maintain the quality of the work that is made available to the general public. This would include firms that only issue preparation engagement services.

The peer review program was created to enhance the quality of accounting, auditing and attestation services performed by AICPA members in public practice. As the Preparation of Financial Statements services are defined in the *Standards for Accounting and Review Services*, they fall under the definition of "accounting" services per paragraph 6 of the peer review standards and would be subject to peer review in order to maintain the quality of the accounting work performed by AICPA members. To exclude the Preparation of Financial Statements services is inconsistent as the peer review process monitors not only the reporting and performing aspects of a financial statement engagement but also knowledge of the applicable reporting framework under which the financial statements are prepared.

The Statements on Standards for Accounting and Review Services (SSARS) #21 includes Preparation of Financial Statements as a separate service. We see very little difference between a compilation service and a preparation of financial statement service performed by the CPA. The end product of either service is a financial statement prepared in accordance with a financial reporting framework (i.e. GAAP, cash basis, tax basis) without the CPA's verification of the accuracy or completeness of the information provided by management.

Both services require the accountant to have knowledge and an understanding of the entity's financial reporting framework (they must know GAAP, cash basis, tax basis, etc.). This is a requirement for any type of financial statement engagement, audit, review or compilation. In a compilation, if an accountant becomes aware of a material departure from the applicable framework the financial statements are prepared under, they are required to propose an adjustment to the financial statements to correct the statements or note the departure in the accountants' report. If the accountant were to prepare the financial statements under Preparation of Financial Statement standards, they would be required to prepare the financial statements in accordance with the applicable framework and correct an error before issuing the financial statements. If the financial statements are not corrected, the accountant must disclose the departure in the financial statement. Therefore, whether a client engages an accountant to prepare or compile the financial statements, the engagement should result in the financial statements either being corrected or the departure disclosed. We think you would agree that if an accountant was first asked to prepare the financial statements of a client and then later engaged to compile the same set of financial statements, the amounts and disclosures in the financial statement should be exactly the same.

Both services provide no assurance on the financial statements. Under the SSARS #21 it states in section 80 Compilation engagements paragraph .02 "*Because a compilation engagement is not an **assurance** service...*" It also states in Section 70 Preparation of Financial Statements paragraph .14, that each page of the financial statements include a statement that "*No **assurance** is provided* or *issue a disclaimer that makes clear that no assurance is provided* or *perform a compilation engagement in accordance with section 80*". So in a compilation, the CPA express no assurance in the compilation report and in a preparation service, the CPA express no assurance on each page of the financial statement. Both services express no assurance should be placed on the financial statements.

Both compilation and preparation services require engagement letters that are similar in their content.

Both compilation and preparation services require the accountant to prepare and maintain documentation that includes the engagement letter and a copy of the financial statements.

Both compiled and prepared financial statements can go to users outside of the entity's management such as lending institutions, bonding companies, current shareholders, potential investors and vendors. Because outside users can be using the statements, we believe the public's interest is best served when financial statements either compiled or prepared by a CPA are monitored (peer reviewed) to insure the quality of the work, whether or not the review firms only engagements are Preparation of Financial Statements.

In the current exposure draft on page 5 it states, "*AICPA bylaws state that firms (or individuals in certain situations) are only required to enroll in the Program if they perform services that are within the scope of the Standards and issue reports purporting to be in accordance with AICPA professional Standards*". We think we would all agree that firms that only perform Preparation of Financial Statements services are performing those services *"within the scope of the Standards"* as they are preparing the financial statements under SSARS #21. It is our understandings that the conclusion that the AICPA is drawing with regards to why they are excluding firms from the peer review process that only perform Preparation of Financial Services engagements is that the issuance of financials statement under the Preparation of Financial Statement Standards do not include "*...reports purporting to be in accordance with AICPA professional Standards*". While drawing this conclusion may be technically correct as no report accompanies Preparation of Financial Statement engagements, would not a user of Preparation of Financial Statement engagements assume the firm who issued the Preparation of Financial Statement engagement performed it in accordance with AICPA professional standards even without a report that states so? We believe that substance over form applies here in that the users of compilations or preparation engagement services expect the work to be performed in accordance with applicable AICPA professional standards. The lack of a report that accompanies the statement should not be interpreted to mean that the preparation engagement service was not performed in accordance with AICPA professional standards.

In addition, we believe that the AICPA bylaws were written to only require firms to enroll in the peer review program if the services they performed included a "report" was done to exclude management use only financial statements from peer review when firms were only doing management use only financial statements. We agree that this was a proper conclusion made to exclude these firms from peer review because the statements were not made available to the general public. Now that preparation engagement services are available to the public, we believe that preparation of financial services should be subject to peer review in the best interest of the general public. Therefore, this may require a change to the bylaws to include preparation engagement services in peer review even though these statements do not include a report.

We believe that excluding the preparation of financial statements services from the peer review process would be a disservice to the public. If a client engages a CPA to prepare financial statements in accordance with an applicable framework of accounting, would the "general public" not expect to see a set of financial statements prepared in accordance with that applicable framework of accounting? Isn't that what the client is paying the CPA to do? While the CPA takes no responsibility with regards to the underlying accuracy or completeness of the information provided by the client, the CPA still has the responsibility to understand the applicable financial reporting framework and to prepare the statements accordingly. Because the client has hired the CPA to prepare their financial statements in accordance with GAAP, let's say, should not the CPA inquire about GAAP related accounting issues such as accounting for leases, depreciation methods, compensated absences, bonus arrangements, etc. when preparing the GAAP basis financial statements? If the CPA fails to prepare the financial statements in accordance with the applicable financial reporting framework, shouldn't that be something we, as a profession, want to make sure gets corrected? And the method to monitor how the accountant is performing in their accounting practice is the peer review process.

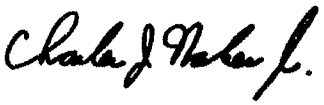
We also believe that creating an exemption from peer review for firms that only prepare financial statements, creates a double standard for firms that prepare other financial statement engagements. The double standard would be confusing to financial statement users and the general public. How are financial statement users and the general public going to understand that a preparation engagement service performed under professional standards of the AICPA is only subject to peer review in some CPA firms and not in all CPA firms? Is the work product not the same?

We believe that the general public holds the CPA designation in very high regard. The work product of a CPA should be of the highest quality regardless of any assurance or non-assurance levels provided on the financial statements. As a profession we hold ourselves out as experts in accounting services which, in our opinion, covers the preparation of financial statements in accordance with an applicable financial reporting framework. We should want to include the preparation of financial statements in the peer review process to maintain the quality of that work.

We believe the general public will have a very hard time differentiating between a compilation service and a preparation of financial statement services let alone understand why the former is peer reviewed and the latter not always when the work product at the end of either service is the same.

If you have questions or need further clarification of our comments, please contact Nichole Favors, Peer Review Manager of the Indiana CPA Society Administering Entity.

Respectively, submitted,



Charles J. Naber, CPA
Indiana CPA Society Peer Review Committee, Chair

Kindem, Tim

From: Ed Gray <eegray@edgraycpa.com>
Sent: Friday, January 02, 2015 1:10 PM
To: PR_expdraft
Subject: PR Exposure Draft: Preparation of Financial Statements

Importance: High

Re: Exposure Draft – Preparation of Financial Statements Performed under SSARS and the Impact on Enrollment in and the Scope of Peer Review

I am NOT in agreement with the PR Board positions regarding the new AICPA SSARS Standard for "Preparation" of financial statements (AR 70). While I was not in agreement with the new SSARS level of service, now that it has been issued it should be treated the same as other professional standards and subjected to peer review.

Specific comments to the sections of the ED:

.07 – The proposed change to "excuse" from peer review firms that only perform Preparation Engagements would basically create two classes of practitioners:

- those that also perform other SSARS engagements that are subject to peer review (i.e., compilations and reviews) and thus their Preparation Engagements are therefore subject to PR, and
- those practitioners who don't perform other SSARS engagements, and thus their Preparation Engagements would not be subject to PR.

I believe this will cause confusion among practitioners and the users of SSARS engagements. In addition, my PR experience indicates that the practitioners who will only perform Preparation Engagements are most likely the ones who will not bother complying with (or may be ignorant of) the requirements of AR 70 (specifically, engagement letters and appropriate legends on the financial statements).

This exclusion from enrollment in the AICPA program would have impact only on AICPA members and may be moot, given that some SBOAs may require that Preparation Engagements be subject to PR, just as many SBOAs have with SSARS 8 "Management Use Only" engagements.

Engagement Reviews

.104 – The addition of Preparation Engagements to the required engagement listing is *prima facie* evidence that such engagements are now recognized as another level of service covered by professional standards. This is a strong argument against exclusion of such engagements from PR for some practitioners as proposed in .07 above.

.104 c. – Carving out Preparation Engagements under some circumstances and not others will be very confusing to firms being reviewed, their peer reviewers, technical reviewers, and peer review committees, adding to peer review time and costs. I believe that PR engagement selection should be based on the applicable professional standards. Since Preparation Engagement are now recognized in a separate standard section (AR 70), they should be treated as a separate level of service, subject to independent selection when present. Consideration should be given to differentiation between financial statements with and without disclosures as is presently done for Compilation Engagements (AR 80).

Interpretations

7-3 and **7-4** – These Q/As are so obvious, but they does point out situations that would create two classes of practitioners as noted above.

104-1 through **104-4** – These Q/As further support the utter confusion as to the engagements selected for peer review that will result as I have noted above. Simplifying the selection of Preparation Engagements as a separate level of service would make these interpretations unnecessary.

Finally, I must comment on the process selected by the PR Board for comments from interested parties to this Exposure Draft. It was issued on November 18, 2014, just before the Thanksgiving and ensuing holidays, with a comments closing date of January 2, 2015 (today). The Board must have known that this gave a very narrow window for consideration and response, especially when the details of the new SSARS 21 standard (creating AR 70 and this situation) had barely been made available in final form. In the interest of encouraging full participation by interested parties I would encourage the PR Board to extend the comment period on this Exposure Draft.

I appreciate the opportunity to comment on the referenced ED proposing changes to the AICPA PR Standards.

Very truly yours,

Edward E. Gray, CPA

AICPA #317315

Edward E. Gray, CPA

7608 Kilmichael Lane, Dallas TX 75248-2341

Ph. 972-977-0148

The Georgia Society
of Certified Public Accountants

January 2, 2015

Tim Kindem
Technical Manager, AICPA Peer Review Program
AICPA
220 Leigh Farm Rd
Durham, NC 27707-8110

Mr. Kindem,

The Georgia Society of CPAs Peer Review Executive Committee recently met to discuss the exposure draft related to Preparation of Financial Statements Performed under SSARS and the Impact on Enrollment in and the Scope of Peer Review. The Georgia Society of CPAs (GSCPA) appreciates the time and effort the AICPA took in order to determine whether or not Preparation of Financial Statements should be included in the scope of the peer review.

GSCPA's Peer Review Executive Committee agrees with not requiring firms that perform Preparation of Financial Statements to be enrolled in the Peer Review Program. However, we do have concern regarding the Georgia State Board of Accountancy's requirement which may or may not require the firm to remain enrolled in the program. If a firm is required to remain enrolled and the only level of service performed is preparation of financial statements, we recommend allowing the firm to remain enrolled, but at the no accounting and auditing level with annual confirmation. This would allow them to meet the State Board requirement of enrollment in a practice monitoring program and not have the peer review unless the type of work performed by the firm changes.

Sincerely,

Bob Bennett, CPA
GSCPA Peer Review Executive Committee Chair

Boyd E. Search, CAE
GSCPA Chief Executive Officer

AICPA® PCPS
Private Companies Practice Section

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

January 4, 2015

Mr. Tim Kindem, Technical Manager
AICPA Peer Review Program
220 Leigh Farm Road
Durham, NC 27707-8110

Re: November 18, 2014 AICPA Peer Review Board Exposure Draft (ED) of Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews, *Preparation of Financial Statements Performed Under SSARS and the Impact on the Enrollment in and the Scope of Peer Review*

Dear Mr. Kindem:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC has reviewed the ED and is providing the following comments for your consideration.

GENERAL COMMENTS

In TIC's response to the original ED of Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews, *Preparation of Financial Statements Performed Under SSARS and the Impact on the Scope of Peer Review*, TIC supported the Peer Review Board's proposal to exclude preparation services from the scope of the AICPA's peer review program. TIC agreed with the Board's conclusion on page 6 of the original ED that financial statement users may inappropriately place reliance on the financial statements prepared by the accountant if they were subject to peer review.

TIC's support for the original ED was based on the fact that the preparation standard is a nonattest service that has no requirement for the accountant to verify the accuracy or completeness of the information provided by management, gather evidence to express an opinion or a conclusion on the financial statements or otherwise report on the financial statements. Therefore, there would be little value derived from a public interest perspective in requiring preparation services to be subject to peer review.

TIC understands that the Board has received feedback that many state boards of accountancy (SBOAs) require peer reviews of professional services performed in accordance with SSARS without specifically excluding preparation engagements. As

mentioned above, TIC agrees with the Board's concerns that users of these financial statements could place undue reliance on financial statements prepared in accordance with the preparation standard. TIC also acknowledges the Board's concerns relating to facilitating AICPA members' and others' compliance with SBOA licensing requirements and to mitigating any mobility challenges that may arise if these engagements are excluded entirely.

With this understanding, TIC agrees with the proposed changes that state a firm is not required to enroll in the AICPA peer review program if it only performs engagements in accordance with Section 70, *Preparation of Financial Statements* (preparation engagements), of SSARS 21, *SSARSs: Clarification and Recodification*. TIC also agrees that preparation engagements should be included in the scope of a peer review when a firm either elects to enroll in the program (e.g., to comply with licensing or other requirements) or is already enrolled due to other engagements it performs.

Below are specific comments and concerns related to the proposed revisions in the ED.

SPECIFIC COMMENTS

Interpretation 104-2 – Engagement review procedures for a preparation engagement

In accordance with proposed Interpretation 104-2, the peer reviewer would

> *perform procedures to determine whether the presentation of the financial statements is appropriate and that the disclosures are adequate based on the applicable financial reporting framework. If substantially all disclosures are omitted, the reviewer would need to determine whether the appropriate label is present for any disclosures that are made.* [Emphasis added]

Section 70 of SSARS No. 21 requires the accountant to disclose material misstatements in the financial statements when, after consultation with management, the accountant prepares the financial statements with known departures from the applicable financial reporting framework (SSARS 21, Section 70, paragraph 18) or with substantially all disclosures omitted (SSARS 21, Section 70, paragraph 19).

TIC believes the proposed interpretation should also address whether the peer reviewer would be required to cite a "matter/finding/deficiency" if it came to the reviewer's attention that the financial statements included a departure from the applicable reporting framework (other than the omission of substantially all disclosures) that the accountant who prepared the financial statements was aware of but failed to disclose. Unlike the omission of substantially all disclosures, such departures may or may not be readily apparent to the reviewer.

However, the omission of the disclosure required by SSARS 21, Section 70, paragraph 18, would represent a violation of professional standards (if material). TIC believes the omission of the disclosure of known departures from the applicable financial reporting

framework of which the accountant who prepared the financial statements is aware or should reasonably be aware could occur fairly frequently in practice. TIC therefore recommends that the proposed interpretation be revised to reflect the Board's views on this issue.

Although a peer reviewer could not be held responsible for detecting all nondisclosure of material misstatements of which the accountant who prepared the financial statements is aware, TIC believes that such undisclosed known misstatements that come to the reviewer's attention during the course of the peer review should be subject to the same peer review conclusion (matter/finding/deficiency) as a failure to disclose the omission of substantially all disclosures.

Proposed Revisions to Interpretation 6-3 – Compilations Performed When the Compiled Financial Statements Are Not Expected to Be Used by a Third Party (Management Use Only), Where No Compilation Report is Issued

Once SSARS 21 becomes effective, this interpretation will no longer apply and should be deleted. If the accountant is engaged to prepare financial statements for management-use only but is not engaged to issue a compilation report, the engagement would be performed in accordance with Section 70 of SSARS 21 and would not be a compilation engagement. In other words, management-use-only engagements will no longer exist after the effective date of SSARS 21.

For those firms that do not adopt SSARS 21 prior to its effective date, the extant interpretation would apply as originally drafted. It would not apply to those firms that elect to adopt SSARS 21 prior to its effective date. Therefore, during the transition period up until SSARS 21 becomes fully effective, Interpretation 6-3 should not be amended. In addition, TIC recommends that an alert (in whatever form deemed appropriate) be added to Interpretation 6-3 to ensure that firms understand when the guidance therein would be applicable.

Proposed New Interpretation 7-3 – Preparation of Financial Statements Engagements

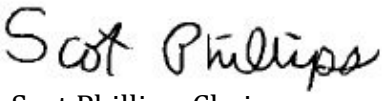
One TIC member who practices in a state that requires a firm to be peer reviewed if it performs any engagement under the SSARSs questioned the use of the phrase "elects to enroll in the program" when a firm enrolls in the AICPA peer review program "to comply with licensing or other requirements." If a state board is requiring a firm to participate in the AICPA's peer review program, the reviewed firm views enrollment as a requirement, not an election. TIC therefore recommends that Peer Review Interpretation 7-3 be amended as follows:

> *If a firm is required to enroll in the peer review program due to licensing or other requirements or otherwise elects to enroll in the peer review program,…*

TIC has not commented on the Board's requested feedback from SBOAs, since TIC does not include representatives from the SBOAs.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,



Scot Phillips, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees

National Association of State Boards of Accountancy

♦ 150 Fourth Avenue, North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615.880-4201 ♦ Fax 615.880.4291 ♦ www.nasba.org ♦

January 5, 2015

AICPA Peer Review Program
American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

Attn: Tim Kindem, Technical Manager via email: PR_expdraft@aicpa.org

Re: Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews – Preparation of Financial Statements Performed Under SSARS and the Impact on Enrollment and the Scope of Peer Review

We are pleased to respond to the request for comments from the American Institute of CPAs (the "AICPA" or the "Institute") on its *Exposure Draft – Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews* (Preparation of Financial Statements Performed under SSARS and the Impact on Enrollment in the Scope of Peer Review). The National Association of State Boards of Accountancy's (NASBA) mission is to enhance the effectiveness of the licensing authorities for public accounting firms and certified public accountants in the United States and its territories. Our comments on the Proposed Changes are made in consideration of the charge of state regulators to protect the public interest.

OVERALL COMMENTS

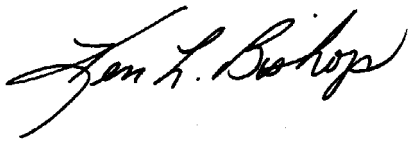
We appreciate the AICPA's efforts, in response to feedback received on the previous exposure draft related to the carving out of preparation services. We believe the language added to the proposed standards and interpretations regarding preparation services in this new exposure draft facilitates compliance with the licensing requirements of Boards of Accountancy and is consistent with their charge to protect the public interest.

* * *

Thank you for the opportunity to provide our perspective on this important topic. Our comments are intended to assist the AICPA in analyzing the relevant issues and potential impacts. We encourage the AICPA to engage in active and transparent dialogue with commenters as proposed changes are considered.

Very truly yours,

Walter C. Davenport, CPA
NASBA Chair



Ken L. Bishop
NASBA President and CEO

Peer Review Alert
Preparation Services Exposure Draft

On November 18, 2014, the Peer Review Board (Board) issued an exposure draft which proposed that firms that only perform preparation engagements under AR-C Section 70 - Preparation of Financial Statements (issued as part of Statement on Standards for Accounting and Review Services (SSARS) No. 21, *Statement on Standards for Accounting and Review Services: Clarification and Recodification*) would not be required to enroll in the AICPA peer review program (Program). However, it also proposed that a firm's preparation engagements would be included in the scope of a peer review when the firm either elects to enroll in the program (e.g. to comply with licensing or other requirements) or is already enrolled due to other engagements it performs This proposal was issued in order to address the effect of these engagements on the scope of the Program.

The Board considered comments raised by the peer review community about the proposal and elected to adopt the proposed guidance changes. The changes are effective for peer review with a commencement date on or after February 1, 2015.

submit this information to the administering entity and discuss any questions it may have with the administering entity. The AICPA will make a determination whether for peer review purposes it will be treated as solely a name change. The peer reviewer is issuing a report on a period covering one year and should include the name that appeared on the letterhead of the reports issued by the firm during that year.

If subsequent to the peer review year-end the firm changed its name, the new name may appear as well. Ideally these matters should be dealt with such that the report and, if applicable, response thereto presented to the peer review committee reflect these revisions. For example, ABC firm had a peer review for the year ended 9/30/07 and changed its name to ABCDE firm effective 11/1/07. The peer review took place on 12/1/07, and the peer review report was issued 12/15/07. In this example the report could be addressed to (and all references in the report could refer to "ABCDE firm (formerly known as ABC firm"). However, at a minimum, the report should contain a reference to ABC firm because that was the name on the letterhead of the reports issued by the firm during the peer review year.

If the firm underwent a name change in the middle of the peer review year, the report should be addressed to the firm's most current name and could also indicate in the body of the report, "also doing business as." So in the previous example, assume ABC firm changed its name to ABCDE firm on 3/31/07. The peer review report would appropriately be addressed to ABCDE firm but the body of the report could refer to ABCDE firm "also doing business as ABC firm" during the peer review year. Reports were issued on both letterheads for the reports issued by the firm.

A firm would have a name change in the following situations:

- A partner is leaving the firm and taking no accounting or auditing (A&A) clients from this firm to a new firm.
- A partner is joining the firm and bringing no A&A clients into the firm.
- A staff member has been promoted to partner.
- A firm name is changed for commercial purposes (PLLC, LLC, PC).

If the firm's name changed due to a merger, or acquisition, dissolution, or sale, this guidance may not be applicable.

Responding to Engagements Not Performed or Reported on in Conformity With Applicable Professional Standards in all Material Respects

Interpretation 67-1 indicates that the reviewed firm (firm) should make appropriate considerations to address engagements that are identified during the peer review that are not performed or reported on in conformity with applicable professional standards in all material respects. The primary responsibility is on the firm to follow professional standards to address these types of engagements. Auditing and accounting standards provide guidance for firms when this information comes to the attention of the firm subsequent to the report release date, such as information identified as a result of a peer review. The relevant professional standards include AU-C section 560 , *Subsequent Events and Subsequently Discovered Facts*, ~~or~~ SSARS No. 19, *Framework for Performing and Reporting on Compilation and Review Engagements* (AICPA, *Professional Standards*, AR secs. 60, 80, and 90), or SSARS No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification* (AICPA, *Professional Standards*, AR-C secs. 60, 70, 80, and 90) as applicable , or, if the firm's work does not support the report issued, as addressed in AU-C section 585, *Consideration of Omitted Procedures After the Report Date* (AICPA, *Professional Standards*). Interpretation 67-1 indicates that the reviewer should remind the firm of its responsibilities to follow the relevant professional standards to address these situations.

The firm should make and document comprehensive assessments about whether it is necessary to perform omitted procedures, or whether a material reporting error necessitates reissuance of an accounting or auditing report, revision to the financial statements, or remediation of the subsequent engagement. The firm should thoroughly consider the continued reliance by third party users on reports issued and procedures performed. Particularly, the firm should consider the expectations of regulatory bodies that the firm will perform the omitted procedures or correct reports in a timely manner.

The firm is expected to follow applicable professional standards regarding documentation of the omitted procedures, if performed, document performance or reissuance considerations, and provide a response to the peer reviewer. The firm's initial assessment should be timely and generally take place during the peer review to enable the peer reviewer

Attachment 1

SYSTEM REVIEW COMPLETION INFORMATION

INFORMATION TO BE COMPLETED BY THE TECHNICAL REVIEWER

1. Review number _____
2. Reviewed firm name _____
3. Number of offices _____
4. Number of partners _____
5. Number of personnel (including partners) _____
6. Major report code (Table 1) _____
7. Minor report codes (Table 2) _____
8. Report with scope limitation? ☐ Yes ☐ No
9. Review classification (Table 3) _____
10. Review period covered _____ From _____ To
11. Range of audits and examinations under SSAEs (Table 4) _____
12. Does the firm perform: (Y/N)
    - Reviews ☐ Yes ☐ No
    - Compilations with disclosures ☐ Yes ☐ No
    - Compilations without disclosures ☐ Yes ☐ No
    - Preparations with disclosures ☐ Yes ☐ No
    - Preparations without disclosures ☐ Yes ☐ No
    - Engagements under the SSAEs, excluding examinations ☐ Yes ☐ No
13. Number of MFCs _____
14. Number of FFCs _____
15. Technical reviewer's initials _____
16. Date technical review completed _____

TABLE 1
MAJOR REPORT CODES
1. Pass
3. Pass with Deficiencies
7. Fail

TABLE 2
MINOR REPORT CODES
350 Leadership Responsibilities for Quality Within the Firm ("the Tone at the Top")
351 Relevant Ethical Requirements
352 Engagement Performance
353 Human Resources
354 Acceptance and Continuance of Client Relationships and Specific Engagements
355 Monitoring

TABLE 3
REVIEW CLASSIFICATION
1. Easy
2. Moderate difficulty
3. Difficult

TABLE 4
RANGE OF ENGAGEMENTS
A. None
B. 1–5
C. 6–9
D. 10 or more

Attachment 1

ENGAGEMENT REVIEW COMPLETION INFORMATION

INFORMATION TO BE COMPLETED BY THE TECHNICAL REVIEWER

1. Review number _____
2. Reviewed firm name _____
3. Major report codes (Table 1) _____
4. Report with scope limitation? ☐ Yes ☐ No
5. Review classification (Table 2) _____
6. Review period covered _____ From _____ To
7. Does the firm perform: (Y/N)
   - Reviews ☐ Yes ☐ No
   - Compilations with disclosures ☐ Yes ☐ No
   - Compilations without disclosures ☐ Yes ☐ No
   - Preparations with disclosures ☐ Yes ☐ No
   - Preparations without disclosures ☐ Yes ☐ No
   - Engagements under the SSAEs ☐ Yes ☐ No
8. Number of MFCs _____
9. Number of FFCs _____
10. Technical reviewer's initials _____
11. Date technical review completed _____

TABLE 1
MAJOR REPORT CODES
1. Pass
3. Pass with Deficiencies
7. Fail

TABLE 2
REVIEW CLASSIFICATIONS
1. Easy
2. Moderate difficulty
3. Difficult

CHAPTER 5

Objectives, Engagement Selection Process, Evaluation, and Acceptance of an Engagement Review

I. Objectives of an Engagement Review

A. The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects (sec. 1000 par. .102).

B. Review captains must determine whether that threshold for engagements reviewed is met or not met, based on a set of peer review procedures to be performed.

C. Upon review of the engagements, the review captain may identify matters, finding, deficiencies, or significant deficiencies, all of which will need to be addressed.

D. The peer review report issued depends on whether the engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects.

E. Although there is some professional judgment in evaluating the engagements, in order to assist in the consistency of the peer review process, guidance has been developed by the AICPA Peer Review Board to facilitate a reasonably consistent method of performing Engagement Reviews, as well as reporting on and report acceptance bodies (RAB) acceptance of Engagement Reviews.

F. The peer review committee and its RABs are responsible for determining that the peer review was performed and reported on in accordance with the standards, interpretations, and guidance issued by the board and therefore guidance in this chapter is relevant to RABs.

II. Process a Review Captain Follows in Selecting, Evaluating, and Concluding on the Engagements Reviewed in an Engagement Review

A. Criteria for Selecting the Engagements for the Review (sec. 1000 par. .104–.105)

1. Engagements subject to review ordinarily should be those with periods ended during the year under review.

2. For financial forecasts or projections and agreed upon procedures, the selection for review ordinarily should be those engagements with report dates during the year under review.

3. The reviewed firm should provide summarized information showing the number of its compilation, ~~and~~ review and preparation engagements performed under Statements on Standards for Accounting and Review Services (SSARSs) and engagements performed under the Statements on Standards for Attestation Engagements (SSAEs), classified into engagement type and industry categories.

4. This information should be provided for each partner, or individual if not a partner, of the firm who is responsible for the issuance of reports on such engagements or the issuance of prepared financial statements with or without disclaimer reports.

5. On the basis of that information, the review captain or the administering entity for a CART review ordinarily should select the engagements to be submitted for review, in accordance with the following guidelines:

a. One engagement should be selected from each of the following areas of service performed by the firm:

- Review of historical financial statements (performed under SSARS)
- Compilation of historical financial statements with disclosures (performed under SSARS)
- Compilation of historical financial statements that omit substantially all disclosures (performed under SSARS)
- Engagements performed under the SSAEs other than examinations

b. One engagement should be selected from each partner or individual of the firm if not a partner responsible for the issuance of reports listed in item (a).

c. Selection of preparation engagements should only be made in the following instances:

1. One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements.

2. One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only omit disclosure engagements are preparation engagements.

3. One preparation engagement should be selected if needed to meet the requirement in item (d).

d. Ordinarily, at least two engagements should be selected for review.

The preceding criteria are not mutually exclusive. The objective is to ensure that one engagement is selected for each partner and one engagement is selected from each area of service performed by the firm listed in item (a). Therefore, one of every type of engagement that a partner, or individual if not a partner, responsible for the issuance of the reports listed in item (a) performs does not have to be reviewed as long as, for the firm taken as a whole, all types of engagements noted in item (a) performed by the firm are covered.

B. Other Documents and Information That Should Be Obtained

The review captain should obtain the required representations submitted by the firm (see standards par. 5(f)) and should obtain the firm's prior peer review report,* the letter response, if applicable, and the letter accepting those documents, all from the reviewed firm. The review captain should also obtain the prior FFC forms (from the administering entity, if the review captain's firm did not perform the prior review) (sec. 1000 par. .106).

For each engagement selected for review, the reviewed firm should submit the appropriate financial statements or information and the accountant's report, masking client identity if it desires, along with specified background information, representations about each engagement, and the firm's documentation required by applicable professional standards for each of these engagements. There is a presumption that all engagements otherwise subject to the peer review will be included in the scope of the review. However, in the rare situations when exclusions or other limitations on the scope of the review are being contemplated, a reviewer should carefully consider the implications of such exclusion. This includes communicating with the firm and the administering entity, the effect on the review, and on the ability of the reviewer to issue a peer review report (sec. 1000 par. .107).

C. Evaluation of Individual Engagements Submitted for Review Includes (sec. 1000 par. .108)

1. consideration of the financial statements or information and the related accountant's report on the ~~compilation and review~~ engagements performed under SSARS and engagements performed under SSAEs.
2. consideration of the documentation on the engagements performed via reviewing background and engagement profile information, representations made by the firm, and inquiries.
3. review of all other documentation required by applicable professional standards on the engagements.

An Engagement Review does not include a review of other documentation prepared on the engagements submitted for review (other than the documentation referred to in standards paragraphs .107–.108), tests of the firm's administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a System Review. Furthermore, although the revised standards allow for "reading the applicable documentation required by professional standards," and the *Statements on Quality Control Standards* are a part of the professional standards, it might appear that the revised standards do not prohibit the reviewer

* And the letter of comments, if applicable, for reviews commenced prior to January 1, 2009.

Codes for Level of Service

A1	Audit Under *Government Auditing Standards* (GAS/Yellow Book) (Excluding Single Audit Act [OMB A-133] Engagements)
A2	Single Audit Act (OMB A-133) Engagement under GAS/Yellow Book
A3	All Nonaudit Engagements Under GAO
A4	Audit Performed Under the Employee Retirement Income Security Act of (ERISA) Defined Contribution Plan—Limited and Full Scope (excluding 403(b) plan) Defined Contribution Plan—Limited and Full Scope (403(b) plan only) Defined Benefit Plan—Limited and Full Scope ERISA Health and Welfare Plan Employee Stock Ownership Plan (ESOP) Other Employee Benefit Plan
A5	Audit of Federally Insured Depository Institution subject to Federal Deposit Insurance Corporation Improvement Act (FDICIA) (With $500 Million or Greater in Total Assets at the Beginning of Its Fiscal Year)
A6	Audit[11]
A7	Engagement of a Non-Securities and Exchange Commission (SEC) Issuer Performed in Accordance With Public Company Accounting Oversight Board (PCAOB) Auditing or Attestation Standards
PFSE	Examination of Prospective Financial Statements
PFSC	Compilation of Prospective Financial Statements
PFSAUP	Agreed-Upon Procedures of Prospective Financial Statements
ATE	Examination of Written Assertions
ATR	Review of Written Assertions
ATAUP	Agreed-Upon Procedures
SOC1	Examination of SOC 1 Engagements
SOC2	Examination of SOC 2 Engagement
R	Review of Financial Statements
C	Compilation of Financial Statements With Disclosures on Which a Report was Issued
CO	Compilation of Financial Statements That Omit Substantially All Disclosures on Which a Report Was Issued
C-8	Compilation engagements when the compiled financial statements are not expected to be used by a third party (management use only) and when an engagement letter was issued instead of a report
P	Preparation of Financial Statements With Disclosures
PO	Preparation of Financial Statements That Omit Substantially All Disclosures
IA1	Use as a 'suffix' for level of service codes when the engagement is performed under International Standards on Auditing (ISAs) or any other standards issued by the International Auditing and Assurance Standards Board (IAASB) or any other audit or assurance standards outside of the United States (for example, A6-IA1).
IA2	Use as a 'suffix' for level of service codes when the engagement is performed under any other international standards on audit, assurance or related services (for example, A6-IA2)
IA3	Use as a 'suffix' for level of service codes when the engagement has been performed using any international accounting or reporting standards (except for International Financial Reporting Standards) (for example, A6-IA3)

[11] Includes audits of financial statements and other audit services.

taken.[3] The reviewed firm should advise the review team of the results of its investigation and document the actions taken or planned or its reasons for concluding that no action is required.

.35 A peer reviewer notes a *matter* as a result of his or her evaluation of the design of the reviewed firm's system of quality control or tests of compliance with it. Tests of compliance include inspection, inquiry, and observation performed by reviewing engagements and testing other aspects of the reviewed firm's system of quality control. Matters are typically one or more no answers to questions in peer review questionnaire(s) that a reviewer concludes warrants further consideration in the evaluation of a firm's system of quality control. A matter is documented on a Matter for Further Consideration (MFC) form. If the matter, after further evaluation, gets elevated to a finding but not a deficiency or significant deficiency, it is documented on an FFC form. The FFC form is a standalone document that includes the reviewer's recommendation. The FFC form also includes the reviewed firm's response that describes how the firm intends to implement the reviewer's recommendation (or alternative plan if the firm does not agree with the recommendation); the person(s) responsible for implementation; the timing of the implementation; and, if applicable, additional procedures to ensure that the finding is not repeated in the future. MFC and FFC forms are subject to review and oversight by the administering entity, who will evaluate the reviewed firm's FFC form responses for appropriateness and responsiveness and determine whether any follow up action is necessary. If the matter documented on the MFC form is instead elevated to a deficiency or significant deficiency, then it is communicated in the report itself, along with the reviewer's recommendation. The firm submits a letter of response regarding actions planned or taken and the timing of those actions by the firm, which is also evaluated for appropriateness and responsiveness.

.36 A *finding* is one or more related matters that result from a condition in the reviewed firm's system of quality control or compliance with it such that there is more than a remote possibility that the reviewed firm would not perform or report in conformity with applicable professional standards. A peer reviewer will conclude whether one or more findings are a deficiency or significant deficiency. If the peer reviewer concludes that no finding, individually or combined with others, rises to the level of deficiency or significant deficiency, a report rating of *pass* is appropriate. A finding not rising to the level of a deficiency or significant deficiency is documented on an FFC form. Findings will be evaluated and, after considering the nature, causes, pattern, pervasiveness, and relative importance to the system of quality control as a whole, may not get elevated to a deficiency. A matter may develop into a finding and get elevated to a deficiency. That deficiency may or may not be further elevated to a significant deficiency.

.37 If the reviewed firm believes after investigating the matter that it can continue to support its previously issued report or prepared financial statements, it should provide the review team with a written explanation of the basis for its conclusion (generally on an MFC form). If the explanation appears reasonable, the review team should consider whether the documentation of the engagement supports the report issued. In evaluating the responses, the review team should recognize that it has not performed an audit of the financial statements in accordance with GAAS (or reviewed, ~~or~~ compiled or prepared them in accordance with the SSARSs) and that it has not had the benefit of access to the client's records, discussions with the client, or specific knowledge of the client's business.

.38 A *deficiency* is one or more findings that the peer reviewer has concluded, due to the nature, causes, pattern, or pervasiveness, including the relative importance of the finding to the reviewed firm's system of quality control taken as a whole, could create a situation in which the firm would not have reasonable assurance of performing or reporting in conformity with applicable professional standards in one or more important respects. It is not a significant deficiency if the peer reviewer has concluded that except for the deficiency or deficiencies, the reviewed firm has reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Such deficiencies are communicated in a report with a peer review rating of *pass with deficiencies*.

.39 A *significant deficiency* is one or more deficiencies that the peer reviewer has concluded results from a condition in the reviewed firm's system of quality control or compliance with it such that the reviewed firm's system of quality control taken as a whole does not provide the reviewed firm with reasonable assurance of performing or reporting in conformity with applicable professional standards in all material respects. Such deficiencies are communicated in a report with a peer rating of *fail*.

[3] The reviewed firm is required under generally accepted auditing standards and the Statements on Standards for Accounting and Review Services to take appropriate action under certain circumstances with respect to (1) subsequently discovered information that relates to a previously issued report or (2) the omission of one or more procedures considered necessary to support a previously expressed opinion. (See AU-C section 560, *Subsequent Events and Subsequently Discovered Facts* [AICPA, *Professional Standards*]; AU-C section 585, *Consideration of Omitted Procedures After the Report Date* [AICPA, *Professional Standards*]; paragraph .54 of AR section 90, *Review of Financial Statements* [AICPA, *Professional Standards*]; and paragraph .47 of AR section 80, *Compilation of Financial Statements* [AICPA, *Professional Standards*].)

PRP Section 4300
Quality Control Policies and Procedures Documentation Questionnaire for a Sole Practitioner With No Personnel[1]

.01 Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10) (effective as of January 1, 2012), supersedes all existing SQCSs, establishes standards, and provides guidance for a CPA firm's responsibilities for its system of quality control. The SQCS deals comprehensibly with a firm's quality control practices in the areas of audits, reviews, compilations, preparation and attestation engagements. It places an unconditional obligation on a firm to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and applicable regulatory and legal requirements, and that the reports issued by the firm or engagement partners are appropriate in the circumstances. Significant aspects of SQCS No. 8 include the following:

- SQCS No. 8 defines *unconditional requirements* through the use of the words *must* or *is required* and *presumptively mandatory requirements* through the use of the word *should*.
- SQCS No. 8 identifies the policies and procedures that should address each of the following elements of a firm's system of quality control:
  - — Leadership Responsibilities for Quality Within the Firm (the "Tone at the Top")
  - — Relevant Ethical Requirements
  - — Acceptance and Continuance of Client Relationships and Specific Engagements
  - — Human Resources
  - — Engagement Performance
  - — Monitoring
- SQCS No. 8 requires a firm to communicate and document its quality control policies and procedures. The extent of the documentation is based on the size, structure, and nature of the firm's practice.
- SQCS No. 8 recognizes the importance of a quality oriented internal culture, requires firms to establish policies that require the firm to assign its management responsibilities so that commercial considerations do not override the quality of work performed, and addresses personnel performance evaluation, compensation, and advancement to demonstrate the firm's overarching commitment to quality.
- SQCS No. 8 provides detailed guidance on independence and requires a written confirmation of compliance with independence requirements from all personnel at least annually.
- SQCS No. 8 provides detailed guidance on client acceptance and continuance, and requires documentation of the resolution of significant issues.
- SQCS No. 8 provides detailed guidance on engagement supervision and review, engagement documentation, and consultation policies and procedures.

[1] The term *personnel* is defined in Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10), as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those individuals who have the partner or manager level responsibility for the overall supervision or review of such engagements).

.07

AICPA Peer Review Program

QUALITY CONTROL POLICIES AND PROCEDURES DOCUMENTATION QUESTIONNAIRE FOR A SOLE PRACTITIONER WITH NO PERSONNEL[2]

Firm	Prepared By	Date

This questionnaire may not include all the policies and procedures applicable to a firm's practice. It should be tailored to provide documentation of pertinent policies and procedures applicable to the six elements of quality control. In this questionnaire the terms "firm" and "practitioner" are used interchangeably. Some portions of the questionnaire will require a specific response, whereas a "Yes," "No," or "N/A" answer may be appropriate in other instances. Some questions may require a brief description of applicable procedures in place. If necessary, additional documentation should be provided. Where appropriate, make reference to any documents that describe those policies and procedures in more detail. Examples of such documents might be audit and accounting manuals and forms and checklists used in the firm's practice.

This questionnaire does not address specific requirements of membership in the AICPA Governmental Audit Quality Center or the AICPA Employee Benefit Plan Audit Quality Center. Additionally, there may be other requirements for firms engaged to perform audit services for an issuer to comply with the Public Company Accounting Oversight Board and the Securities and Exchange Commission and for those firms performing engagements subject to *Government Auditing Standards.*

	Yes	No	N/A	Comments
A. Leadership Responsibilities for Quality Within the Firm ("Tone at the Top") ***Quality control policies and procedures are required to be documented and communicated to personnel, including the message that each individual has a personal responsibility for quality and to be familiar with and to comply with these policies and procedures.***				
1. Does the firm have a written quality control document in effect for the peer review year?	☐	☐	☐	
a. If "yes," submit a copy of the firm's quality control document in effect for the peer review year to your team captain. Completion of this questionnaire may not be required if the quality control document comprehensively describes the policies and procedures established and maintained for each element of quality control as contemplated by SQCS No. 8. However, under certain circumstances, the team captain may still request that this questionnaire be completed (and the quality control document attached).				
b. If "no," will this questionnaire provide the primary documentation of the firm's policies and procedures for its system of quality control? If "yes," indicate date of adoption (cannot be prior to the date of the completion of this questionnaire) _____	☐	☐	☐	

[2] The term *personnel* is defined in SQCS No. 8 as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those individuals who have the partner or manager level responsibility for the overall supervision or review of such engagements).

	Yes	No	N/A	Comments
6. In situations where the firm is not independent, are services for those clients limited to compilation and other nonattest services, and are all compilation reports modified to disclose the firm's lack of independence?	☐	☐	☐	
The firm, when acting as principal auditor, confirms the independence of another firm performing parts of an engagement.				
7. Does the firm have any engagements where it acts as principal auditor or accountant and another firm of CPAs is engaged to perform segments of the engagement?	☐	☐	☐	
a. If "yes," are written confirmations obtained regarding the other firm's independence with respect to audit engagements and either written or oral confirmations obtained for review or attestation engagements?	☐	☐	☐	
i. If "yes," describe the form and content of the confirmation. _____				
ii. If "no," describe how the practitioner determines and documents independence. _____	☐		☐	
Before a member [ET sec. 92 par. .20] or his or her firm performs nonattest services for accounting and auditing clients,* the member should determine that the requirements described in, Ethics Interpretation No. 101-3, "Performance of Nonattest Services," under Rule 101,* Independence *(AICPA,* Professional Standards*, vol. 2, ET sec. 101 par. .05), have been met. In cases where the requirements have not been met with respect to nonattest services rendered during the period of the professional engagement or the period covered by the financial statements, independence would be impaired.				
8. Does the firm provide nonattest services to accounting and auditing clients?	☐	☐	☐	

* A member who performs a compilation engagement for a client should modify the compilation report to indicate a lack of independence if the member does not meet all of the conditions set out in Ethics Interpretation No. 101-3, "Performance of Nonattest Services," under Rule 101, *Independence* (AICPA, *Professional Standards*, vol. 2, ET sec. 101 par. .05), when providing a nonattest service to that client (see Statement on Standards for Accounting and Review Services [SSARS] No. ~~19~~21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification* [AICPA, *Professional Standards*, AR-C sec. 80] or SSARS No. 19, *Compilation and Review Engagements* [AICPA, *Professional Standards*, vol. 2, AR sec. 80]), for compilation engagements performed on financial statements for periods ending before December 15, 2010, see SSARS No. 1, *Compilation and Review of Financial Statements* (AICPA, *Professional Standards*, vol. 2), which was superseded by SSARS No. 19.

PRP Section 4400
Quality Control Policies and Procedures Documentation Questionnaire for Firms With Two or More Personnel[1]

.01 Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10) (effective as of January 1, 2012), supersedes all existing SQCSs, establishes standards, and provides guidance for a CPA firm's responsibilities for its system of quality control. The SQCS deals comprehensibly with a firm's quality control practices in the areas of audits, reviews, compilations, preparation, and attestation engagements. It places an unconditional obligation on a firm to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and applicable regulatory and legal requirements, and that the reports issued by the firm or engagement partners are appropriate in the circumstances. The significant aspects of SQCS No. 8 include the following:

- SQCS No. 8 defines *unconditional requirements* through the use of the words *must* or *is required* and *presumptively mandatory requirements* through the use of the word *should.*
- SQCS No. 8 identifies the following six elements of quality control to be included in a firm's quality control system of and addressed in its policies:
  - — Leadership Responsibilities for Quality Within the Firm (the "Tone at the Top")
  - — Relevant Ethical Requirements
  - — Acceptance and Continuance of Client Relationships and Specific Engagements
  - — Human Resources
  - — Engagement Performance
  - — Monitoring
- SQCS No. 8 requires a firm to communicate and document its quality control policies and procedures. The extent of the documentation is based on the size, structure and nature of the firm's practice.
- SQCS No. 8 recognizes the importance of a quality-oriented internal culture by requiring firms to establish policies assigning its management responsibilities for ensuring that commercial considerations do not override the quality of work performed and for addressing personnel performance evaluation, compensation, and advancement to demonstrate the firm's overarching commitment to quality.
- SQCS No. 8 provides detailed guidance on independence and requires a written confirmation of compliance with independence requirements from all personnel at least annually.
- SQCS No. 8 provides detailed guidance on client acceptance and continuance, and it requires documentation of the resolution of significant issues.
- SQCS No. 8 provides detailed guidance on engagement supervision and review, engagement documentation, and consultation policies and procedures.
- SQCS No. 8 requires policies and procedures for addressing and resolving differences of opinions, including a requirement that reports must not be released until the difference of opinions are resolved. Such policies and

[1] The term *personnel* is defined in Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10), as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those professionals who have the partner-level and manager-level responsibility for the overall supervision or review of such engagements).

.08

AICPA Peer Review Program

QUALITY CONTROL POLICIES AND PROCEDURES DOCUMENTATION QUESTIONNAIRE FOR FIRMS WITH TWO OR MORE PERSONNEL[2]

Firm	Prepared By	Date

This questionnaire may not include all the policies and procedures applicable to a firm's practice. It should be tailored to provide documentation of pertinent policies and procedures applicable to the six elements of quality control. Some portions of the questionnaire will require a specific response; a "Yes," "No," or "N/A" answer may be appropriate in other instances. Some questions may require a brief description of applicable procedures in place. If necessary, additional documentation should be provided. Where appropriate, make reference to any documents that describe those policies and procedures in more detail. Examples of such documents might be audit and accounting manuals and forms and checklists used in the practice.

This questionnaire does not address specific requirements of membership in the AICPA Governmental Audit Quality Center or the AICPA Employee Benefit Plan Audit Quality Center. Additionally, there may be other requirements for firms engaged to perform audit services for an issuer to comply with the Public Company Accounting Oversight Board and the Securities and Exchange Commission (SEC) and for those firms performing engagements subject to *Government Auditing Standards.*

If the firm is closely aligned with a non-CPA owned entity, and if certain portions of the elements of (1) relevant ethical requirements, (2) human resources, or (3) monitoring reside at or operate in conjunction with the system of quality control of the non-CPA owned entity, the firm must also complete PRP section 5100, *Quality Control Policies and Procedures Documentation Questionnaire Supplement for Non-CPA Owned Entities Closely Aligned With a CPA Firm*.

	Yes	No	N/A	Comments
A. Leadership Responsibilities for Quality Within the Firm ("Tone at the Top") ***Quality control policies and procedures are required to be documented and communicated to personnel, including the message that each individual has a personal responsibility for quality and to be familiar with and to comply with these policies and procedures.***				
1. Does the firm have a written quality control document in effect for the peer review year?	☐	☐	☐	
a. If "yes," submit a copy of the firm's quality control document in effect for the peer review year to your team captain. Completion of this questionnaire may not be required if the quality control document comprehensively describes the policies and procedures established and maintained for each element of quality control as contemplated by SQCS No. 8. However, under certain circumstances the team captain may still request that this questionnaire be completed (and the quality control document attached).				

[2] The term *personnel* is defined in SQCS No. 8 as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those professionals who have the partner-level or manager-level responsibility for the overall supervision or review of such engagements).

	Yes	No	N/A	Comments
Before a member [ET sec. 92 par. .20] or his or her firm performs nonattest services for accounting and auditing clients*[*], *the member should determine that the requirements described in Ethics Interpretation No. 101-3, "Performance of Nonattest Services," under rule 101, "Independence" (AICPA* Professional Standards*, ET sec. 10, par. .05), have been met. In cases where the requirements have not been met with respect to nonattest services rendered during the period of the professional engagement or the period covered by the financial statements, independence would be impaired.				
13. Does the firm provide nonattest services to accounting and auditing clients?	☐	☐	☐	
a. If "yes," did the firm meet all the requirements of Ethics Interpretation No. 101-3 for each accounting and auditing client for which nonattest services were performed?	☐	☐	☐	
b. Does the firm establish an understanding, including appropriate documentation of the understanding, with each client regarding the following?				
i. Objectives of the engagement	☐	☐	☐	
ii. Services to be performed	☐	☐	☐	
iii. Client's acceptance of its responsibilities	☐	☐	☐	
iv. Member's responsibilities	☐	☐	☐	
v. Any limitations of the engagement	☐	☐	☐	
If the firm is a member of a network [ET sec. 92 par. .21], the firm should determine that the requirements described in Ethics Interpretation No. 101-17, "Networks and Network Firms," under Rule 101, "Independence" (AICPA,* Professional Standards*, ET sec. 101, par. .19), have been met.				
14. Is the firm a network firm [ET sec. 92 par. .22]?	☐	☐	☐	
a. If "Yes," answer the following:				
i. Did the firm meet all of the requirements of Ethics Interpretation No. 101-17?	☐	☐	☐	
ii. Describe how the firm monitors its independence with respect to financial statement audits, reviews, and other attest engagements performed by other members of the network. _____				

[*] A member who performs a compilation engagement for a client should modify the compilation report to indicate a lack of independence if the member does not meet all of the conditions set out in Ethics Interpretation No. 101-3, "Performance of Nonattest Services," under Rule 101, *Independence* (AICPA, *Professional Standards*, ET sec. 101 par. .05), when providing a nonattest service to that client (see Statement on Standards for Accounting and Review Services [SSARS] No. ~~19~~21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification* [AICPA, *Professional Standards*, AR-C sec. 80] or SSARS No. 19, *Compilation and Review Engagements* [AICPA, *Professional Standards*, AR sec. 80]), for compilation engagements performed on financial statements for periods ending before December 15, 2010, see SSARS No. 1, *Compilation and Review of Financial Statements* (AICPA, *Professional Standards*), which was superseded by SSARS No. 19.

	Yes	No	N/A	Comments
iii. Reviewing correspondence and documentation, as well as interviewing personnel, to determine the firm's compliance with its policies and procedures regarding leadership responsibilities for quality within the firm, relevant ethical requirements (including independence, integrity, and objectivity), acceptance and continuance of client relationships and specific engagements, human resources, engagement performance, and monitoring	☐	☐	☐	
iv. Reviewing a cross section of engagements considering the following criteria:				
(*a*) All partners and managers with significant accounting and auditing responsibilities	☐	☐	☐	
(*b*) Significant specialized industries with emphasis given to high-risk industries	☐	☐	☐	
(*c*) The size of the firm, number and geographical location of offices, and the degree of authority	☐	☐	☐	
(*d*) Significant client engagements	☐	☐	☐	
(*e*) First-year engagements	☐	☐	☐	
(*f*) Level of service performed (that is, audit, review, compilation, preparation and attestation engagements)	☐	☐	☐	
(*g*) Engagements for which there have been complaints or allegations from firm personnel, clients, or other third parties that the work performed by the firm failed to comply with professional standards, regulatory requirements, or the firm's system of quality control	☐	☐	☐	
(*h*) Engagements in which there were significant disagreements between the quality review partner and the engagement partner	☐	☐	☐	
(*i*) Engagements performed under *Government Auditing Standards* (the Yellow Book)	☐	☐	☐	
(*j*) Engagements for employee benefit plans (ERISA)	☐	☐	☐	
(*k*) Engagements for financial institutions	☐	☐	☐	
v. Describe the firm's approach for determining the completeness of the engagement population upon which the inspection and peer review samples are based.				

PRP Section 4500
Guidelines for Review of Quality Control Policies and Procedures for a Sole Practitioner With No Personnel[1]

.01 This section of the manual contains a questionnaire that the reviewer should complete when reviewing the reviewed firm's responses to the Quality Control Policies and Procedures Documentation Questionnaire or the firm's quality control document. References in this form were designed to be used in conjunction with PRP section 4300, *Quality Control Policies and Procedures Documentation Questionnaire for a Sole Practitioner With No Personnel*; however, if it is used instead with the firm's own quality control document, then the reviewer needs to make reference to the specific sections of that quality control document. This questionnaire has been developed for a sole practitioner with no personnel. Completion of this questionnaire assists the reviewer in analyzing the firm's quality control policies and procedures.

.02 The reviewer should respond directly with "Yes," "No," or "N/A" answers and briefly describe, where appropriate, the results of his or her evaluation of the policies and procedures the firm has in effect. Lengthy and elaborate answers are not expected.

.03 These guidelines should ***not*** be used for reviews of firms with two or more personnel. Suggested review procedures for these firms are contained elsewhere in this section.

.04 The reviewer should be familiar with the requirements of Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10) (effective as of January 1, 2012), which supersedes all existing SQCSs. This questionnaire was prepared based on the model of suggested policies and procedures that firms are encouraged to consider in designing and maintaining a system of quality control. As such, a "No" answer to a question does not necessarily indicate a problem with the firm's system of quality control; however, it may require additional consideration by the reviewer. A firm's quality control policies and procedures should be sufficient based on the size, structure, and nature of its practice for it to obtain reasonable assurance of complying with professional standards.

.05 By arrangement, certain portions of the reviewed firm's system of quality control may reside at or operate in conjunction with the system of quality control of a non-CPA owned entity with which the reviewed firm is closely aligned through common employment, leasing of employees, equipment, facilities, and so on, or other similar arrangements. This would generally include policies and procedures relating to the following elements of quality control: (1) relevant ethical requirements (including independence, integrity, and objectivity), (2) human resources, and (3) monitoring of the elements noted in (1) and (2). Such an arrangement would not normally exist with a sole practitioner with no personnel. However, if this arrangement applies to the reviewed firm, then in addition to PRP section 4500, the reviewer should complete PRP section 5200, *Supplemental Guidelines for Review of Quality Control Policies and Procedures for Non-CPA Owned Entities Closely Aligned With a CPA Firm.*

[1] The term *personnel* is defined in Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10), as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements).

.06

AICPA Peer Review Program

GUIDELINES FOR REVIEW OF QUALITY CONTROL POLICIES AND PROCEDURES FOR A SOLE PRACTITIONER WITH NO PERSONNEL[2]

Firm	Prepared By	Date

Reviewers should ask the reviewed firm and the administering entity about any requirements of relevant state boards of accountancy that must be met for the peer review to be accepted by such state boards as meeting its requirements.

	Yes	No	N/A	Comments, Findings Noted
A. Leadership Responsibilities for Quality Within the Firm ("Tone at the Top") (see part A questions 1–7 of the Quality Control Policies and Procedures Documentation Questionnaire [QCPP—section 4300])				
1. Did you obtain an understanding of the firm's policies and procedures for leadership responsibilities for quality within the firm by reviewing the responses to the Quality Control Policies and Procedures Documentation Questionnaire or reviewing the firm's quality control document and by interviewing appropriate personnel?	☐	☐	☐	
2. Are the firm's quality control policies and procedures documented and communicated to per diem personnel as required by SQCS No. 8?	☐	☐	☐	
3. Are you satisfied that the firm's quality control policies and procedures for leadership responsibilities for quality within the firm are appropriately designed and complied with based on the previously performed procedures and the results of the engagements reviewed? If "no," describe any deficiencies noted and include your conclusions in the Summary Review Memorandum.	☐	☐	☐	
B. Relevant Ethical Requirements (see part B questions 1–911 of the Quality Control Policies and Procedures Documentation Questionnaire [QCPP—section 4300])				
1. Did you obtain an understanding of the firm's policies and procedures for relevant ethical requirements (including independence, integrity, and objectivity) by reviewing the responses to the Quality Control Policies and Procedures Documentation Questionnaire or reviewing the firm's quality control document and by interviewing appropriate personnel?	☐	☐	☐	

[2] The term *personnel* is defined in SQCS No. 8 as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements).

PRP Section 4600
Guidelines for Review of Quality Control Policies and Procedures for Firms With Two or More Personnel[1]

.01 This section of the manual contains a questionnaire that the reviewer should complete when reviewing the reviewed firm's responses to the Quality Control Policies and Procedures Documentation Questionnaire or the firm's quality control document. References in this form were designed to be used in conjunction with PRP section 4400, *Quality Control Policies and Procedures Documentation Questionnaire for Firms With Two or More Personnel*; however, if it is used instead with the firm's own quality control document, the reviewer must make reference to the specific sections of that quality control document. This questionnaire has been developed for firms with two or more personnel. Completion of this questionnaire assists the reviewer in analyzing the firm's quality control policies and procedures.

.02 The reviewer should respond directly with "Yes," "No," or "N/A" answers and briefly describe, where appropriate, the results of his or her evaluation of the policies and procedures the firm has in effect. Lengthy and elaborate answers are not expected.

.03 These guidelines should ***not*** be used for reviews of a sole practitioner with no personnel. Suggested review procedures for these firms are contained elsewhere in this section.

.04 The reviewer should be familiar with the requirements of Statement on Quality Control (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10) (effective as of January 1, 2012), which supersedes all existing SQCSs. This questionnaire is based on the model of suggested policies and procedures that firms are encouraged to consider in designing and maintaining a system of quality control. As such, a "No" answer to a question does not necessarily indicate a problem with the firm's system of quality control; however, it may require additional consideration by the reviewer. A firm's quality control policies and procedures should be sufficient based on the size, structure, and nature of its practice for it to obtain reasonable assurance of complying with professional standards.

.05 There may be arrangements where certain portions of the reviewed firm's system of quality control reside at or operate in conjunction with the system of quality control of a non-CPA owned entity with which the reviewed firm is closely aligned through common employment, leasing of employees, equipment, facilities, or other similar arrangements. This would generally include policies and procedures relating to the following elements of quality control: (1) relevant ethical requirements (including independence, integrity, and objectivity), (2) human resources, and (3) monitoring of the elements noted in (1) and (2). If this arrangement applies to the reviewed firm, in addition to section 4600 the reviewer should complete PRP section 5200, *Guidelines for Review of Quality Control Policies and Procedures Supplement for Non-CPA Owned Entities Closely Aligned With a CPA Firm.*

[1] The term *personnel* is defined in Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10), as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those professionals who have the partner-level or manager-level responsibility for the overall supervision and review of such engagements).

.06

AICPA Peer Review Program

GUIDELINES FOR REVIEW OF QUALITY CONTROL POLICIES AND PROCEDURES FOR FIRMS WITH TWO OR MORE PERSONNEL[2]

Firm	Prepared By	Date

Reviewers should ask the reviewed firm and the administering entity about any requirements of relevant state boards of accountancy that must be met for the peer review to be accepted by such state boards as meeting its requirements.

	Yes	No	N/A	Comments, Findings Noted
A. Leadership Responsibilities for Quality Within the Firm ("Tone at the Top") (see part A questions 1–9 of the Quality Control Policies and Procedures Documentation Questionnaire [QCPP—section 4400])				
1. Did you obtain an understanding of the firm's policies and procedures for leadership responsibilities for quality within the firm by reviewing the responses to the Quality Control Policies and Procedures Documentation Questionnaire or reviewing the firm's quality control document and by interviewing appropriate personnel?	☐	☐	☐	
2. Are the firm's quality control policies and procedures documented and communicated to personnel as required by SQCS No. 8?	☐	☐	☐	
3. Are you satisfied that the firm's quality control policies and procedures for leadership responsibilities for quality within the firm are appropriately designed and complied with based on the procedures performed above and the results of the engagements reviewed? If "no," describe any deficiencies noted and include your conclusions in the Summary Review Memorandum.	☐	☐	☐	

[2] The term *personnel* is defined in SQCS No. 8 as all individuals who perform professional services for which the firm is responsible, whether or not they are CPAs (including leased and per diem employees who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or attestation engagements, or those professionals who have the partner-level or manager-level responsibility for the overall supervision and review of such engagements).

PLANNING

Firm Description

A. Personnel Profile

Note: If the firm has more than one office, provide a breakdown by office and add additional sheets as necessary.

	Total	*Office 1*	*Office 2*	*Office 3*
Partners (or equivalent)				
Managers (or equivalent)				
Other Personnel[1]				
Leased or Per Diem[2]				
Total				

Comments:

B. Indicate extent of industry specialization, if any:

C. Identify service arrangements, if any, with non-CPA owned entities with which the reviewed firm is closely aligned through common employment, leasing of employees, equipment, facilities, or other similar arrangements**:**

[1] The term *personnel* refers to all individuals who perform professional services for which the firm is responsible whether or not they are CPAs (previously referred to as professional staff). (Statement on Standards for Quality Control [SQCS] No. 8, *A Firm's System of Quality Control* [AICPA, *Professional Standards*, QC sec. 10]).

[2] Leased and per diem staff are those who devote at least 25 percent of their time at the reviewed firm in performing audits, reviews, compilations, preparation or other attest engagements or personnel who have the partner- or manager-level responsibility for the overall supervision or review of such engagements.

Practice Areas

2	Engagements under ~~Reviews and Compilations (~~SSARS~~)~~	11	Attest (Excluding Prospective)
3	Prospective Financial Information	13	Audits - Single Audit A-133
5	Audits - Yellow Book	14	Audits - Non-SEC Issuer under PCAOB Standards
7	Audits - FDICIA	20	International
9	Audits - Other		

Industries

110	Agricultural, Livestock, Forestry, and Fishing	260	Not-for-Profit Organizations (including Voluntary Health and Welfare Organizations)
115	Airlines	268	Personal Financial Statements
120	Auto Dealerships	295	Real Estate Investment Trusts
125	Banking	300	Reinsurance Companies
145	Casinos	308	Rural Utilities Service Borrowers
150	Colleges and Universities	310	Savings and Loan Associations
155	Common Interest Realty Associations	312	Service Organizations (SOC 1 Reports)
165	Construction Contractors	313	Service Organizations (SOC 2 Reports)
175	Credit Unions	314	Service Organizations (SOC 3 Reports)
180	Extractive Industries—Oil and Gas	320	School Districts
185	Extractive Industries—Mining	325	State & Local Government
186	Federal Student Financial Assistance Programs	330	Telephone Companies
190	Finance Companies	335	Utilities
195	Franchisors	380	Defined Contribution Plans (excluding 403(b))
200	Property and Casualty Insurance Companies	383	Defined Contribution Plans (only 403(b) plans)
205	Government Contractors	390	Defined Benefit Plans
210	Health Maintenance Organizations	400	ERISA Health and Welfare Plans
216	Hospitals	403	ESOP Plans
217	Nursing Homes	405	Other ERISA Plans
222	HUD Programs	440	Carrying Broker-Dealers
230	Investment Companies and Mutual Funds	450	Non-Carrying Broker-Dealers
240	Life Insurance Companies		
250	Mortgage Banking		

SCOPE OF WORK PERFORMED

Population and Reviewed Statistics

(Single or Multiple Office Firms)

Note: If the firm has multiple offices, provide additional information on the A&A practice and engagement selections by office.

	Population		***Reviewed***	
	Hrs.	*No. of Engs.*	*Hrs.*[3]	*No. of Engs.*
Engagements Subject to *Government Auditing Standards* (GAS):[4]				
Single Audit Act (A-133) Engagements				
All others subject to GAS				
Audit Engagements:				
Employee Retirement Income Security Act (ERISA):				
Defined Contribution Plans—(excluding 403(b) plans)				
Defined Contribution Plans—(403(b) plans only)				
Defined Benefit Plans				
ERISA Health and Welfare Plans				
Employee Stock Ownership Plans (ESOP)				
Other Employee Benefit Plans				
Federal Deposit Insurance Corporation Improvement Act (FDICIA)[5]				
Entities subject to Securities and Exchange Commission (SEC) Independence Rules:[6]				
Carrying Broker-Dealers				
Non-Carrying Broker-Dealers				
Other				
Other Audits Under Statements on Auditing Standards				
Other Audits Under PCAOB Standards, not covered by PCAOB permanent inspection program				
Statements on Standards for Accounting and Review Services (SSARSs):				
Reviews				
Compilations With Disclosures				
Compilations Omit Disclosures				
Preparation Engagements With Disclosures				

[3] For engagements on which not all of the significant audit areas were reviewed, include the engagement hours that relate to the portion of the engagement that was reviewed and note the fact in the comment section.

[4] Includes all engagements of entities subject to *Government Auditing Standards* (the Yellow Book), including audits subject to the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." If the engagements are other than financial audit engagements subject to the Yellow Book, for instance attestation or performance audits, please provide explanation in the comments section below.

[5] This only includes audits of federally insured depository institutions having total assets of $500 million or greater at the beginning of its fiscal year under Federal Deposit Insurance Corporation Improvement Act of 1991 (regulation 12 CFR Part 363.3 (a), in contrast to the $1 billion threshold referred to in regulation 12 CFR Part 363.3 (b)).

[6] This only includes engagements that do not fall within the Public Company Accounting Oversight Board's definition of a Securities and Exchange Commission issuer, including non-issuer brokers, dealers, and investment advisors.

	Population		*Reviewed*	
	Hrs.	*No. of Engs.*	*Hrs.*[3]	*No. of Engs.*
Preparation Engagements Omit Disclosures				
Statements on Standards for Attestation Engagements (SSAEs):				
Financial Forecast and Projection—Examination				
Compiled Financial Forecast and Projection				
Examination of Service Organization Control Reports (SOC Reports):				
SOC 1				
SOC 2				
SOC 3				
Examinations of Written Assertions				
Reviews of Written Assertions				
Agreed-Upon Procedures				
Attest engagements under PCAOB standards, not covered by PCAOB inspection				
Other				
Total—All Engagements				
Percentage of Auditing and Accounting Practice Reviewed				

Comments:

SYSTEM REVIEW ENGAGEMENT STATISTICS DATA SHEET

Firm Number _____ **Review Number** _____

I. Engagement Statistics

	Total No. Reviewed	*Total Not in Conformity With Applicable Professional Standards in All Material Respects*
Engagements Subject to *Government Auditing Standards* (GAS):		
Single Audit Act (A-133) engagements	_____	_____
All others subject to GAS	_____	_____
Audit Engagements:		
Employee Retirement Income Security Act (ERISA):		
Defined Contribution Plans—(excluding 403(b) plans)	_____	_____
Defined Contribution Plans—(403(b) plans only)	_____	_____
Defined Benefit Plans	_____	_____
ERISA Health and Welfare Plans	_____	_____
Employee Stock Ownership Plans (ESOP)	_____	_____
Other Employee Benefit Plans	_____	_____
Federal Deposit Insurance Corporation Improvement Act (FDICIA)	_____	_____
Entities subject to Securities and Exchange Commission (SEC) Independence Rules:		
Carrying Broker-Dealers	_____	_____
Non-Carrying Broker-Dealers	_____	_____
Other	_____	_____
Other Audits Under Statements on Auditing Standards	_____	_____
Other Audits Under PCAOB Standards, not covered by PCAOB permanent inspection program	_____	_____
Statements on Standards for Accounting and Review Services (SSARSs):		
Reviews	_____	_____
Compilations With Disclosures	_____	_____
Compilations Omit Disclosures	_____	_____
Preparation Engagements With Disclosures	_____	_____
Preparation Engagements Omit Disclosures	_____	_____
Statements on Standards for Attestation Engagements (SSAEs):		
Financial Forecast and Projection—Examination	_____	_____
Compiled Financial Forecast and Projection	_____	_____
Examination of Service Organization Control Reports (SOC Reports):		
SOC 1	_____	_____
SOC 2	_____	_____
SOC 3	_____	_____
Examinations of Written Assertions	_____	_____
Reviews of Written Assertions	_____	_____
Agreed-Upon Procedures	_____	_____
Attest engagements under PCAOB standards, not covered by PCAOB inspection	_____	_____
Other	_____	_____

.01 The purpose of these instructions is to provide guidance to firms having Engagement Reviews under the AICPA Peer Review Program (the program). Firms should be aware of their peer review responsibilities and requirements as discussed in the *Standards for Performing and Reporting on Peer Reviews* (sec. 1000), with an emphasis on paragraphs .01–.19 (sec. 1000 par. .01–.19), as well as these instructions. In addition, all individuals in the firm involved in the peer review should read and become familiar with the standards, interpretations, supplemental guidance, and materials relative to the aspect of the review that most directly affects their role in the firm. These individuals should be aware that peer review documents may need to be completed electronically by logging into their account on www.aicpa.org. If documents cannot be completed electronically, an alternative method acceptable to the AICPA can be used. These instructions should be used for reference on firm-on-firm reviews and reviews with committee appointed review teams (CARTS), and association formed review teams.

.02 An Engagement Review is not available to firms that perform engagements under Statements on Auditing Standards (SASs), engagements under Government Auditing Standards, examinations under the Statements on Standards for Attestation Engagements (SSAEs), or engagements performed under PCAOB standards. Firms that only perform services under Statements on Standards for Accounting and Review Services (SSARS) or services under the SSAEs not included in the previous sentence are eligible for Engagement Reviews. The scope of an Engagement Review only covers accounting engagements; it does not include tax or consulting services.

.03 An Engagement Review consists of reading the financial statements or information submitted by the reviewed firm and the accountant's report thereon, together with certain background information and representations from the firm and the documentation required by applicable professional standards. The peer reviewer's objective is to evaluate whether the CPA firm's reports are issued and procedures performed appropriately in accordance with applicable professional standards.

.04 An Engagement Review does not provide the reviewer with a basis for expressing any assurance about the firm's system of quality control for its accounting practice, and no opinion or any form of assurance is expressed on that system.

.05 Engagement Reviews are administered by *administering entities* that elect to participate in and are approved by the AICPA Peer Review Board to administer the program. The administering entity will contact the firm at the appropriate time to make arrangements for the conduct of the review.

.06 Prior to the review, the assigned reviewer or the administering entity will ask the reviewed firm to provide summarized information showing the number of the firm's compilation, ~~and~~ review and preparation engagements performed under SSARS and engagements performed under the SSAEs,[1] classified into industry categories. That information should be provided for each partner, or individual of the firm, if not a partner, who is responsible for the issuance of reports on such engagements (hereinafter "Responsible Party"). The person providing this information should be someone that is knowledgeable about the nature of the firm's practice and is accountable for providing complete and accurate information to the administering entity and the peer review team. Firms should be aware that failure to accurately represent its accounting and auditing practice, as defined by the AICPA *Standards for Performing and Reporting on Peer Review* will be deemed a matter of noncooperation with the program for which the firm will be subject to a hearing by the Peer Review Board to determine if the firm's enrollment from the program should be terminated. If the firm's enrollment is terminated for omission or misrepresentation of information relating to its accounting and auditing practice, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA *Code of Professional Conduct*. The *Engagement Summary Form* that will be used for this purpose is located in appendix A of these instructions (paragraph 34). In addition, the reviewer will need a copy of the background or scheduling form that the reviewed firm submits to the administering entity to schedule the review. The firm is responsible for ensuring that the review captain is qualified to perform the review.

.07 The firm will provide the review captain with written representations, at a minimum, relating to the following matters:

a. Situations, or a summary of situations, where management is aware that the firm or its personnel has not complied with the rules and regulations of state board(s) of accountancy or other regulatory bodies (including applicable firm and individual licensing requirements in each state in which it practices for the year under review) and, if applicable, how the firm has or is addressing and rectifying situations of noncompliance.

b. Communications or summary of communications from regulatory, monitoring, or enforcement bodies relat-

[1] See paragraph 6 of the standards (sec. 1000 par. .06) for a description of the types of attestation engagements included within the definition of an accounting and auditing practice for peer review purposes.

.10 The number of engagements selected should ordinarily adhere to the following guidelines for reviewers:

a. Select one engagement from each level of service performed by the firm:

- Review of historical financial statements (performed under SSARS)
- Compilation of historical financial statements with disclosures (performed under SSARS)
- Compilation of historical financial statements that omits substantially all disclosures (performed under SSARS)
- Engagements performed under the SSAEs other than examinations

b. One engagement should be selected from each *Responsible Party* listed previously in (a).

c. Selection of preparation engagements should only be made in the following instances:

1. One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in Item (a) or when the firm's only engagements with disclosures are preparation engagements.

2. One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only omit disclosure engagements are preparation engagements.

3. One preparation engagement should be selected if needed to meet the requirement in item (d).

~~*c*~~*d.* Ordinarily, at least two engagements should be selected for review.

.11 The preceding criteria are not mutually exclusive. The objective is to ensure that one engagement is selected for each responsible party, and one engagement is selected from each of the areas of service performed by the firm listed in item (a) in the previous list. Therefore, one of every type of engagement that a *Responsible Party* listed in item (a) in the previous list performs does not have to be reviewed as long as, for the firm taken as a whole, all types of engagements noted in item (a) in the previous list performed by the firm are covered.

.12 For each engagement selected for review, the reviewed firm should submit the appropriate financial statements or information and the accountant's report, masking client identity if it desires, along with specified background information, representations about each engagement and the firm's documentation required by applicable professional standards for each of these engagements. The firm should also complete and submit an "Engagement Review Questionnaire" (see appendix B).

.13 The engagements selected should be those with reports with financial statement periods ended during the review year.

.14 The evaluation of each engagement submitted for review includes the following:

a. Consideration of the financial statements or information and the related accountant's report on the ~~compilation and review~~ engagements performed under SSARS and engagements performed under SSAEs.

b. Consideration of the documentation on the engagements performed via reviewing background and engagement profile information, representations made by the firm, and inquiries.

c. Review of all other documentation required by applicable professional standards on the engagements.

.15 An Engagement Review does not include a review of other documentation prepared on the engagements submitted for review (other than the documentation referred to previously), tests of the firm's administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a System Review. Accordingly, an Engagement Review does not provide the review captain with a basis for expressing any form of assurance on the firm's system of quality control for its accounting practice. The review captain's report does indicate, however, whether anything came to the review captain's attention that caused him or her to believe that the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects. The review captain should promptly inform the firm when an engagement is not performed and/or

.34

Appendix A

ENGAGEMENT SUMMARY FORM[2]

Peer Review Due Date (from Background Form) ____________

12-Month Peer Review Year-Ended[3] _____________

Industry of the client[5]	*Level of service provided*[6]	*Number of engagements performed*[4] *Responsible Party 1*	*Responsible Party 2*	*Responsible Party 3*
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________
	PO	____________	____________	____________
____________	R	____________	____________	____________
	C	____________	____________	____________
	CO	____________	____________	____________
	AT[†]	____________	____________	____________
	P	____________	____________	____________

[2] Please refer to paragraph .06 for instructions on completing this form. Ordinarily, list engagements with reports with financial statement periods ended during the peer review year.

[3] Year-end should be 6 months prior to peer review due date from background form.

[4] Each monthly compilation engagement counts as one engagement.

[5] Please use the industry codes in this appendix.

[6] Please use the level of service codes in this appendix.

[†] Engagements subject to selection for review ordinarily should be those with periods ending during the year under review, except financial forecasts or projections and agreed upon procedures. Financial forecasts or projections and agreed upon procedures with report dates during the year under review would be subject to selection.

	PO			
	R			
	C			
	CO			
	AT'			
	P			
	PO			

Total number of C-8‡ engagements performed _____

Does the firm have a license to practice in the state in which the practice unit is domiciled (main office is located)? The license should have been active during the peer review year and through the earlier of reviewed engagements' issuance dates or the date of peer review fieldwork.

Y/N/Explain_____

Attach documentation of the license to this checklist. Acceptable documentation includes an original/copy of the license, print-out from an on-line license verification system, correspondence from the licensing authority, or other reasonable alternative documentation.

Signature _____ Date _____

Title _____

‡ Compilation engagements when the compiled financial statements are not expected to be used by a third party (management use only) where an engagement letter was issued instead of a report.

Level of Service Codes

Please use the following codes to reflect the level of service provided:

R	Review of historical or personal financial statements
C	Compilation of historical or personal financial statements with disclosures
CO	Compilation of historical or personal financial statements that omits substantially all disclosures
C-8	Compilation engagements when the compiled financial statements are not expected to be used by a third party (management use only), where an engagement letter was issued instead of a report
P	Preparation of financial statements with disclosures (with or without disclaimer reports)
PO	Preparation of financial statements that omit substantially all disclosures (with or without disclaimer reports)
AT	Attestation services on financial statements or information

Industry Codes

110	Agricultural, Livestock, Forestry, & Fishing
115	Airlines
120	Auto Dealerships
125	Banking
145	Casinos
150	Colleges and Universities
155	Common Interest Realty Associations
165	Construction Contractors
175	Credit Unions
180	Extractive Industries—Oil and Gas
185	Extractive Industries—Mining
186	Federal Student Financial Assistance Programs
190	Finance Companies
195	Franchisors
200	Property and Casualty Insurance Companies
205	Government Contractors
210	Health Maintenance Organizations
216	Hospitals
217	Nursing Homes
222	HUD Programs
230	Investment Companies and Mutual Funds
240	Life Insurance Companies
250	Mortgage Banking
260	Not-for-Profit Organization (including Voluntary Health and Welfare)
268	Personal Financial Statements
295	Real Estate Investment Trusts
300	Reinsurance Companies
308	Rural Utilities Service Borrowers
310	Savings and Loan Associations
313	Service Organizations Controls (SOC 2 Reports)
314	Service Organizations Controls (SOC 3 Reports)
320	School Districts
325	State and Local Government
330	Telephone Companies
335	Utilities
380	Defined Contribution Plans—Full and Limited Scope (Excluding 403(b))
383	Defined Contribution Plans—Full and Limited Scope (403(b) Plans Only)
390	Defined Benefit Plans—Full and Limited Scope
400	ERISA Health & Welfare Plans
403	Employee Stock Ownership Plans (ESOP)
405	Other ERISA Plans
440	Carrying Broker-Dealers*
450	Non-Carrying Broker-Dealers*
002	Other (Describe)

* Carrying broker-dealers include all broker-dealers that clear customer transactions, carry customer accounts or hold custody of customer cash or securities. Examples of carrying broker-dealers include (*a*) clearing broker-dealers who receive and execute customer instructions, prepare trade confirmations, settle the money related to customer trades and arrange for the book entry (or physical movement) of the securities and (*b*) carrying broker-dealers that hold customer accounts or clear customer trades for introducing broker-dealers. Non-carrying broker-dealers are those broker-dealers that do not clear customer transactions, carry customer accounts, or hold custody of customer cash or securities. Examples of non-carrying broker-dealers are (*a*) introducing broker-dealers that introduce transactions and accounts of customers or other broker-dealers to another registered broker-dealer that carries such accounts on a fully disclosed basis and that does not receive or hold customer or other broker-dealers securities and (*b*) a broker-dealer whose business does not involve customer accounts, such as proprietary trading firms, investment banking firms, and firm's that sell interest in mutual funds or insurance products. If you have any question about whether the engagements you perform of broker-dealers are carrying or non-carrying, please contact the AICPA Peer Review technical hotline at prptechnical@aicpa.org or 919-402-4502, option 3.

.35

Appendix B

AICPA Peer Review Program

ENGAGEMENT QUESTIONNAIRE

(To be completed by Reviewed Firm)

FIRM NAME _____

General Data

Engagement Name or Code No. _____ (If client names have been deleted from the financial statements, code these sheets as Nos. 1, 2, and so on and mark the financial statements correspondingly.)

Period covered by financial statements _____		Total assets	$ _____
Date of report (engagement letter if no report was issued) _____		Long-term debt	$ _____
Date report or financial statements released _____		Equity	$ _____
Major lines of business _____		Net sales	$ _____
_____		Net income	$ _____

At the time the report or financial statement(s) on the client's current year was issued or released, were there billed or unbilled fees, or note(s) receivable arising from such fees, that remained unpaid for any professional services provided more than one year prior to the date of the report? Yes ☐ No ☐

	Name	*Hours on engagement*	*Number of years on job*
Accountant with final responsibility for the engagement (for example, sole practitioner or engagement partner)	_____	_____	_____
Accountant in charge of field work (for example, manager, supervisor, or senior accountant)	_____	_____	_____
Other personnel	_____	_____	_____

Nature of Entity:

☐ Independent entity
☐ Consolidated or combined group
☐ Subsidiary
☐ Other (explain) _____

_____

Nature of Service:

Accounting and Review Services—

☐ Review
☐ Compilation
_____ with disclosures _____ omits disclosures
☐ Preparation
_____ with disclosures _____ omits disclosures

Attest Services—

☐ Financial forecasts and projections
☐ Reviews of written assertions

	N/A	Yes	No	Ref.

Specific Engagement Questions

(If this is a compilation engagement when the compiled financial statements are not expected to be used by a third party (management use only), where an engagement letter was issued instead of a report, questions A, DE and EF should be completed, and the questions under JK, and KL should be completed in lieu of the questions under B-DA, B, C, and GF–IJ.)

A. Does the practitioner in charge of this engagement have a license to practice in the state in which the practitioner primarily practices public accounting? The license should have been active during the peer review year and through the earlier of the engagements issuance date.

Attach documentation of the license to this checklist. Acceptable documentation includes an original/copy of the license, print-out from an on-line license verification system, correspondence from the licensing authority, or other reasonable alternative documentation.

A. Is the firm independent with respect to the entity? If "no," answer questions 1, 2, and 3 and then skip to question C. (Not applicable for Preparation Engagements) ☐ ☐ ☐ _____

1. Did the firm limit its service to the compilation of financial statements? ☐ ☐ ☐ _____
2. Did the compilation report include a statement that the firm was not independent? ☐ ☐ ☐ _____
3. If the reason(s) the firm was not independent was disclosed, did the disclosure include all of the reasons independence was impaired? ☐ ☐ ☐ _____

B. Did the firm provide any non-attest services (non-attest services include but are not limited to: bookkeeping, payroll, and tax services) to this engagement? If "yes," answer the following questions: ☐ ☐ ☐ _____

1. Was the accountant in compliance with Interpretation 101-3, "Performance of Nonattest Services?" [ET sec. 101 par. .05 and related ethics rulings in ET sec. 191] ☐ ☐ ☐ _____
2. Did the firm document its understanding with the client as required by Interpretation 101-3? Please submit the documentation to the reviewer. ☐ ☐ ☐ _____

C. Did the entity have any balances, transactions, events, or agreements of the following types during the year covered by the financial statements? If the answer is "yes," please indicate in the third column entitled "Ref." where the matter is disclosed—using the codes "R" for the accountant's report, "F" for the financial statements, or "FN" for footnotes. If the answer is "yes" but the matter is not disclosed, please provide sufficient information in the "commentary" section of this questionnaire to enable the reviewer to consider whether the item has been appropriately accounted for, and/or disclosed. (Do not answer this question for engagements to compile historical, personal, or prospective financial statements that omit substantially all disclosures or attest services previously marked "other.") ☐ ☐ ☐ _____

	N/A	Yes	No	Ref.
E. If the accountant (firm) was engaged to perform an audit in accordance with GAAS, prior to agreeing to change the engagement to a review or compilation, or a review rather than a compilation, did the accountant consider: (a) the reasons for the client's request, particularly the implications of a restriction on the scope of the audit, whether imposed by the client or by other circumstances, (b) the additional audit effort required to complete the audit and (c) the estimated additional cost to complete the audit? [SSARS 19 Engagements - AR 80.56–.61 for compilations; AR 90.63–.68 for reviews; SSARS 21 Reviews – AR-C 90.86]	☐	☐	☐	_____
F. If this engagement was a review:	☐			
1. Did the accountant establish an understanding with management regarding the services to be performed and document the understanding through a written communication with the client? Did the accountant ensure that the understanding included the objectives of the engagement, management's responsibilities, the accountant's responsibilities, and the limitations of the engagement? [SSARS 19 Engagements - AR 90.03–.06; SSARS 21 Engagements – AR-C 90.11-.12]	☐	☐	☐	_____
2. Did the accountant possess an understanding of the industry in which the entity operates, including the accounting principles and practices generally used in the industry, sufficient to assist the accountant with determining the specific nature, timing and extent of review procedures to be perform? [SSARS 19 Engagements - AR 90.08–.09; SSARS 21 Engagements – AR-C 90.14]	☐	☐	☐	_____
3. Did the accountant obtain knowledge about the entity sufficient to assist the accountant with determining the specific nature, timing and extent of review procedures to be performed? [SSARS 19 Engagements - AR 90.10–.13; SSARS 21 Engagements – AR-C 90.15]	☐	☐	☐	_____
4. Did the accountant (firm) obtain a representation letter from members of management whom the accountant (firm) believes are responsible for and knowledgeable directly or through others in the organization, about the matters covered in the representation letter? [SSARS 19 Engagements - AR 90.22; SSARS 21 Engagements – AR-C 90.33-.34]	☐	☐	☐	_____
5. Did the accountant become aware that information supplied by the client was incorrect, incomplete or otherwise unsatisfactory; did the accountant perform additional procedures as deemed necessary? [SSARS 19 Engagements - AR 90.21; SSARS 21 Engagements – AR-C 90.29]	☐	☐	☐	_____
6. Is the accountant's engagement documentation sufficiently detailed to provide a clear understanding of the work performed, the review evidence obtained and its source and the conclusions reached? [SSARS 19 Engagements - AR 90.25; SSARS 21 Engagements – AR-C 90.91]	☐	☐	☐	_____

	N/A	Yes	No	Ref.
G. If the engagement was a compilation:				
1. Did the accountant establish an understanding with management regarding the services to be performed and document the understanding through a written communication with the client? Did the accountant ensure that the understanding included the objectives of the engagement, management's responsibilities, the accountant's responsibilities, and the limitations of the engagement? [SSARS 19 Engagements - AR 80.02–.05; SSARS 21 Engagements – AR-C 80.10-.11]	☐	☐	☐	_____
2. Did the accountant possess an understanding of the industry in which the client operates, including the accounting principles and practices generally used in the industry sufficient to enable the accountant to compile financial statements that are appropriate in form for an entity operating in that industry? [SSARS 19 Engagements - AR 80.06; SSARS 21 Engagements – AR-C 80.12]	☐	☐	☐	_____
3. Did the accountant obtain knowledge about the client, including an understanding of the client's business and an understanding of the accounting principles and practices used by the client? [SSARS 19 Engagement - AR 80.08-80.09]	☐	☐	☐	_____
4. Is the accountant's engagement documentation sufficient in detail to provide a clear understanding of the work performed? [SSARS 19 Engagement - AR 80.14; SSARS 21 Engagement – AR-C 80.38]	☐	☐	☐	_____
5. For compilation engagements performed under SSARS 19, Did the accountant's documentation include the following: [AR 80.15]	☐	☐	☐	_____
a. The engagement letter documenting the understanding with the client?	☐	☐	☐	_____
b. Any findings or issues that, in the accountant's judgment, are significant?	☐	☐	☐	_____
c. Communications, whether oral or written, to the appropriate level of management or others charged with governance, regarding fraud or illegal acts that come to the accountant's attention?	☐	☐	☐	_____
5. For compilation engagements performed under SSARS 21, Did the accountant's documentation include the following: [AR-C 80.38]	☐	☐	☐	_____
a. The engagement letter or other suitable form of written documentation	☐	☐	☐	_____
b. A copy of the financial statements	☐	☐	☐	_____
c. A copy of the accountant's report	☐	☐	☐	_____
G. If the engagement was a preparation:				
1. Did the accountant obtain an engagement letter or other suitable from of written agreement that documented the agreed-upon terms of the engagement? Did the accountant ensure that the agreement included all required items? [AR-C 70.10-70.11]	☐	☐	☐	_____
2. Did the accountant possess an understanding of the financial reporting framework and the significant accounting policies intended to be used in the engagement? [AR-C 70.12]	☐	☐	☐	_____

	N/A	Yes	No	Ref.
3. Did the accountant include a description of the financial reporting framework on the face of the financial statements if the financial statements were prepared in accordance with a special purpose framework? [AR-C 70.15]	☐	☐	☐	_____
4. Did the accountant include a statement on each page of the financial statements indicating, at a minimum, that "no assurance is provided" on the financial statements or issue a disclaimer that makes clear that no assurance is provided on the financial statements? [AR-C 70.14]	☐	☐	☐	_____
5. Did the accountant's documentation include the following: [AR-C 70.21]	☐	☐	☐	_____
a. The engagement letter or other suitable form of written documentation with management?	☐	☐	☐	_____
b. A copy of the financial statements that the accountant prepared?	☐	☐	☐	_____
H. If this engagement was an agreed-upon procedures engagement:	☐			
1. Was the report dated the date of completion of the agreed-upon procedures? [AT sec. 201 par. .34]	☐	☐	☐	_____
2. If a written assertion was required in the circumstances, did the responsible party provide the assertion in writing to the firm prior to the issuance of your report? [AT sec. 201 par. .09]	☐	☐	☐	_____
3. Did the firm and the specified parties agree upon the procedures performed? [AT sec. 201 par. .06*c*]	☐	☐	☐	_____
4. Was the specific subject matter to which the procedures were applied subject to reasonably consistent estimation or measurement? [AT sec. 201 par. .06*e*]	☐	☐	☐	_____
5. Did the firm and the specified parties agree upon the criteria used in the determination of findings? [AT sec. 201 par. .06*f*]	☐	☐	☐	_____
6. Were the applied procedures expected to result in reasonably consistent findings using the criteria? [AT sec. 201 par. .06*g*]	☐	☐	☐	_____
7. Did you communicate with and obtain affirmative acknowledgment on the sufficiency of the procedure from each of the specified parties? (Communication can be either directly or via appropriate alternative procedures such as the following: comparing the procedures applied to written requirements of the specified parties, discussing the procedures applied with appropriate representatives of the specified parties involved, or reviewing relevant contracts with or correspondence from the specified parties.) [AT sec. 201 par. .07]	☐	☐	☐	_____
8. Did the firm establish an understanding with the client regarding the terms of the engagement, preferably in an engagement letter? [AT sec. 201 par. .10]	☐	☐	☐	_____
9. If the work of a specialist was used, did the firm and the specified parties explicitly agree to the involvement of the specialist in assisting the firm in the performance of the engagement? [AT sec. 201 par. .20]	☐	☐	☐	_____
10. Were the agreed-upon procedures performed entirely by the firm except for those agreed by the firm and the specified parties that were performed by a specialist? [AT sec. 201 par. .21]	☐	☐	☐	_____

Explanation of References:

AU-C	Reference to section number for Clarified Statements on Auditing Standards in AICPA *Professional Standards*
AR	Reference to section number for Statements on Standards for Accounting and Review Services in AICPA *Professional Standards*
AR-C	Reference to section number for Clarified Statements on Standards for Accounting and Review Services in AICPA *Professional Standards*
AT	Reference to section number for Statements on Standards for Attestation Engagements in AICPA *Professional Standards*

Introduction

.01 These materials have been developed based on the AICPA *Standards for Performing and Reporting on Peer Reviews* (the Peer Review Standards) and materials contained in the AICPA *Peer Review Program Manual* related to Engagement Reviews. (See Interpretation 6-1 "Compilations Performed When the Compiled Financial Statements Are Not Expected to Be Used by a Third Party (Management Use Only)" of paragraph .06 in section 1000, *Standards for Performing and Reporting on Peer Reviews* (sec. 2000, *Peer Review Standards Interpretations*, question 6-1) to the Peer Review Standards regarding compilation engagements when the compiled financial statements are not expected to be used by a third party (management use only), where no compilation report is issued).

.02 A firm that does not perform engagements under Statements on Auditing Standards or *Government Auditing Standards*, examinations under Statements on Standards for Attestation Engagements (SSAEs) or engagements performed under PCAOB standards can have an Engagement Review; however, such firms may voluntarily elect to have a System Review. If a firm elects to have a System Review, refer to Interpretation 103-1 for an illustration of report modification.

.03 Information concerning the reviewed firm or any of its clients or personnel is confidential and cannot be disclosed to anyone not involved in carrying out the peer review or administering the peer review program.

Independence and Conflict of Interest

.04 Independence in fact and in appearance with respect to the reviewed firm must be maintained by the reviewing firm, review team members, and any other individuals who may participate in the review (See Interpretations 21-1–21-20 "Independence, Integrity, and Objectivity," of paragraph .21 in section 1000, *Standards for Performing and Reporting on Peer Reviews* [sec. 2000, *Peer Review Standards Interpretations*, questions 21-1–21-20]). The AICPA Code of Professional Conduct's ET section 54, *Article III—Integrity*, and ET section 55, *Article IV—Objectivity and Independence* (AICPA, *Professional Standards*, vol. 2), does not specifically consider relationships between review teams, reviewed firms, and clients of reviewed firms. However, the concepts pertaining to independence embodied in the Code of Professional Conduct should be considered in making independence judgments. See section 1000 paragraphs .21–.22.

.05 A reviewing firm or a review team member should not have a conflict of interest with respect to the reviewed firm or to those clients of the reviewed firm who are the subject of engagements reviewed.

Scope of Review

.06 The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects.

.07 The evaluation of each engagement submitted for review includes the following:

a. Consideration of the financial statements or information and the related accountant's report on the ~~compilation and review~~ engagements performed under SSARS and engagements performed under SSAEs.

b. Consideration of the documentation on the engagements performed via reviewing background and engagement profile information, representations made by the firm, and inquiries.

c. Review of all other documentation required by applicable professional standards on the engagements.

.08 An Engagement Review does not include a review of other documentation prepared on the engagements submitted for review (other than the documentation previously referred to), tests of the firm's administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a System Review. Accordingly, an Engagement Review does not provide the review captain with a basis for expressing any form of assurance on the firm's system of quality control for the firm's accounting practice. The review captain's report does indicate, however, whether anything came to the review captain's attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects. The review captain should promptly inform the firm when an engagement is not performed and/or

reported on in conformity with applicable professional standards and remind the firm of its obligation under professional standards to take appropriate actions. See section 2000 of the Peer Review Standards regarding compilation engagements when the financial statements are not expected to be used by a third party (management use only) where no compilation report is issued.

Engagement Selection

.09 Prior to the review, the reviewer or the administering entity will ask the reviewed firm to provide summarized information showing the number of the firm's ~~compilation and review~~ engagements performed under SSARS and engagements performed under the SSAEs, classified into industry categories. That information should be provided for each partner, or individual of the firm if not a partner, who is responsible for the issuance of reports on such engagements. The Engagement Summary Form that will be used for this purpose is located at paragraph 34 of section 6100, *Instructions to Firms Having an Engagement Review*.

.10 Reviewers should obtain written representations from the firm's management as part of a peer review. The written representation should be addressed to the reviewer performing the peer review and dated the date the firm submits the list of engagements to the reviewer.

.11 Reviewers should obtain the representations as evidential matter that management is not aware of any situations where either it or its personnel have not complied with state board(s) of accountancy or other regulatory bodies' rules and regulations, including, among others, applicable firm and individual licensing requirements in each state in which the firm practices for the year under review, or have notified the peer reviewer of such situations, have made available to the reviewer communications as stipulated in paragraph .~~181~~ 208 of section 1000, have provided the reviewer with a list of all client engagements with periods ended during the year under review, and have provided the reviewer with any other information requested by the reviewer. For financial forecasts or projections and agreed upon procedures, the list includes those with report dates during the year under review.

.12 Either the reviewer or the administering entity should discuss with the reviewed firm the 12-month period to be covered by the review. The peer review year is the 12-month period ending 6 months prior to the peer review report due date. The peer review report due date is 3 years and 6 months after the firm's last peer review year-end, or, in the initial year, is 18 months after a firm enrolled or should have enrolled in the AICPA Peer Review Program. See paragraphs .13–.19 of section 1000 for timing of the reviews. That period should ordinarily end 3 to 5 months prior to the performance of the review. Ordinarily, the year-end date should not change from one triennial review period to the next.

.13 Based on the summarized client information, the reviewer or the administering entity should select the number and types of engagements to be reviewed.

.14 The number of engagements selected should ordinarily adhere to the following guidelines for reviewers:

a. Select one engagement from each of the following levels of service performed by the firm:

(1) Review of historical financial statements (performed under SSARS)

(2) Compilation of historical financial statements with disclosures (performed under SSARS)

(3) Compilation of historical financial statements that omits substantially all disclosures (performed under SSARS)

(4) Engagements performed under the SSAEs other than examinations

b. One engagement should be selected from each partner, or individual of the firm if not a partner, responsible for the issuance of reports listed in (*a*).

c. Selection of preparation engagements should only be made in the following instances:

1. One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements.

2. One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm' only omit disclosures engagements are preparation engagements.

3. One preparation engagement should be selected if need to meet the requirement in item (d).

~~c~~*d.* Ordinarily, at least two engagements should be selected for review.

.15 The preceding criteria are not mutually exclusive. The objective is to ensure that one engagement is selected for each partner and one engagement is selected from each of the areas of service performed by the firm listed in item (a) in the previous list. Therefore, one of every type of engagement that a partner, or individual of the firm if not a partner, responsible for the issuance of the reports listed in item (a) in the previous list performs does not have to be reviewed as long as, for the firm taken as a whole, all types of engagements noted in item (a) in the previous list performed by the firm are covered.

.16 Appendix A shows how the guidelines in this section can be applied to five sample firms.

.17 The types of engagements selected may also attempt to include clients operating in different industries.

.18 Within 30 days after the reviewer or the administering entity provides the firm with a description of the number and types of engagements to be reviewed, the firm should select the engagements in accordance with those specifications and submit the following information to the reviewer or the administering entity (as applicable) for each engagement:

a. A copy of the financial statements or information and the accountant's report, specific background information, representations about each engagement, and the firm's documentation required by applicable professional standards. The client's name may be masked and assigned a code number. The reviewed firm should keep a record of those code numbers to be able to respond to any questions by the reviewer.

b. A completed engagement questionnaire that includes engagements within the peer review year-end (section 6100 appendix B, *Engagement Questionnaire*).

.19 A firm may be dropped from the program if it has failed to have a review by the date assigned. Therefore, if a firm fails to provide the information described in paragraph .18 in sufficient time to enable the reviewer to complete the Engagement Review prior to the required due date, the reviewer should promptly advise the entity administering the review of this fact. Appropriate fair procedures will be followed in these circumstances.

.20 A firm whose peer review has not commenced may resign from the program by submitting a letter of resignation to the board. However, once a peer review commences, a firm will not be able to resign from the program except as stated in this paragraph. A peer review commences when the review team begins the review of engagements in an Engagement Review. A firm will be permitted to resign once its peer review has commenced when the firm submits a letter pleading guilty, acknowledging its noncooperation with the program, waiving its right to a hearing, and agreeing to allow the AICPA to publish, in such form and manner as the AICPA council may prescribe, the fact that the firm has resigned from the program before completion of its peer review, evidencing noncooperation with the program.

Performing the Review

.21 Engagement Reviews must be documented using the programs and checklists issued by the AICPA Peer Review Board (refer to Interpretation 24-1 in section 2000, *Peer Review Standards Interpretations*). These materials include a reviewer's checklist (appendix B, *Checklist for Reviewing Drafts of Engagement Review Reports*), which

.48

Appendix A

Applications of the Engagement Selection Guidelines

Guidelines

The AICPA Peer Review Standards require a reviewer to

a. include one engagement from each of the following levels of service performed by the firm:

(1) Review of historical financial statements (performed under Statement on Standards for Accounting and Review Services [SSARS])

(2) Compilation of historical financial statements with disclosures (performed under SSARS)

(3) Compilation of historical financial statements that omit substantially all disclosures (performed under SSARS)

(4) Engagements performed under the Statement on Standards for Attestation Engagements other than examinations

b. include one engagement from each partner of the firm responsible for the issuance of reports listed in preceding paragraph .14*a*.

c. Selection of preparation engagements should only be made in the following instances:

(1) One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements.

(2) One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm' only omit disclosures engagements are preparation engagements.

(3) One preparation engagement should be selected if need to meet the requirement in item (d).

~~*c.*~~*d.* ordinarily include at least two engagements.

The preceding criteria are not mutually exclusive. Therefore, a particular engagement selected for review can satisfy two criteria simultaneously.

Example 1

FACTS: A sole practitioner performs 3 reviews of historical financial statements, 2 full disclosure compilations of historical financial statements, and 40 compilations of historical financial statements that omit substantially all disclosures.

QUESTION: How many and what types of engagements should be selected for review?

ANSWER: Three engagements should be selected for review: one review engagement of historical financial statements, one full disclosure compilation engagement of historical financial statements, and one compilation engagement of historical financial statements that omit substantially all disclosures. The sole practitioner performs engagements in three of the four levels of service listed in criterion (*a*) in the previous list—reviews of historical financial statements, full disclosure compilations of historical financial statements, and compilations of historical financial statements that omit substantially all disclosures. Therefore, three engagements should be selected for review, one from each level of service performed by the sole practitioner.

Example 2

closure historical financial statements, 86 compilations of historical financial statements that omit substantially all disclosures, 1 compilation of full disclosure prospective financial statements, and 1 agreed-upon procedures of written assertions engagement under the attestation standards. The firm also compiled the historical financial statements for both of the attestation engagement clients.

- Partner No. 1 is responsible for all accounting and review services and one compiled prospective financial statement
- Partner No. 2 is responsible for the one agreed-upon procedures engagement.

QUESTION: How many and what types of engagements should be selected for the review?

ANSWER: Four engagements should be selected for the review: one review of historical financial statements, one compilation engagement of full disclosure historical financial statements, one compilation of historical financial statements that omit substantially all disclosures, and one attestation engagement. The firm performs engagements in all four of the levels of service listed in criterion (*a*) in the previous list—reviews of historical financial statements, compilations of full disclosure historical financial statements, compilations of historical financial statements that omit substantially all disclosures, and attestations. Because criterion (*a*) in the previous list does not specify what kind of attestation engagement to select for review, typically, either the compilation of prospective financial statements or the agreed-upon procedures of written assertions can be used to satisfy the requirement. However, criterion (*b*) in the previous list states that one engagement should be selected for review from each partner of the firm responsible for the issuance of reports on accounting, review, and attest services. Because partner No. 2 only performs attest services, the attestation engagement selected for review should be from that partner. Therefore, the attestation engagement selected for review should be the engagement to apply agreed-upon procedures related to written assertions.

For additional examples including preparation engagements, see interpretation 104.

Completed

- Prior peer review report
- The letter of response, if applicable
- The letter of acceptance, all from the reviewed firm
- Obtain the prior FFC forms, if applicable (from the administering entity if the review captain's firm did not perform the prior peer review)
- Consider whether the issues discussed in those documents require additional emphasis in the current review

6. Select the engagements for review (see Standards paragraphs .104–.105):
   - The engagement listing should include engagements that have periods ended during the peer review year. For financial forecasts or projections and agreed upon procedures, the list should include engagements that have report dates during the year under review.
   - One engagement should be selected from each of the following areas of service performed by the firm:
     — Review of historical financial statements (performed under Statements on Standards for Accounting and Review Services [SSARS])
     — Compilation of historical financial statements, with disclosures (performed under SSARS)
     — Compilation of historical financial statements that omits substantially all disclosures (performed under SSARS)
     — Engagements performed under the Statements on Standards for Attestation Engagements (SSAEs) other than examinations
   - One engagement should be selected from each partner, or individual of the firm if not a partner, responsible for the issuance of reports previously listed.
   - Selection of preparation engagements should only be made in the following instances:
     — One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements
     — One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only omit disclosures engagements are preparation engagements
     — One preparation engagement should be selected if needed to meet the requirement in item (d).
   - Ordinarily, at least two engagements should be selected for review.
   - The preceding criteria are not mutually exclusive. The objective is to ensure that one engagement is selected for each partner and one engagement is selected from each of the areas of service performed by the firm listed in the previous list. Therefore, one of every type of engagement that a partner, or individual if not a partner, responsible for the issuance of the reports listed in the previous list performs does not have to be reviewed as long as, for the firm taken as a whole, all types of engagements noted in the previous list performed by the firm are covered.
   - There is a presumption that all engagements otherwise subject to the peer review will be included in the scope of the review:
     — In the rare situations when exclusions or other limitations on the scope of the review are being contemplated, a review captain should carefully consider the implications of such exclusion.

Completed

— This includes communicating with the firm and the administering entity the effect on the review and on the ability of the review captain to issue a peer review report.

7. Request the firm to provide (see Standards paragraph .107): _____

- A copy of the financial statements or information and the accountant's report, specific background information, representations about each engagement, and the firm's documentation required by applicable professional standards. The client's name may be masked and assigned a code number.
- A completed engagement questionnaire that includes engagements within the peer review year-end (section 6100 appendix B, *Engagement Questionnaire*).

III. Performing the Review:

8. Perform any procedures deemed necessary to conclude that nothing came to your attention that caused you to believe that the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects. An Engagement Review includes the following (see Standards paragraph .108): _____

- Consideration of the financial statements or information and the related accountant's report on the compilation, ~~and~~ review and preparation engagements performed under SSARS and engagements performed under SSAEs.
- Consideration of the documentation on the engagements performed via reviewing the *Engagement Questionnaire*, representations made by the firm, and inquiries.
- Review of all other documentation required by applicable professional standards on the engagements.
- Complete supplemental checklists for all required engagements submitted for review. If supplemental checklists are not completed, provide explanation in the notes section.
- Obtain documentation of individual licenses for practitioners in charge of engagements reviewed in the state in which the individual(s) primarily practice public accounting. The license(s) should have been active during the peer review year and through the earlier of reviewed engagements' issuance dates or the date of peer review fieldwork.

—If any exception was noted, the review captain should add an addendum to the Review Captain Summary explaining the effect on the firm's accounting practice and on the performance of the review.

—If the practitioner does not have the applicable license(s) for the period when the engagements selected for review were issued, the representation letter should be tailored to provide information on the areas of noncompliance. An MFC should also be created and elevated to a deficiency or significant deficiency, as applicable.

9. Determine the relative importance of matters (see Standards paragraphs .110–.111): _____

- A *matter* is noted as a result of evaluating whether an engagement submitted for review was performed and/or reported on in conformity with applicable professional standards.
  - — The evaluation includes reviewing the financial statements or information, the related accountant's reports, and the adequacy of procedures performed, including related documentation.
  - — Matters are typically one or more "No" answers to questions in peer review questionnaire(s).
  - — A matter is documented on a Matter for Further Consideration (MFC) form.

VII. ENGAGEMENT REVIEW ENGAGEMENT STATISTICS DATA SHEET

Firm Number _____ Review Number _____

Part I: Engagement Statistics

	Total No. Reviewed	*Total Not in Conformity With Applicable Professional Standards in All Material Respects*
Statements on Standards for Accounting and Review Services (SSARS):		
Reviews		
Compilations with disclosures		
Compilations omit disclosures		
Preparation Engagements with disclosures		
Preparation Engagements omit disclosures		
Statements on Standards for Attestation Engagements (SSAEs):		
Compiled financial forecast and projection		
Reviews of written assertions		
Agreed-upon procedures		
Other		
TOTAL—All Engagements		

Part II: Reasons and Action Summary

List engagements not performed and/or reported in conformity with applicable professional standards in all material respects.

Type of engagement reviewed	*Reason code*	*Action code*	*Comments*

.25 Appendixes A and B contain checklists for coordinating, respectively, an inspection program and a postissuance review program.

.26 When determining whether to perform compliance testing at a fixed time(s) during the year covering a specified period(s) of time (inspection), as part of ongoing quality control procedures (postissuance review), or a combination thereof, the firm may consider, among other items, the following risk factors:

a. The size of the firm.

b. The number and geographical location of offices.

c. The results of previous monitoring procedures.

d. The degree of authority both personnel and offices have (for example, whether individual offices are authorized to conduct their own inspections or whether only the head office may conduct them).

e. The nature and complexity of the firm's practice and organization.

f. The risks associated with the firm's clients and specific engagements.

g. The results of quality control reviews performed throughout the year and the type and complexity of engagements reviewed.

.27 SQCS No. 8 allows for either periodic inspection of engagements at a fixed point in time or ongoing reviews of engagements through postissuance review. Either method or any combination thereof, if planned and implemented correctly, can accomplish the objective of evaluating compliance with the firm's quality control policies and procedures at the engagement level. When deciding how to test compliance at the engagement level, the firm may consider time pressures such as report due dates and time budgets.

.28 Regardless of how a firm tests engagement compliance, the scope of its engagement review is planned at least annually. The plan for ongoing review of engagements is reevaluated throughout the year as circumstances necessitate. The planning includes a preliminary selection of engagements for review; that selection is reevaluated and adjusted throughout the year as circumstances change. Engagement selection is based on a risk assessment as discussed subsequently.

.29 Effective selection of engagements entails using a risk based approach, taking into account the number and types of engagements and partner coverage. Effective selection includes review of engagements that represent a reasonable cross-section of the firm's accounting and auditing practice using criteria, which could include, but is not limited to, the following:

a. Engagements required to be selected during peer review (under *Government Auditing Standards*, Employee Retirement Income Security Act [ERISA], Federal Deposit Insurance Corporation Improvement Act financial institutions [FDICIA], carrying broker-dealers and examinations of service organizations [Service Organization Control (SOC) 1 and 2 engagements])

b. Specialized industries with emphasis given to high risk engagements

c. Initial engagements

d. Level of service performed (audit, agreed-upon procedures under auditing standards, ~~review, compilation with disclosures, compilation without disclosures~~engagements performed under SSARS, and engagements performed under the attest standards)

e. An appropriate cross section of the firm's auditing and accounting partners, taking into account partners who have had negative results in the prior reviews

f. Securities and Exchange Commission (SEC) registrants[2]

[2] The firm's monitoring procedures should cover Securities and Exchange Commission registrants; however, the firm's engagements that are subject to inspection by the Public Company Accounting Oversight Board will not be included in the scope of the firm's peer review.

Scope of engagements reviewed based on risk assessment:

	Firm Totals		*Engs. Reviewed*	
	Hrs.	*No. of Engs.*	*Hrs.*	*No. of Engs.*
Statement on Auditing Standards—				
Securities and Exchange Commission (SEC)				
Other entities, subject to SEC independence rules (not included previously)				
Employee Retirement Income Security Act				
Yellow Book (A-133)				
Yellow Book (Non-A-133)				
Federal Deposit Insurance Corporation Improvement Act				
Other Audits				
Statement on Standards for Accounting and Review Services (SSARS)—				
Reviews				
Compilations With Disclosures				
Compilations That Omit Disclosures				
Compilations That Omit Disclosures under SSARS No. 8				
Preparation Engagements With Disclosures				
Preparation Engagements That Omit Disclosures				
Statement on Standards for Attestation Engagements—				
Financial Forecast and Projections—				
Examinations				
Reviews				
Agreed-Upon Procedures				
Other				
Total				
Percentage of A&A Practice Reviewed			____ %	____ %

Did the monitoring procedures indicate that the firm's system of quality control is insufficient to provide reasonable assurance that it complies with professional standards and regulatory and legal requirements or disclose any situations that would require the firm to take action to prevent future reliance on a report issued by the firm or require the firm to perform additional procedures to provide a basis for the report issued? Yes ____ No ____

If no, describe the situation and the action(s) taken by the firm.

_____

_____

_____

_____

_____

The monitoring findings and the recommendations regarding actions taken for improvements in the firm are attached.

	Firm Totals		*Engs. Reviewed*	
	Hrs.	*No. of Engs.*	*Hrs.*	*No. of Engs.*
Statement on Auditing Standards—				
Securities and Exchange Commission (SEC)	250	1	250	1
Other entities, subject to SEC independence rules (not included previously)	100	1	100	1
Employee Retirement Income Security Act	400	3	140	1
Yellow Book (A-133)	3,800	9	400	1
Yellow Book (Non-A-133)				
Federal Deposit Insurance Corporation Improvement Act				
Other Audits	3,600	56	300	5
Statement on Standards for Accounting and Review Services (SSARS)—				
Reviews	1,200	30	350	2
Compilations With Disclosures				
Compilations That Omit Disclosures	10,000	380	65	3
Compilations That Omit Disclosures under SSARS No. 8				
Preparation Engagements With Disclosures				
Preparation Engagements That Omit Disclosures				
Statement on Standards for Attestation Engagements—				
Financial Forecast and Projections—				
Examinations	500	20	65	2
Reviews				
Agreed-Upon Procedures	65	5	30	3
Other				
Total	19,915	505	1,700	19
Percentage of A&A Practice Reviewed			8.5%	3.8%

Did the monitoring procedures indicate that the firm's system of quality control is insufficient to provide reasonable assurance that it complies with professional standards and regulatory and legal requirements, or disclose any situations that would require the firm to take action to prevent future reliance on a report issued by the firm, or require the firm to perform additional procedures to provide a basis for the report issued? Yes X No ___

If yes, describe the situation and the action(s) taken by the firm. A management representation letter was not obtained from an audit client. The representation letter has now been obtained.

See attachment for summary of monitoring findings and for recommendations of corrective actions.

Agenda Item 1.5

Enhanced Quality Initiative – Emerging Industries and Risk Areas

Why is this on the Agenda?
As discussed in the update, the Emerging Industries and Risk Areas task force has made significant strides toward raising the audit quality bar through efforts to focus firms and peer reviewers on high priority areas.

The process involved in developing the list of potential emerging industries and risk areas includes:

- careful analysis of matter for further consideration data;
- evaluation of recent and upcoming changes in standards;
- environmental scans of regulatory, legislative, and business reporting; and
- information gathered from audit quality centers, practice centers; AICPA internal teams, and other stakeholders.

Once developed, the list is evaluated by a work group consisting of members from firms of various sizes in public and private practice. Accordingly, a list of suggested additional emerging industries and risk areas is being presented.

The outreach phase related to emerging industries and risk areas will include:

- Communication – Upon approval, a peer review alert will be tailored to communicate the areas of emphasis to members, firms, and reviewers and the AICPA will begin a year-long focus on training of firms and peer reviewers (see training section below). Peer review courses will be tailored to include the upcoming focus areas so that reviewers know exactly what they will be looking for. Further collaboration with internal teams will be conducted to ensure that a uniform message about the focus on the identified emerging industries and risk areas is being delivered during presentations to stakeholders.
- Training – Collaboration with the internal teams that direct the development and production of member learning and competency materials (publications, courses, and events) to ensure sufficient resources and opportunities in the emerging industries and risk areas for members, firms, and reviewers are available.
- Emphasis – Peer review materials will be developed and tailored to address the emerging industries and risk areas, allowing a more robust review in these areas.
- Examples – Peer review conference cases will be developed to highlight the focus areas in advance of the affected peer review season.

Feedback Received
As stated above, a number of sources of information were considered in developing the list of emerging industries and risk areas, including comments received from the Concept Paper. Further feedback on emerging industries and audit areas is anticipated and will be considered in future development.

PRISM Impact
At this time, no PRISM impact is anticipated. However, it is possible that emerging industries identified in the future may require additional must-select categories.

AE Impact
At this time, little AE impact is anticipated. However, it is possible that emerging industries identified in the future may require additional must-select categories.

Communications Plan
As stated above, a Peer Review Alert, materials, checklists, publications, courses, and presentations will be developed or amended, as appropriate. Refer to Agenda Item 1.5A for a Peer Review Alert to be issued on February 10, 2015.

Manual Production Cycle (estimated)
As indicated below.

Effective Date
Immediately upon approval.

Board Consideration
Approval is sought for the following additional emerging industries and risk areas developed by the work group:

- Single audit
- Crowdfunding

Agenda Item 1.5A

Peer Review Alert
Enhanced Quality Initiative – Emerging Industries and Risk Areas

The Emerging Industries and Risk Areas task force has made significant strides toward raising the audit quality bar through focusing firms and peer reviewers on new industries, industries with new or rising risks, audit areas of increased risk or areas that have shown to have increased inspection matters in the past. This is an integral part of an AICPA-wide approach of enhanced materials, targeted training and robust peer reviews to enhance audit quality.

In May 2014, the Peer Review Board (PRB) approved a partial implementation of the Emerging Industries and Risk Areas Initiative until responses to the Enhancing Quality Initiative Concept Paper (Concept Paper) were analyzed. While the formal program is finalized, the following additional proposed emerging industries and risk areas to be incorporated into this approach are as follows:

- Single audit
- Crowdfunding

This initiative will encompass the following outreach plan:

- Communication – This peer review alert designed to communicate the areas of emphasis to members, firms, and reviewers followed by an AICPA-wide focus on training of firms and peer reviewers (see training section below). Peer review courses will be tailored to include the upcoming focus areas so that reviewers are knowledgeable about the areas expected to be inspected. Further collaboration with internal AICPA teams, such as audit quality centers and others, will be conducted to ensure that a uniform message about the focus on the identified emerging industries and risk areas is being delivered during presentations.
- Training – Collaboration with the internal teams that direct the development and production of member learning and competency materials (publications, courses, and events) to ensure sufficient resources and opportunities in the emerging industries and risk areas for members, firms, and reviewers are available.
- Emphasis – Peer review materials and checklists will be developed and tailored to address the emerging industries and risk areas, fostering a more robust review in these areas.
- Examples – Peer review conference cases will be developed to highlight the focus areas.

Further detail related to the emerging industries and risk areas proposed for the 2016 peer review season will be announced via upcoming Peer Review Alerts.

Agenda Item 1.8

Oversight Task Force Report

Why is this on the Agenda?
The Oversight Task Force will provide this information to the Board at each open session meeting as a way to garner feedback and input on the nature and timing of agenda items that the Oversight Task Force will consider in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to new information and circumstances.

Feedback Received
N/A

PRISM Impact
N/A

AE Impact
N/A

Communications Plan
N/A

Manual Production Cycle (estimated)
N/A

Effective Date
N/A

Board Consideration
Review the list of items below and provide feedback.

- Conduct Oversight Visits to each Administering Entity at least every other year (approximately 21 visits are planned for 2015).
- Consider the timing of Oversight Visits to each Administering Entity.
- Review and approve comments on desk reviews of system and engagement reviews selected for oversight.
- Review and approve RAB Observation reports
- Review of progress of Enhanced Oversights
- Supervise implementation of new AE monitoring procedures
- Review and update the Oversight Handbook as necessary.
- Communicate changes to pertinent groups regarding changes adopted by the Peer Review Board or other task forces.
- Review reviewer performance issues and requests for national suspension.

- Maintain National RAB listing, including approval of SOC specialists.
- Issue Annual Report on Oversight.

Agenda Item 1.9

Standards Task Force Future Agenda Items

Why is this on the Agenda?
The Standards Task Force will provide this information to the Board at each open session meeting as a way to garner feedback and input on the nature and timing of agenda items that will be considered in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to feedback received.

Feedback Received
N/A

PRISM Impact
N/A

AE Impact
N/A

Communications Plan
N/A

Manual Production Cycle (estimated)
N/A

Effective Date
N/A

Board Consideration
Review the list of Standards Task Force future agenda items below and provide feedback.

- Focus for 2014 will primarily be on the proposals from the Enhancing Quality Initiative Task Forces.
- Topics Expected to Be Addressed in 2015:
    - Consideration of whether or not it is appropriate for Joint Trial Board members to also be members of a Peer Review Committee or Report Acceptance Body.
    - Consideration of tone at the top guidance
    - Conforming changes to the RAB Handbook for Tech Reviewers Responsibilities Regarding Corrective Actions and Implementation Plans (aligning CA/IP charts and written language)
    - Consideration of must selects and targeting risk areas vs. reviewing entire engagements
    - Consideration of enhancing review of systems of quality control and systemic cause identification
- Other Future Topics
    - Expansion of Interpretation 5c-1 (which discusses the impact of acquisitions and divestitures) to include further discussion of acquisitions and effect on the peer review scope.
    - Address feedback that Engagement Review representation letter and Engagement Summary Form should be combined.
    - Update definitions of "personnel" and "professionals" used in various forms, practice aids, and guidance.

- Revise all relevant peer review guidance for revisions to Consolidated OMB (previously A-133). This includes language changes to all forms and guidance, and significant changes to single audit checklists (to be done with assistance from GAQC staff). Final OMB guidance not yet approved and effective date is not known.
- Modify, expand and finalize guidance in Interpretations 6-7 and 6-8 for engagements performed under international standards, and develop new guidance on addressing the design of the system of quality control for engagements performed under international standards.
- Continue to enhance QCM related guidance
- Guidance for enlisting committee chairs to assist with AE monitoring
- Consideration of whether all engagements performed under SSAEs should require a System Review
- Enhancing guidance in Section 6200 for Engagement Reviews

Agenda Item 1.10

Education and Communication Task Force Future Agenda Items

Why is this on the Agenda?
The Education and Communication Task Force will provide this information to the Board at each open session meeting as a way to garner feedback and input on the nature and timing of agenda items that will be considered in the future. The items included in this report represent an evergreen list that will be continually updated to be responsive to feedback received.

Feedback Received
N/A

PRISM Impact
N/A

AE Impact
N/A

Communications Plan
N/A

Manual Production Cycle (estimated)
N/A

Effective Date
N/A

Board Consideration
Review the list of Education and Communication Task Force future agenda items below and provide feedback.

- Conference
    - Plan and coordinate the 2015 AICPA Peer Review Program conference. This includes:
        - Reviewing and approving the conference agenda (which includes the optional sessions, the general session and the administrator's session).
        - Reviewing and approving the conference cases and the exchange of idea topics developed by Staff.
        - Reviewing and approving any other session materials as needed.
- Training Courses/Materials and Programs
    - Plan the webinars for 2015. Currently the Task Force is committed to offering two webinars annually to assist reviewers in meeting the current ongoing education requirement. For 2015, the courses include:
        - An Are You Ready webinar,
        - A Peer Review Update webinar
        - A webinar focused on reviewing EBP engagements
        - A webinar focused on reviewing A-133/Governmental engagements

- Determine the need to develop additional training materials and learning opportunities specifically for individual groups (administrators, technical reviewers, committee members, and reviewers).
- Update the existing courses for guidance changes and updates as well as input from instructors and participants
- Continue to develop and finalize the proposed initial and ongoing training requirements for reviewers, including the must-select training requirement. This will involve incorporating feedback received from relevant stakeholders into the framework. This proposed updated framework was included in the Enhancing Audit Quality discussion paper.

- Communications
  - Review and approve the development of additional communications to administrators, technical reviewers, committee members, and reviewers
  - Communicate changes to pertinent groups regarding changes adopted by the Peer Review Board or other task forces

Firms Dropped from the AICPA Peer Review Program for Non-Cooperation between September 11, 2014 and January 8, 2015, and Not Enrolled as of January 8, 2015.

Firm Number	Firm Name	State	Admin By
10115093	Moody and Hodgson	AL	AL
10039462	Krohn & Company, CPAs	CA	CA
541210	Gary L. Marlow	CA	CA
5170002	Jorgensen Brar Accountancy Corporation	CA	CA
10150933	The CPA's of Yuma	CA	CA
10051744	J. G. Smith, CPA	CA	CA
10101945	Alan Miller	CA	CA
10095589	Moorman and Company, A. C.	CA	CA
10120502	Ehrenreich, Burkholder & Associates, LLP	CA	CA
10140380	L. S. Davis & Associates, LLP	CA	CA
4112122	Brenda J Guy	CA	CA
6530321	Frank J. Chu, CPA, APC	CA	CA
5371042	Palik, Novak & Associates, P.C.	CO	CO
10104101	Thompson, Cobb, Bazilio & Assoc., P. C.	DC	NPRC
417356	Frederick William Johns	FL	FL
10155204	Sonu Shukla, CPA,PA	FL	FL
5173861	Cobb Business Services	GA	GA
1054606	Randy K. Bates CPA, P.A.	ID	ID
10134692	Omotosho & Associates CPAs LLC	IL	IL
10080596	McHenry, Dixon & Nisevich, Ltd.	IL	IL
10127994	Melbye, Sid & Associates	IL	IL
10150807	Lake & Associates CPA's LLC	IL	NPRC
10155962	Page CPA, PA	KS	KS
10152305	Sims & Riley, LLC	KS	KS
5298751	Sean M. Bruno CPAs	LA	LA
4620764	William E. Weatherford, CPA, LLC	LA	LA
10131605	Daniel P. McGrath	MA	MA
10132865	Michael F. Reilly CPA, P. C.	MA	MA
10151240	David L. Bateman	MA	MA
10082354	Perry & St. George, CPA's	MA	MA
10133544	Gladstone A. Dainty & Associates	MD	MD
5304315	Mark R. Jennings CPA, MBA, PLC	MI	MI
1304067	Lord & Associates, P.C. Certified Public Accountant	MI	MI
6762690	O BIjadimbola CPA PLLC	MN	MN
10096223	Sailor, Khan & Co. LLC	MO	MO
10150181	Schultz & Company, CPA's	MS	MS
10119312	James H. Finison Jr.	NC	NC
1972	John J. Accinno	NH	NH

3901180	Detwiler & Associates	NH	NH
10148267	Bosco Giannone, LLC	NJ	NJ
1087057	Jeff Altman	NJ	NJ
10130151	Leff & Salem CPA, PC	NJ	NJ
10149885	Costas K. Savva PC	NJ	NJ
4564926	Robert A. Samsel	NJ	NJ
1051932	William Alan Scott CPA, P. C.	NJ	NJ
10148142	Udall CPA Group, PLLC	NV	NV
10081076	William A Timothy	NV	NV
10099947	Liddle, Waite & Associates, P. C.	NV	NV
1003672	George William Klein	NV	NV
10116542	Robert C. Happold CPA	NV	NV
10122850	Lanny J. Weisman	NY	NY
5642052	Melzer & Associates CPAs PC	NY	NY
10131969	Alan Goodman & Co.	NY	NY
10149922	Joseph F. Eaton CPA, PC	NY	NY
10002071	Asher & Company, Ltd.	PA	NPRC
10104136	Robert C. Moorhead, CPA, PA	SC	SC
1052808	William A. Boyle, III CPA	SC	SC
3736698	Cash and Associates CPA PA	SC	SC
10104814	Robert Lange Perkins	TX	TX
10154733	Lopez Group, P.C. dba Berry Group, CPA's	VA	VA
3919973	Ward Dean Jr., CPA PLLC	VA	VA
10150466	David P Lucas PC	VA	VA
10154733	Lopez Group, P.C. dba Berry Group, CPA's	VA	VA
10106999	O'Connor & Desmarais, P. C.	VA	VA
5659219	Angela S. Freidel, CPA	WA	WA
10093703	Preisler & Company, S. C.	WI	WI
3638529	J Thompson & Associates LLC	WI	WI

Firms Whose Enrollment Was Terminated from the AICPA Peer Review Program

Plaut & Associates – Louisville, KY

Approved 2015 Association Information Forms for Associations of CPA Firms

Why is this on the Agenda?
As of January 8, 2015, the Associations Task Force has accepted the 2015 Association Information Form (AIF) from 20 associations of CPA firms on behalf of the Board. Two associations requested permission to assist their members in forming review teams. An asterisk indicates those associations below.

Association Name
AGN International - North America
Alliott Group North America
Associated Regional Accounting Firms
BDO Seidman Alliance, The
BKR International
CPA Affiliates of Virginia Ltd.
CPA Associates International Inc.*
CPA Management Systems, Inc. T/A INPACT Americas
CPA-USA Association
DFK International/USA*
Enterprise Worldwide
Firm Foundation
Florida CPA Group, The
Integra International
Leading Edge Alliance, The
McGladrey Alliance
MSI Global Alliance
Nexia International
PrimeGlobal
TMG (formerly Texas Management Group)

Feedback Received
N/A

PRISM Impact
PRISM was updated to reflect the approval of the 20 associations for 2015.

AE Impact
N/A

Communications Plan
Administering entities were notified via email of the 20 associations that have been approved for 2015.

Manual Production Cycle (estimated)
N/A

Effective Date
Upon ATF approval and notification of AEs.

Board Consideration
None. For informational purposes only.

Agenda Item 1.15C

Revisions to AICPA Peer Review Program Question & Answers

Staff has performed the annual update of the Peer Review Questions & Answers document (Q&A) which appears on the AICPA website. The updated Q&A, in track changes, appears on the following pages. Those changes contingent on the approval of other guidance changes being presented during Open Session have been marked as such.

QUESTIONS AND ANSWERS ABOUT THE AICPA PEER REVIEW PROGRAM

Update No. 1~~4~~4~~3~~ January ~~2014~~2015

QUESTIONS AND ANSWERS ABOUT THE AICPA PEER REVIEW PROGRAM

TABLE OF CONTENTS

QUESTIONS & ANSWERS ABOUT THE AICPA PEER REVIEW PROGRAM

INTRODUCTION

This question and answer document provides information about the AICPA Peer Review Program. It is primarily geared to answer common questions of a current or potential reviewed firm regarding peer review. This document has been developed to assist those firms in understanding their responsibilities and requirements related to peer review and provide general information and resources about peer review.

In addition to this document and the resources mentioned, firms are invited to attend the following courses to better assist them with preparing for their peer review and understanding the peer review program and process:

Upcoming Peer Review: Is Your Firm Ready?
(http://www.cpa2biz.com ; Course acronym: SNPR)
This 8-hour course is designed specifically to prepare a firm for their peer review. It focuses on how to create a strong quality control environment, as well as how to prevent some of the most common significant deficiencies noted in peer reviews. It also provides information on selecting the proper peer reviewer/review team.

How to Conduct a Review Under the AICPA Practice-Monitoring Program
(http://www.cpa2biz.com ; Course acronym: HCRPM)
This 16-hour course is designed to meet the initial ~~and on-going~~ training requirements of peer review team captains and review captains. It discusses how a peer review is planned and performed, understanding and evaluating a firm's quality control system as well as recommendations for how a firm should respond to a peer review finding or reported deficiency.

Additional information about these courses can be accessed through http://www.cpa2biz.com or http://www.aicpalearning.org

In addition, an e-version of the Practice Aid *Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice*, can be obtained on the AICPA's website at no charge. This practice aid is located at:

http://www.aicpa.org/interestareas/frc/pages/enhancingauditqualitypracticeaid.aspx

Technical questions about the peer review program can also be directed to:

AICPA Peer Review Program Hotline: (919) 402-4502
AICPA Peer Review Program Technical Hotline E-mail Address:
prptechnical@aicpa.org

Comments and suggestions may be addressed to:

AICPA Peer Review Board
Attention: Peer Review Team
220 Leigh Farm Road
Durham, NC 27707

PEER REVIEW ENROLLMENT REQUIREMENTS

What is the AICPA's practice monitoring requirement?

In order to be admitted or to retain their membership in the American Institute of Certified Public Accountants (AICPA) members of the AICPA who are engaged in the practice of public accounting in the United States or its territories are required to be practicing as partners or employees of firms enrolled in an Institute approved practice-monitoring program or, if practicing in firms not eligible to enroll, are themselves enrolled in such a program if the services performed by such a firm or individual are within the scope of the AICPA's practice-monitoring Standards and the firm or individual issues reports purporting to be in accordance with AICPA professional standards. (Depending on how a CPA firm is legally organized, its partner(s) could have other names, such *as shareholder, member,* or *proprietor*.)

A member can meet the requirement if his or her firm is enrolled in the AICPA Peer Review Program (PRP).
Firms are required to have their review administered by the National PRC if they meet any of the following criteria:

a. The firm is required to be registered with and subject to permanent inspection by the PCAOB.

b. The firm performs engagements under PCAOB standards.

c. The firm is a provider of quality control materials (QCM) (or affiliated with a provider of QCM) that are used by firms that it peer reviews.

Firms that are not required to have their review administered by the National PRC may choose to do so. However, such firms are subject to the National PRC's administrative fee structure and should familiarize themselves with that structure prior to making such a decision.

Back to top

How many firms are enrolled in the AICPA Peer Review Program?

Over ~~30~~27,000 firms are enrolled in the AICPA Peer Review Program and are required to have a review of their accounting and auditing practice at least once every three years.

Back to top

Does my firm have to enroll in a peer review program if it does not have an accounting and auditing practice?

If a firm does not perform services that include issuing reports purporting to be in accordance with AICPA professional standards it is not required to enroll in a practice-monitoring program. Firms should consult with their State Board of Accountancy (SBOA) to determine if the State Board rules require enrollment in a practice monitoring program even if your firm does not perform services that include issuing reports.

For purposes of the *AICPA Peer Review Program Standards*, an accounting and auditing practice is defined as all of a CPA firm's engagements performed under the Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARS)*, Statements on Standards for Attestation Engagements (SSAEs), and Government Auditing Standards (the Yellow Book), issued by the U.S. Government Accountability Office (GAO) and engagements under PCAOB standards. Engagements covered in the scope of the program are those included in the firm's auditing and accounting practice that are not subject to PCAOB permanent inspection.

* SSARS that provide an exemption from those standards in certain situations are excluded from the definition of an accounting and auditing practice for peer review purposes.

Back to top

Does my firm have to enroll in a peer review program if the only engagements it performs are compiled financial statements that are not expected to be used by a third party (management use only)?

Under the AICPA bylaws, firms (or individuals in certain situations) are only required to enroll in an Institute-approved practice monitoring program when the engagements they perform are within the scope of the AICPA's practice-monitoring standards *and issue reports* purporting to be in accordance with AICPA professional standards. Therefore, in the case where the compilations for management's use only are the highest level of service performed by the firm, they would not be required to enroll in the AICPA Peer Review Program because no report is issued. AR sec. 80 requires the accountant to document the understanding of the engagement with the entity through the use of an engagement letter. However, firms must check with their Board of Accountancy peer review requirements as some require firms to enroll and have a peer review in this circumstance.

For firms already enrolled in the AICPA Peer Review Program, compilations for management use only would fall within the scope of peer review. Practitioners should keep in mind that AR-C Section 80, issued as part of SSARS 21 and effective for compilation engagements for periods ending on or after December 15, 2015, always requires a report.

Does my firm have to enroll in a peer review program if the only engagements it performs are engagements to prepare financial statements under AR-C section 70?

No, a firm that only performs engagements to prepare financial statements under AR-C section 70 is not required to enroll in a peer review program. For firms already enrolled in the AICPA Peer Review Program, engagements to prepare financial statements would fall within the scope of peer review. AR-C section 70, issued as part of SSARS 21, is effective for engagements to prepare financial statements for periods ending on or after December 15, 2015. Early implementation is permitted.

Back to top

Do individuals who are practicing outside of the U.S. have to enroll in a peer review program?

Individuals practicing in firms outside of the United States or its territories are exempt from the AICPA practice monitoring program requirement until they return to the United States or its territories. Please check with your Board of Accountancy or other regulatory peer review requirements as some may require you to have a peer review in this circumstance.

Back to top

Who administers a CPA firm's peer review?

The AICPA Peer Review Program is administered in cooperation with– a state CPA society, group of state CPA societies, and the AICPA Peer Review Board's National Peer Review Committee (National PRC) that elect to participate as administering entities (AE). When a CPA firm is enrolled in the AICPA Peer Review Program its peer review will be administered by the administering entity in the state in which the CPA firm's main office is located (or, if that state CPA society has elected not to participate, by another administering entity) or the National PRC. The AICPA Peer Review Board (Board) approves all administering entities.

Firms are required to have their review administered by the National PRC if they meet any of the following criteria:

a. The firm is required to be registered with and subject to permanent inspection by the PCAOB.

b. The firm performs engagements under PCAOB standards.

c. The firm is a provider of quality control materials (QCM) (or affiliated with a provider of QCM) that are used by firms that it peer reviews.

Back to top

When should my firm enroll in the AICPA Peer Review Program?

When an individual becomes an AICPA member, and the services provided by his or her firm (or individual) fall within the scope of the AICPA's practice-monitoring standards, and the firm (or individual) issues reports purporting to be in accordance with AICPA Professional Standards, the firm should enroll in the program and submit an enrollment form by the report date of the initial engagement.

Back to top

How can my firm enroll in the AICPA Peer Review Program?

A firm should submit an "AICPA Peer Review Program Enrollment Form" to the appropriate administering entity. See Appendix C for administering entity contact information. By enrolling, a firm agrees to have a peer review of its accounting and auditing practice once every three years subsequent to its initial peer review. A firm's initial review is ordinarily due 18 months from the date it enrolled (or should have enrolled) in the program. A firm seeking to enroll in the peer review program should be in compliance with the Council resolution concerning form of organization (see AICPA, *Professional Standards*, ~~vol. 2~~ ET Appendix B). In addition, at least one partner of the firm must be an AICPA member in order to enroll in the AICPA Peer Review Program.

Download the AICPA Peer Review Program Enrollment Form from the AICPA website or request a form from your administering entity. You may view and print this form using Acrobat Reader. If you do not have Acrobat Reader, you can download it from Adobe.

Back to top

Once enrolled, when should a firm expect to have its first peer review?

A firm's due date for its initial peer review is ordinarily eighteen months from the date it enrolled in the Program, or should have enrolled, whichever date is earlier. If a firm resigns from the program and subsequently performs an engagement that requires a peer review within three years and six months ~~from the year-end of the previous review~~of its prior peer review year-end, the firm should reenroll in the program. The ~~with a~~ due date ~~of~~ for the firm's current review is the later of the due date originally assigned or 90 days after reenrolling. If a firm resigns from the program and subsequently performs an engagement that requires peer review after its next due date has passed, the firm's current peer review ~~due date~~ is due 18 months from the year-end of the engagement (for financial forecasts and projections, 18 months from the date of report).

A firm's subsequent peer review ordinarily has a due date of three years and six months from the year-end of the previous review. Firms should also check with their state board of accountancy for any peer review requirements.

An administering entity will consider the firm's (or individual's) practice, the year-ends of their engagements, when the engagements were performed, and the number and type

of engagements to be encompassed in the review, in determining an appropriate due date.

Back to top

Can a firm change its peer review year end?

A firm is expected to maintain the same year-end on subsequent peer reviews. Circumstances may arise that may cause a firm to want to change its year-end. For instance, the nature of the firm's practice may change or the firm may reevaluate their current year-end and determine that a different year-end is more practical. In such situations, a firm may change its year-end only with prior, written approval of the administering entity.

Back to top

GENERAL INFORMATION

What are the types of peer reviews?

There are two types of peer reviews - System and Engagement.

Back to top

What is a System Review?

A System Review includes determining whether the firm's system of quality control for its accounting and auditing practice is designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including SQCS No. 8, in all material respects. This type of review is for firms that perform engagements that are not subject to PCAOB permanent inspection under the Statement on Auditing Standards (SASs,) the Government Auditing Standards (Yellow Book), examinations under the Statement on Standards for Attestation Engagements (SSAEs), or –engagements under the PCAOB standards as their highest level of service.

Approximately ~~14~~12,000 firms are likely to have a System Review over the next three years. The scope of the peer review does not encompass other segments of a CPA practice, such as tax services or management advisory services, except to the extent they are associated with financial statements, such as reviews of tax provisions and accruals contained in financial statements.

In a System Review, the reviewer will study and evaluate a CPA firm's quality control policies and procedures that were in effect during the peer review year. This includes interviewing firm personnel and examining other relevant supporting documentation such as CPE records, outside consultations regarding A&A matters and independence representations. To evaluate the effectiveness of the system and the degree of compliance with the system, the reviewer will test a reasonable cross-section of the firm's engagements with a focus on high-risk engagements in addition to significant risk

areas where the possibility exists of engagements being performed and/or reported on that are not in accordance with professional standards in all material respects. The majority of the procedures in a System Review should be performed at the reviewed firm's office, unless the reviewer has requested and received prior approval from the administering entity.

Back to top

What is an Engagement Review?

An Engagement Review is for enrolled firms that are not required to have a System Review and only perform services under SSARS or services under the SSAEs ~~not included in~~ that do not require a System Review~~s~~ as their highest level of service. The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects. An Engagement Review consists of reading the financial statements or information submitted by the reviewed firm and the accountant's report thereon, together with certain background information and representations and the applicable documentation required by professional standards.

Approximately ~~16~~15,000 firms are likely to have an Engagement Review over the next three years. This type of review does not cover the firm's system of quality control, so the reviewer cannot express an opinion on the firm's compliance with its own quality control policies and procedures or compliance with AICPA quality control standards. However, firms eligible to have an Engagement Review may elect to have a System Review.

Back to top

Is the System Review or Engagement Review determination based on the types of engagements my firm performs as its highest level of service?

Yes. The type of peer review is based on the ~~engagements~~ highest level of service a firm has performed ~~as its highest level of service~~. Refer to Appendix A for a chart ~~of~~ that illustrates which types of engagements ~~firms perform as their highest level of service would~~ require a firm~~s~~ to have a System Review instead of an Engagement Review.

Back to top

How can I find out more about the peer review process?

The AICPA Peer Review Website contains links to resources for peer reviewers, CPA Firms, and the public.

In addition, several sections of the *AICPA Peer Review Manual* are available on-line at no charge.

Refer to Appendix C for links to available resources.

Back to top

Will information obtained and reported about my peer review be confidential?

A peer review must be conducted in compliance with the confidentiality requirements set forth in the AICPA Code of Professional Conduct. Information concerning the reviewed firm or any of its clients or personnel that is obtained as a consequence of the review is confidential. Peer reviewers may not disclose such information to anyone who is not involved in ~~carrying out~~performing the review or administering the peer review program, or use such information in any way not related to meeting the objectives of the program. Also, no reviewer(s) will have contact with clients of your firm.

The peer review standards provide for the following information to be disclosed about a firm's peer review:

a. The firm's name and address
b. The firm's enrollment in the program
c. The date of acceptance and the period covered by the firm's most recently accepted peer review
d. If applicable, whether the firm's enrollment in the program has been dropped or terminated

Neither the administering entity nor the AICPA shall make the results of the review available to the public, except as authorized or permitted by the firm under the following conditions:

a. A firm may be a voluntary member of one of the AICPA's audit quality centers or sections that has a membership requirement that certain peer review documents be open to public inspection. In such cases, the reviewed firm is required as a condition of its voluntary membership to make the peer review results or certain peer review documents available to the public or to specific entities.
b. Unless a firm communicates their desire to "opt out" of the Facilitated State Board Access (FSBA) program (see next question for additional FSBA information), certain peer review information may be shared with the SBOA of the firm's home state. A firm may voluntarily instruct its administering entity to make the peer review results available to certain other SBOAs.

Back to top

What is Facilitated State Board Access and how might it affect access to information about my firm's peer review?

FSBA is a process that the AICPA has created to help keep up with the evolving changes in the business and regulatory environments and to address the demand for greater peer review transparency. This process is intended to create a nationally uniform system through which CPA firms can satisfy state board or licensing body peer review information submission requirements, increase transparency, and retain control over their peer review results. The AICPA and CPA state societies are currently working together to allow this process to become the primary means by which all SBOAs obtain peer review results. Over time, this process will help to make submission

of your firm's peer review information easier. Depending on your state's requirements, laws and regulations, your firm may have the option to opt out of this process ~~and your peer review results may or may not be made available to your SBOA as a result of this process~~. Contact your administering entity for information regarding FSBA requirements and the submission process for your SBOA.

Back to top

INFORMATION FOR FIRMS ENROLLED IN THE AICPA PEER REVIEW PROGRAM

How do I schedule my peer review?

If your firm enrolls in peer review and indicates that it performs services and issues reports that are within the scope of the AICPA's practice-monitoring program, the administering entity will send an appropriate communication to the managing partner of the firm regarding the firm's due date for its peer review.

~~The managing partners of firms scheduled to have a peer review under the AICPA Peer Review Program (Program) in the following year will be contacted by the applicable administering entity no later than 6-9 months prior to the review due date.~~ Your firm's managing partner will be contacted by your administering entity approximately 6 months prior to your review's due date. If the due date is sooner than 6 months, the administering entity will contact the managing partner as soon as reasonably possible. At that time, each firm will be asked to provide information such as, but not limited to:

1. Whether the firm has an accounting, auditing or attestation practice as defined in the *Standards for Performing and Reporting on Peer Reviews (Standards)*.
2. Whether the review is to be performed by a team appointed by the administering entity, by an authorized association, or by a qualified firm.
3. The areas in which the firm practices and any industries in which over ten percent of the firm's auditing practice hours are concentrated.
4. Whether the firm performs any audits through a joint venture or partnership arrangement.
5. The anticipated timing of the review.
6. The reviewer(s) selected to perform the review, if your firm chooses to select its own review team formed by qualifying firms.

The firm will be asked to provide this information on the "Information Required for Scheduling Reviews" Form, which is commonly known as the "background form." The firm should sign and return the form to the administering entity. If the information regarding the review team members is not known at the time, the information can be provided at a later date but as soon as reasonably possible, to ensure that the chosen reviewers are qualified and are approved by the administering entity.

Back to top

Can I have an Engagement Review if my firm has only one audit?

No. You must have a System Review even if your firm only performs one audit. The purpose of an audit is to give assurance to third parties. Because of that third party reliance, state regulators allow these services to be performed by CPAs only. As such, the profession has a responsibility to ensure that a CPA firm that performs even one audit has an adequate system of quality control over its accounting and auditing practice. Such assurance can only be obtained by reviewing the system of quality control, your firm's compliance with that system, and by reviewing engagement working papers along with the report and financial statements. Refer to Appendix A for a chart ~~of which types~~that illustrates ~~of~~ the engagements ~~firms perform as their highest level of service would~~that require firms to have a System Review instead of an Engagement Review. Performance of even one of these services would subject your firm to the applicable type of peer review.

Back to top

What if there is a change in my firm's practice regarding the levels of service?

You should notify the administering entity in writing of the change in your firm's practice so that the appropriate type (System or Engagement Review) and the timing of your next peer review can be determined. See GENERAL INFORMATION section of this document for the types of engagements or services applicable to System or Engagement Reviews. If your firm has been engaged to perform one or more audit engagements or other engagements that might prompt a System Review, you should include the number of engagements it has been engaged to perform. If your firm ceases to perform audit engagements, you should also notify the administering entity.

Back to top

What is the impact on my firm's peer review when my firm completes its first audit engagement after the completion of my Engagement Review?

When a firm, subsequent to the year-end of its Engagement Review, performs an engagement that would have required the firm to have a System Review, the firm should (a) immediately notify the administering entity and (b) undergo a System Review. Refer to Appendix A for a chart ~~of which~~that illustrates ~~types of~~ which engagements ~~firms perform as their highest level of service would~~ require firms to have a System Review instead of an Engagement Review. Performance of even one of these services would subject your firm to the applicable type of peer review. In this situation, the System Review will ordinarily be due 18 months from the year-end of the engagement (for financial forecasts~~, and~~ projections and agreed upon procedures 18 months from the date of report) requiring a System Review or by the firm's next scheduled due date, whichever is earlier. However, the administering entity will consider the firm's practice, the year-ends of engagements and when the procedures were performed, and the number of engagements to be encompassed in the review, as well as use its judgment, to determine the appropriate year-end and due date. Firms that fail to immediately

inform the administering entity of the performance of such an engagement will be required to participate in a System Review with a peer review year-end that covers the engagement. A firm's subsequent peer review ordinarily will be due three years and six months from this peer review year-end.

The firm should consult with its administering entity and/or AICPA staff in the following situations to determine if the firm will be required to undergo a System Review:

- If the firm is scheduled for an Engagement Review that has not yet commenced and will issue a report that will make the firm subject to a System Review
- If the firm is scheduled for an Engagement Review that includes engagements that were previously subject to an Engagement Review but are now subject to a System Review

Back to top

How much will the peer review cost?

The direct cost of a System Review will vary depending on firm size/region, number of engagements/partners/offices and nature of your firm's accounting and auditing practice. Firms with audits in various specialized, complex or high-risk industries, such as banking, governmental, and employee benefit plans will normally pay more than a firm with the same number of audits that are all in one industry or in lower risk areas. There may be other factors that influence the cost of a System Review including the design of and compliance with the firm's quality control system.

There are also the indirect costs of getting ready for a review that vary based on the condition of your firm's existing system of quality control. Many firms are concerned about these non-chargeable hours. However, if the system of quality control is suitable for your firm's practice, the preparation cost should be minimal. If, on the other hand, your firm finds the opposite is true, it should consider the time well spent since making needed changes should result in your firm providing better services to its clients, and, in most cases, providing those services more efficiently.

The estimated cost of an Engagement Review will vary based on the size of the practice and the number of owners responsible for the issuance of review**,** compilation and attestation engagement reports as well as preparation engagements[TK1].

The cost also varies based on the type of peer review and peer review team selected to perform the review. In addition to the review costs that will be incurred every three years, firms may also pay an annual administrative fee to the administering entity to cover the costs of running the program and, in some states, in the review year, fees for scheduling the review and evaluating the results of the review. For additional cost information, contact your administering entity.

Back to top

Are there ways to reduce the costs of my peer review?

Yes. The best way to reduce costs is to provide complete, accurate information to the

reviewer(s) early enough, such as 30 to 40 days before the review is set to begin, so it can be completed by the review due date. Firms that are committed to establishing, maintaining, and improving the quality of their accounting and audit practice tend to have a more efficient peer review. Prepare for the review early by making sure everyone in your firm understands the importance of performing engagements in accordance with professional standards, and properly documenting engagement planning issues, key procedures and conclusions. If procedures are properly documented and effectively organized, it will improve the reviewer's ability to evaluate what was done without waiting for engagement staff to recall what they did from memory and should result in less time to complete the review. In addition, a properly designed environment of quality control and adherence thereto also results in less time devoted to discussing and responding to matters, findings and deficiencies.

Back to top

Can the review be performed somewhere besides the firm's office?

Paragraph .08 of the *Standards* states that the majority of procedures in a System Review should be performed at the reviewed firm's office. Engagement Reviews are normally performed at a location other than the reviewed firm's office. If the System Review can reasonably be performed at the reviewed firm's office, it should be. Although certain planning procedures may be performed at the peer reviewer's office, it is expected that a majority of the peer review procedures, including the review of engagements, testing of functional areas, interviews, and concluding procedures should be performed at the reviewed firm's office.

However, it is recognized that there are some situations that make an on-site peer review cost prohibitive or extremely difficult to arrange, or both. Interpretation No. 8-1 to the *Standards*, Performing System Reviews at a Location Other Than the Reviewed Firm's Office, allows you to mail, e-mail or bring files, reports, and other materials ordinarily reviewed on a System Review to the reviewer's office or another agreed upon location. In these situations, if the firm and reviewer mutually agree on the appropriateness and efficiency of an approach to the peer review such that it can be performed at a location other than the reviewed firm's office, then the reviewer can request the administering entity's approval to perform the review at a location other than the reviewed firm's office. This request should be made prior to the commencement of fieldwork, and the firm and reviewer should be prepared to respond to the administering entity's inquiries about various factors that could affect their determination.

Some sole practitioners believe their reviews can be carried out in this manner at less cost. Others have found this not to be the case. Regardless, cost savings should not be the primary factor for requesting a System Review to be performed at a location other than a reviewed firm's office, unless the costs are prohibitive.

Back to top

Is my firm required to have a quality control document?

In accordance with Statements on Quality Control Standards (SQCS) No. 8, *A Firm's*

System of Quality Control, all firms are required ~~to have a written quality control document~~to document their policies and procedures related to their system of quality control. The extent of the documentation will depend on the size, structure, and nature of the firm's practice. Documentation may be as simple as a checklist of the firm's policies and procedures or as extensive as practice manuals. A Quality Control Policies and Procedures Questionnaire is available in the Peer Review Program Manual to assist the firm with this documentation requirement. The following is a link to the Peer Review Program Manual:

http://www.aicpa.org/InterestAreas/PeerReview/Resources/PeerReviewProgramManual/Pages/default.aspx

See sections 4300 or 4400 in the Peer Review Program Manual for the previously mentioned questionnaire. Firms utilizing the questionnaire as primary documentation of their system of quality control should ensure their responses are thorough, comprehensive and meet the requirements of SQCS 8.

The quality control document that is in effect during the peer review year should be provided to the peer review team.

Firms ~~are also able to purchase the~~can also review the following practice aid located on AICPA.org. ~~from http://www.CPA2biz.com~~.

- Practice Aid: Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice

Back to top

Is my firm required to provide copies of individual or firm licenses or registrations to the peer reviewer?

~~No~~Yes. As a part of a System or Engagement review, reviewers will make inquiries of your firm to determine if your firm and its personnel are appropriately licensed as required by the state boards of accountancy in the state(s) in which your firm and its personnel practice. Your firm should also submit written representations from the firm's management indicating compliance with such required rules and regulations. If your firm is aware of any situation whereby you are not in compliance with the rules and regulations of the state boards of accountancy or other regulatory bodies, they should tailor the representation letter to provide information on the areas of noncompliance.

To support these responses and representations, a reviewer is required to verify:

- the practice unit license (firm license) in the state in which the practice unit is domiciled (main office is located).
- individual (personnel) licenses in the state in which the individual primarily practices public accounting
    - For System Reviews, for a sample of appropriate personnel
    - For Engagement Reviews, for appropriate personnel on engagements selected

The reviewer will verify the license by requiring your firm to provide documentation from the licensing authority that the license is appropriate and active during the peer review year, and through the earlier of reviewed engagements' issuance dates or the date of peer review fieldwork. Acceptable documentation includes an original/copy of the license, print-out from an on-line license verification system, correspondence from the licensing authority, or other reasonable alternative documentation. The reviewer's judgment may be needed to determine what alternative documentation is reasonable.

It is your firm's responsibility to have understood and complied with its licensing requirements. Therefore you should be prepared to respond to the reviewer's inquiries and requests for documentation. This is also important for out-of-state firm and individual licenses when licensing requirements may be more difficult to identify and understand. When the reviewer deems it appropriate to test out-of-state licenses, your firm is expected to provide documentation supporting its compliance with, or approach to, out-of-state licensing requirements. AICPA on-line CPA mobility provisions may be used to assist the reviewer in evaluating the firm's approach to firm and individual out-of-state licensing.

~~Firms are required to comply with the rules and regulations of state boards of accountancy and other regulatory bodies in the states where they practice. Firms are required to provide a written representation to the peer reviewer indicating that the firm has complied with the rules and regulations of state boards of accountancy or other regulatory bodies, including applicable firm and individual licensing requirements in each state in which it practices for the year under review.~~

~~Peer reviewers should make inquiries of the firm to determine if it is appropriately licensed as required by the state boards of accountancy in the state or states in which it practices.~~

~~If the reviewed firm is aware of any situation whereby they are not in compliance with the laws, rules and requirements of the state regulatory bodies, they should inform the reviewer and tailor the representation letter to provide information on the areas on non-compliance.~~

Back to top

What is a written representation letter?

The representation letter is evidential matter that management is not aware of any situations where it or its personnel has not complied with state board(s) of accountancy or other regulatory bodies rules and regulations, including applicable firm and individual licensing requirements in each state in which it practices for the year under review or has notified the peer reviewer of such situations, has made available to the reviewer communications as stipulated in the *Standards*, has provided the reviewer with a list of all client engagements with periods ending during the year under review and has provided the reviewer with any other information required by the reviewer. If the reviewed firm is aware of any situation whereby they are not in compliance with the rules and regulations of the state boards of accountancy or other regulatory bodies, they

should inform the reviewer and tailor the representation letter to provide information on the areas of non-compliance. If during the review, something comes to the reviewer's attention whereby the reviewer believes the reviewed firm is providing contradicting or questionable information, the reviewer should investigate the matter further and may consider having the firm include the matter in the representation letter.

For System Reviews, the written representations should be addressed to the team captain performing the review and be dated the same date as the peer review report which is usually the date of the exit conference. For Engagement Reviews, the representation should be addressed to the reviewer and be dated the same date the firm submits the list of engagements to the reviewer.

The reviewing firm and the administering entity will retain the representation letter until your firm's subsequent peer review has been completed.

Additionally with the firm's explicit permission, a firm's written representation letter may be provided to the AICPA Professional Ethics Division, when there is evidence of an open ethics investigation.

Back to top

Are modifications to the template representation letter allowed?

Although the firm is not prohibited from making additional representations in the representation letter, and the firm may tailor the representation letter as it deems appropriate, the minimum applicable representations included in the template representation letter are required to be made to the team captain or review captain. For example, all must-select engagement types must be explicitly referenced within the representation letter.

The representation letter is not intended to be onerous for the reviewed firm. Allowing reviewers to add whatever they want to the representation letter would make it very difficult to maintain consistency in the program. In addition, this becomes a very important issue because a firm's failure to sign the representation letter may be considered noncooperation.

At a minimum the representation letter should comply with the spirit of the guidance, there is value to the reviewer of obtaining certain representations in writing. Thus, if during the review, something comes to the reviewer's attention whereby the reviewer believes the reviewed firm is providing contradicting or questionable information, the reviewer should investigate the matter further and may consider having the firm include the matter in the representation letter.

If my firm will undergo a change in firm structure due to a firm name change, dissolution, merger, or purchase/sale, who do I notify about this change and how does it affect my peer review?

Your firm should contact your administering entity immediately upon such change. The firm should obtain a *Peer Review Program Change Form*–, complete the applicable section, and return the form to your administering entity. The administering entity will submit this form to the AICPA Peer Review Team once all pertinent information has been received and the form is complete. The AICPA staff will determine how this change will affect your firm's peer review based on the information provided on the form and notify your firm of the status.

Back to top

How will my firm's affiliation with a non CPA-Owned entity impact my peer review?

Under an alternative practice structure, certain portions of the CPA firm's system of quality control may reside at or operate in conjunction with the system of control of the non-CPA owned entity, which the CPA firm is closely aligned through common employment, leasing of employees, equipment, facilities, or similar arrangements. This would generally include the following elements of quality control: (1) independence, integrity, and objectivity, (2) personnel management, and (3) monitoring of the two preceding quality control elements. Reviewers will perform additional procedures to test these elements at the alternative practice structure.

Back to top

What if my firm has received communications relating to allegations or investigations in the conduct of accounting, auditing, or attestation engagements from regulatory, monitoring, or enforcement bodies?

The reviewed firm should inform the reviewer of communications or summary of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of an accounting, audit, or attestation engagement performed and reported on by the firm, whether the matter relates to the firm or its personnel, within the three years preceding the firm's current peer review year-end and through the date of the exit conference. The information should be in sufficient detail to consider its effect on the scope of the peer review. In addition, the firm should be able to submit the actual documentation to the reviewer in those circumstances that the reviewer deems appropriate. The reviewed firm is not required to submit confidential documents to the reviewer but should be able to discuss the relevant matters and answer the reviewer's questions.

AICPA Peer Review Staff are frequently copied on communications relating to

allegations or investigations from regulatory bodies, such as the Department of Labor or Federal or State Inspector General's Offices, sent to or by the AICPA Professional Ethics Division. Staff will provide copies of these communications to a firm's peer reviewer if the firm named in the referral is currently undergoing a peer review. Additionally, a copy will be provide to a firm's managing partner and peer review contact. Recipients of required corrective action letters from the AICPA Professional Ethics Division will be required to submit evidence that the letter was provided to their firm's managing partner.

It is also expected that the reviewer and the firm will discuss notifications of restrictions or limitations on the firm's or its personnel's ability to practice public accounting by regulatory, monitoring or enforcement bodies within three years preceding the current peer review year-end.

The reviewed firm should tailor its representation letter to the team/review captain to reflect these situations as it deems appropriate.

The peer reviewer and reviewing firm should also notify the relevant administering entity of any of these communications relating to allegations or investigations from regulatory, monitoring, or enforcement bodies in the conduct of accounting, audit, or attestation engagements performed by the reviewer. The notifications should occur prior to the peer reviewer or reviewing firm's being engaged to perform a peer review, or immediately (if after engaged). The objective of the reviewer or reviewing firm informing the relevant administering entity or AICPA technical staff (as applicable) of such allegations or investigations, limitations or restrictions, or both, is to enhance the program's oversight process, which includes ensuring that peer reviewers and reviewing firms are appropriately qualified to perform reviews.

Back to top

How do I determine whether my firm is part of a network?

Refer to the Frequently Asked Questions and Sample Case Studies for Implementing Network Firm Guidance which was developed by the AICPA Professional Ethics group or contact them directly at ethics@aicpa.org.

Back to top

CHOOSING A PEER REVIEWER (REVIEW TEAM)

What types of review teams are available to conduct my peer review?

You may choose the type of review team you would like to conduct your firm's peer review.

For System Reviews, you have two options:

- *Firm-On-Firm Review*[1]–You hire another qualified CPA firm to conduct the review. This option gives you a degree of personal assurance that the reviewer's qualifications fit your firm's needs. It also gives you more control over the cost of the review;

- *Association Review* – You ask the association to which your firm belongs to ~~assemble~~ assist in forming a review team. That association must be authorized by the AICPA Peer Review Board to ~~assemble~~ assist in the formation of such review teams.

For Engagement Reviews, besides the two options listed above, there is a third option:

- *CART (Committee-Appointed Review Team) Review* – For Engagement Reviews in certain states, you may ask the administering entity to assemble the review team. Once a team is selected, the administering entity prepares an engagement letter that includes an estimate of the number of hours it will take to perform the review and the reviewer's billing rates. Billing rates are set by the administering entity and not by the reviewer. You are not required to accept reviewers that your administering entity selects. This option is not available from all administering entities.

A review team is comprised of one or more individuals, depending upon the size and nature of the CPA firm's practice. A reviewing~~er and reviewed~~ firm must determine ~~the~~ its capability of the review team to perform a peer review. This determination includes assigning peer reviewers with appropriate levels of expertise and experience to perform the review. Before accepting a peer review engagement, the reviewing firm should obtain and consider information about the firm to be reviewed, including certain operating statistics concerning size, nature of practice, industry specializations, and levels of service. A System Review team, a review captain on an Engagement Review and, in unusual circumstances any additional reviewers on an Engagement Review, ordinarily should be approved by the administering entity prior to the planning and commencement of the peer review.

Back to top

What questions should I ask when selecting a reviewer to perform my firm's review?

Examples of question you should ask when selecting a reviewer include, but are not limited to:

1. How many reviews has the individual performed?
2. How much experience does the reviewer have in the industries in which my firm performs?

[1] Includes a firm in the same association of CPAs.

3. Will the reviewer be able to complete the review on time, allowing me enough time to submit the report and letter of response, if any, to the administering entity by my firm's review due date?
4. Ask the reviewer for a list of firms for which he or she has conducted peer reviews.
5. Are there any other value-added services that the reviewer can provide me during the peer review?
6. What type of Government and/or ERISA audits do you perform (if applicable)?
7. Does the reviewer meet all of the qualifications to be a peer reviewer (during the time of scheduling and expected performance of the review)?
8. Has the ability to be a reviewer been limited or restricted or has the reviewer received notifications of limitations/restrictions on their ability to practice public accounting by regulatory, monitoring or enforcement bodies?

If you are a member of the Governmental Audit Quality Center and/or the Employee Benefit Plan Audit Quality Center, keep in mind the membership requirement to have a quality center member review the GAO, and/or ERISA engagement(s).

It is the reviewed firm's responsibility to select a qualified reviewer. The suspension, restriction, or otherwise disqualification of a reviewer is not a valid reason for request of an extension of due date by a reviewed firm. In some circumstances in which the peer review has to be re-performed by another reviewer, the associated cost may be the responsibility of the reviewed firm. It is also the reviewer's responsibility to accurately determine and represent its capabilities and qualifications to perform the peer review.

Back to top

Is there a list of firms interested in performing peer reviews?

Yes. The administering entity can supply you with a list of firms in a geographic area that you specify that are interested in performing reviews of other firms. The AICPA also maintains a reviewer search feature on the AICPA peer review program web-site that you can use to search for reviewers by state, industry, or size of firm. http://peerreview.aicpaservices.org/

Back to top

~~**How does the AICPA peer reviewer database function?**~~

~~The AICPA maintains a database of individuals interested in serving as reviewers. All reviewers involved in the AICPA's Practice-Monitoring Program must be listed in the database. However, reviewers have the option of choosing whether they want their resume available to be viewed by others. The database lists information the individual provides to the AICPA on a *Reviewer Resume Form.* The database includes information such as the individual's firm, the program to which his or her firm belongs, the last training course attended or other peer reviewer qualification requirement met, the industries in which the individual has expertise and how that expertise was obtained. Reviewers are expected to update this information at least annually. Reviewers are required to update their resume every two years, otherwise they will be prohibited from~~

~~performing peer reviews until the resume is updated. Information in the database is available to administering entities for assembling Committee Appointed Review Teams (CARTs) and for verifying the qualifications of firm-on-firm and association reviewers. If you choose to have a CART, a computer program will compare the information you provided about your firm with information provided by potential reviewers and will select an appropriate peer review team for your size firm with experience in your client's industries, and unless you request otherwise, from the same size firm as yours and geographically close to you, but outside of your zip code area.~~

~~Back to top~~

Who is responsible for making sure the review team is qualified to perform my firm's peer review?

~~Since you have the actual contact with the reviewer, y~~You should determine if the team captain or review captain has the experience needed to perform your firm's peer review. A reviewer/review team not only has to have experience in the right industries, but must have the right amount and type of experience. Once selected, the next step is to have all members of the review team approved by the administering entity prior to the commencement of the review. In addition, the administering entity has the authority to determine whether a reviewer/review team's experience is sufficient to perform a particular review. See Appendix B for additional information on reviewer qualification.

If you are a member of the Governmental Audit Quality Center and\or the Employee Benefit Plan Audit Quality Center, keep in mind the membership requirement to have a quality center member review the GAO, and/or ERISA engagement(s).

If a firm chooses to hire their peer reviewer to perform services outside of the scope of peer review but related to the firm's accounting and auditing practice, the firm should consider whether the arrangement would violate independence and objectivity requirements which might prohibit the reviewer from performing the firm's next peer review.

Back to top

Do I have to notify the administering entity if I have already arranged or plan to arrange for another firm or association to perform my peer review?

Yes. The administering entity is responsible for ensuring that all the reviews it administers are performed in accordance with the *Standards for Performing and Reporting on Peer Reviews*. Therefore, your review must not begin until you have informed the administering entity about your arrangements and the administering entity has acknowledged receipt of the information and has approved the reviewers. Reviewers are required to confirm that the administering entity has been notified about your arrangements before starting the review. You should give the administering entity the name of the reviewing firm, the members of the review team, the date the review will begin, the expected date of the exit conference, and inform the administering entity promptly of any changes in that information. Providing this information before your

review begins minimizes the chance of the acceptance process being delayed by questions about the conduct of the review or the qualifications of the reviewers.

Back to top

PREPARING FOR THE REVIEW

How can firms prepare for their review?

In accordance with Statements on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control*, all firms must establish and maintain appropriate quality control policies and procedures and comply with those policies and procedures to ensure the quality of the services they provide to the public. Several publications are available from the AICPA such as the Standards for Performing and Reporting on Peer Reviews, the AICPA Peer Review Program Manual subscription service, and the Practice Aid for Establishing and Maintaining a System of Quality Control for a Firm's Accounting and Auditing Practice. These materials are available ~~AICPA Peer Review Program Standards and Quality Control Standards are available o~~in the AICPA ~~Professional Standards Vol. 2. These publications as well as the Practice Aid can be ordered from www.CPA2BIZ.com. Portions of the AICPA Peer Review Program Manual are located on the AICPA website.~~website.

Back to top

When should my firm's peer review be finished?

Your firm's peer review should be finished by its due date. The firm's due date is reflected:

- on the letter acknowledging your firm's original enrollment in the AICPA Peer Review Program,
- in the committee acceptance letter related to your firm's last peer review
- on page 1 of the *Information Required for Scheduling Reviews* form (provided to enrolled firms approximately six to nine months prior to the due date).

The due date is the date by which peer review documents, including the report and if applicable, the letter of response, should be submitted to the administering entity. To make sure your peer review is completed on time, you should start the review at least three to five months after your firm's peer review year-end. You should plan ahead so that the review takes place at a convenient time for your firm. For example, if you have a heavy tax practice and your review due date falls between January and April, you should plan to start the review in September or October to make sure the review is completed before your busy season begins.

Back to top

What if my firm cannot finish its review by the due date?

If your firm cannot finish its review by the due date, the firm should write a letter to the administering entity to request an extension before the due date. Extensions requested after ~~the~~ your review's due date ~~has passed~~ will not be granted. If possible, extensions should be requested at least sixty days before the due date. ~~H~~However, it is plausible that extensions may be needed due to unforeseen circumstances ~~and thus unable to adhere to the sixty day notification~~within sixty days of the due date. The letter to the administering entity should ~~E~~explain why your firm cannot ~~have~~ complete its review on time and offer an alternative date for the review. The administering entity considers extension requests on a case-by-case basis. Extensions are not granted simply because a firm believes it needs more time to prepare for the review. Extensions of a review date by more than three months are rare.

In certain circumstances extension requests for due dates may be granted by the administering entities, however, the extensions may not be recognized by your state board of accountancy or other regulators. *Government Auditing Standards* require a firm to have an external quality control review every three years. This three year period begins with the date your firm starts fieldwork on its first engagement under GAO *Standards.* Subsequent reviews under GAO *Standards* should be completed within three years after the issuance of the prior peer review report. If your firm performs governmental audits, don't forget to take these requirements and potential changes into account when you request an extension of your firm's due date. The GAO and state boards of accountancy are not required to recognize extensions granted by the AICPA.

Back to top

What if my firm's peer review documents are not submitted to the administering entity by the due date?

If the peer review is not completed or documents are not submitted to the administering entity by the firm's due date (including any approved extensions), the firm will receive notifications about the overdue documents. If the overdue documents are not received after a specified time, the administering entity may recommend to the AICPA Peer Review Board that a hearing be held to determine whether a firm should be terminated from the AICPA peer review program for failure to cooperate with the administering entity. If the firm has cooperated in the completion of the peer review, and the delay is caused by the reviewer, the firm should communicate this matter to the administering entity so that appropriate actions can be taken with regard to the reviewer.

Back to top

What period should my firm's peer review cover?

The peer review covers a one year period mutually agreed upon by you and the reviewer and normally should not change from review to review. Engagements selected for review in a System Review would generally be those with periods ending during the

year under review, except financial forecasts or projections and agreed upon procedures. Financial forecasts and/or projections and agreed upon procedures with report dates during the year under review would be subject to selection If the current years' selected engagement is not completed and a comparable engagement within the peer review year is not available, the prior years' engagement should be reviewed. If the subsequent years' engagement has been completed, the peer review team should consider, based on its assessment of peer review risk, whether the more recently completed engagement should be reviewed instead.

The criteria for selecting the peer review year-end and the period to be covered by Engagement Reviews are the same as those for a System Review.

It is generally anticipated that a firm will keep the same peer review year-end from review to review. If the prior peer review year-end was not the most convenient for firm personnel or the most natural year-end for your firm's practice, write to your administering entity to request that you be allowed a permanent change to a year-end that is more natural for your firm. Your letter should describe the reasons for your request.

Back to top

What if my client does not want their financial information reviewed by the peer reviewer?

Firms may have legitimate reasons for excluding an engagement from the scope of peer reviewers. The following explanations are reasonable for excluding an engagement from selection in the peer review (this is not intended to be an all-inclusive list):

1. The engagement is subject to litigation
2. Client will not permit the firm to make the engagement available

In these situations, the reviewed firm should submit a written statement to the administering entity, prior to commencement of the review, indicating a) it plans to exclude an engagement(s) from the peer review selection process, b) the reasons for the exclusion and c) it is requesting a waiver from a scope limitation in the peer review report. The administering entity must decide if the reviewed firms request to exclude an engagement is reasonable and whether the firm should receive an exemption from the scope limitation.

The Board has agreed that the following explanations are **unacceptable** reasons for excluding an engagement from selection in the peer review (this is not intended to be an all-inclusive list):

1. The engagement working papers are in a warehouse
2. The firm no longer performs the audit for that client (and still has access to the documentation)
3. The firm decided to no longer perform audits
4. The engagement was selected during the last peer review

5. The partner on that engagement will not be available when we scheduled the peer review
6. The firm no longer performs engagements in that industry

These reasons may result in a report with a scope limitation.

Back to top

What is a scope limitation?

There is a presumption that all engagements and all aspects of functional areas subject to peer review will be included in the scope of the review. In rare situations a reviewed firm may have legitimate reasons for excluding certain engagements or certain aspects of functional areas, for example when an engagement or an employee's personnel records are subject to pending litigation. If you desire to exclude any engagements from the review and want to receive a waiver from a scope limitation, submit a written statement to the administering entity requesting a waiver from a scope limitation, including the reason for excluding the engagement.

The following explanations are **unacceptable** reasons for excluding an engagement from selection in the peer review and therefore would result in a scope limitation (not intended as an all-inclusive list):

1. The engagement working papers are in a warehouse.
2. The firm no longer performs the audit for that client (and still has access to the documentation).
3. The firm decided to no longer perform audits.
4. The engagement was selected during the last peer review.
5. The partner on that engagement will not be available when we scheduled the peer review.
6. The firm no longer performs engagements in that industry.

Back to top

If my firm is enrolled in the AICPA Peer Review Program, are engagements of employee benefit plans subject to peer review?

Yes. The Employment Retirement Income Security Act of 1974 contains a requirement for annual audits of employee benefit plan financial statements by an independent qualified public accountant. These audits produce reports from the auditor that include either an opinion in accordance with the auditor's findings or a statement that an opinion cannot be expressed. These audited financial statements and auditor's reports are often incorporated in a filing with the Department of Labor (DoL) along with the Form 5500 annual report. When included in a filing with the DoL, the auditor's report is required to be prepared in accordance with auditing standards generally accepted in the United States and to reference such standards.

As these engagements would be performed under the Statement on Auditing Standards (SASs), these engagements would be eligible for peer review and would require the firm to undergo a system review. If a firm has historically undergone engagement reviews and decides to perform an audit of employee benefit plan financial statements subject to DoL filing requirements, the firm should immediately notify their administering entity and undergo a System Review. This System Review would normally be due 18 months from the year-end of the engagement or by the firm's next scheduled due date, whichever is earlier. If a firm has not ever been peer reviewed and decides to perform an audit of employee benefit plan financial statements (and is required to be enrolled in the AICPA's peer review program), the due date for this initial peer review is ordinarily eighteen months from the date the firm enrolled in the Program, or should have enrolled, whichever date is earlier.

Additionally, a firm may be deemed as failing to cooperate if they omit or misrepresent information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*. If a firm is dropped or terminated for not accurately representing information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA *Code of Professional Conduct*.

Back to top

When should I contact my System Review team captain and what will he or she want from me?

You should contact your team captain and begin planning the review together early enough, at least six to nine months prior to the due date, to make sure all documents will be submitted to the administering entity by your firm's due date. Amongst other items, ~~T~~the team captain will ask for the following items prior to the review:

- The completed Quality Control Policies and Procedures Questionnaire (describing your quality control system) and/or the firm's comprehensive quality control document as required by SQCS No. 8.

- A list of accounting and auditing engagements for all engagements with periods ending during the year under review (or report dates during the year under review for financial forecasts and/or projections and agreed upon procedures) regardless of whether the engagement reports are issued as well as a description of the approach taken to ensure a complete and accurate engagement listing.

- Background information, which includes summary information on the nature of your practice, services provided, clients served, industry concentrations and the number of accounting and auditing hours for these clients/industries. This summary information does not have to identify your clients. You can use codes.

- A list of the firm's professional personnel showing name, position and years of experience with the firm and in total.

- A copy of the firm's documentation maintained since its last peer review to demonstrate compliance with the monitoring element of quality control.

Based on this information, the team captain will make a preliminary selection of the offices and engagements he or she intends to review. The initial selection of engagements to be reviewed will be provided no earlier than three weeks before the commencement of the peer review. This should provide ample time to enable the firm (or office) to assemble the required client information and engagement documentation before the review team commences the review. However, at least one engagement from the initial selection to be reviewed will be provided to the firm once the review commences and not provided to the firm in advance. This engagement should be the firm's highest level of service and should not increase the scope of the review.

All engagements with years ending during the peer review year (or report dates during the year under review for financial forecasts and/or projections and agreed upon procedures) that are performed and issued by the firm should be available to the team captain at the start of fieldwork.

Back to top

How should my firm prepare for a subsequent peer review?

In preparing for its next review, your firm should:

- Read the report and any findings from your firm's previous peer review. If applicable, be certain that you have taken the proposed actions outlined in your letter of response from the previous review.

- Perform on-going monitoring procedures to make sure prior deficiencies have been corrected.

- Review its document of quality control policies and procedures. Your firm should also make sure its documented policies and procedures are appropriate based on the size, structure and nature of your firm.

- Prepare the appropriate quality control policies and procedures questionnaire

Back to top

HAVING THE REVIEW

How are engagements selected for a System Review?

The AICPA Peer Review Program Standards require engagements selected for review should provide a reasonable cross section of the reviewed firm's accounting and auditing practice, with greater emphasis on those engagements in the practice with higher assessed levels of peer review risk. Examples of the factors considered when assessing peer review risk at the engagement level include size, industry area, level of service, personnel (including turnover, use of merged-in personnel, or personnel not routinely assigned to accounting and auditing engagements), communications from regulatory, monitoring, or enforcement bodies; the results of reviews or inspections performed by regulatory or governmental entities; extent of non-audit services to audit clients, significant clients' fees to a practice office(s) and a partner(s) and initial engagements. In addition, at least one of each type of engagement subject to Government Auditing Standards (GAS), Employment Retirement Income Security Act (ERISA), the Federal Deposit Insurance Corporation Improvement Act (FDICIA), carrying broker-dealers, or Service Organization Control (SOC) 1 or 2 reports must be selected for review. Additionally, if the engagement selected is an entity subject to GAS but not subject to the Single Audit Act/OMB Circular A-133 and the firm performs engagements of entities subject to OMB Circular A-133, at least one such engagement should also be selected for review. The review of this additional engagement must evaluate the compliance audit requirements and may exclude those audit procedures strictly related to the audit of the financial statements. If a firm performs both SOC 1 and SOC 2 engagements and a proper risk assessment determined that only one SOC engagement should be selected, ordinarily a SOC 1 engagement should be selected over a SOC 2 engagement.

Back to top

How are engagements selected for an Engagement Review?

The review captain or the administering entity (CART review) ordinarily should select the types of engagements to be submitted for review in accordance with the following guidelines:

a. One engagement should be selected from each of the following areas of service performed by the firm;

   1. Review of historical financial statements (performed under SSARS)

   2. Compilation of historical financial statements, with disclosures (performed under SSARS)

   3. Compilation of historical financial statements that omits substantially all disclosures (performed under SSARS)

   4. Engagements performed under the SSAEs other than those subject to a System Review.

b. One engagement should be selected from each partner, or individual of the firm,

if not a partner, responsible for the issuance of reports listed in item (a).

c. Selection[TK2] of preparation engagements should only be made in the following instances:
   1. One preparation engagement with disclosures (performed under SSARS) should be selected when performed by an individual in the firm who does not perform any engagements included in item (a) or when the firm's only engagements with disclosures are preparation engagements.
   2. One preparation engagement that omits substantially all disclosures (performed under SSARS) should be selected when performed by an individual within the firm who does not perform any engagements included in item (a) or when the firm's only omit disclosure engagements are preparation engagements.
   3. One preparation engagement should be selected if needed to meet the requirement in item (d).

~~b.~~d. Ordinarily, at least two engagements should be selected for review.

The preceding criteria are not mutually exclusive. One of every type of engagement that a partner, or individual if not a partner, responsible for the issuance of the reports listed in item (a) in the previous list performs does not have to be reviewed as long as, for the firm taken as a whole, all types of engagements noted in item (a) in the previous list performed by the firm are covered**.**

Back to top

TYPES OF REPORTS

What types of peer review reports are issued on System Reviews?

The reviewer may issue one of three opinions on the firm's system of quality control (system): Pass, Pass with Deficiencies or Fail.

Pass

A report with a peer review rating of *pass* should be issued when the team captain concludes that the firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

There are no deficiencies or significant deficiencies that affect the nature of the report and, therefore, the report does not contain any deficiencies, significant deficiencies, or recommendations. In the event of a scope limitation, a report with a peer review rating of *pass (with a scope limitation)* is issued.

Pass with Deficiencies

A report with a peer review rating of *pass with deficiencies* should be issued when the team captain concludes that the firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting with applicable professional standards in all material respects with the exception of a certain deficiency or deficiencies that are described in the report. These deficiencies are conditions related to the firm's design of and compliance with its system of quality control that could create a situation in which the firm would have less than reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one or more important respects due to the nature, causes, pattern, or pervasiveness, including the relative importance of the deficiencies to the quality control system taken as a whole.

In the event of a scope limitation, a report with a peer review rating of *pass with deficiencies (with a scope limitation)* is issued.

Fail

A report with a peer review rating of fail should be issued when the team captain has identified significant deficiencies and concludes that the firm's system of quality control is not suitably designed to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects or the firm has not complied with its system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

In the event of a scope limitation, a report with a peer review rating of *fail (with a scope limitation)* is issued.

Back to top

What types of peer review reports are issued on Engagement Reviews?

A review captain on an Engagement Review can issue three types of peer review reports: Pass, Pass with Deficiencies or Fail.

Pass

A report with a peer review rating of *pass* is issued when the review captain concludes that nothing came to his or her attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects. There are no deficiencies or significant deficiencies that affect the nature of the report and, therefore, the report does not contain any deficiencies, significant deficiencies, or recommendations. In the event of a scope limitation, a report with a peer review rating of *pass (with a scope limitation)* is issued.

Pass with Deficiencies

~~A report with a peer review rating of *pass with deficiencies* is issued when the review captain concludes that nothing came to his or her attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects except for the deficiencies that are described in the report. The deficiencies are one or more findings that the peer reviewer concludes are material to the understanding of the report of financial statements or represents omission of a critical procedure, including documentation, required by applicable professional standards.~~ A report with a peer review rating of *pass with deficiencies* issued when at least one but not all of the engagements submitted for review contain a deficiency. ~~However, when more than one engagement has been submitted for review, and the exact same deficiency occurs on each of the engagements, and there are no other deficiencies, a report with a peer review rating of *pass with deficiency* should be issued rather than with a peer review rating of *fail*.~~

In the event of a scope limitation, a report with a peer review rating of *pass with deficiencies (with a scope limitation)* is issued.

Fail

A report with a peer review rating of *fail* is issued when the review captain concludes that, as a result of the deficiencies described in the report, the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects. A report with a peer review rating of *fail* is issued when deficiencies are evident on all of the engagements submitted for review. ~~However, a report with a peer review rating of *pass with deficiency* should be issued when more than one engagement has been submitted for review, and the exact same deficiency occurs on each of the engagements, and there are no other deficiencies.~~ The review captain should not expand scope beyond the original selection of engagements in an effort to change the conclusion from a peer review rating of *fail* in these circumstances.

In the event of a scope limitation, a report with a peer review rating of *fail (with a scope limitation)* is issued.

Back to top

PEER REVIEW COMMITTEE CONSIDERATION AND ACCEPTANCE

When are the results of my peer review communicated to me?

The reviewer may have additional questions and communicate matters to the respective engagement team or quality control partner throughout a System Review as situations arise. This is to prevent any surprises at the end of the review. Expectations of such communication should be established at the inception of the peer review. For System Reviews, the review team should communicate its conclusions at the exit conference. The exit conference is a meeting attended by senior members of your firm, the review

team and possibly representatives of the administering entity, the board, AICPA staff, or other board authorized organizations with oversight responsibilities. At the exit conference the CPA firm is entitled to be informed about any matters documented on the Matter for Further Consideration (MFC) form(s), findings documented on the Finding for Further Consideration (FFC) form(s), deficiencies or significant deficiencies to be included in the peer review report and the type of report to be issued.

For Engagements Reviews, the review captain will hold a meeting, via telephone or in person with your firm to communicate the results of the peer review.

Although the reviewer may communicate these preliminary results during an exit conference or meeting, the results are not considered final and should not be published until the peer review is accepted by a peer review committee of the applicable administering entity.

Back to top

Who is responsible for submitting review documents to the administering entity?

If the report is a peer review rating of pass, ~~T~~the *team captain or review captain* is responsible for submitting the peer review documentation and report to the administering entity within 30 days of the exit conference date (for System Reviews), or within 30 days of the date that the firm received the report from the review captain (for Engagement Reviews), or by ~~your~~ the firm's peer review due date, whichever is earlier. If the report is a peer review rating of *pass with deficiencies* or *fail,* the **firm** is responsible for submitting the report and ~~the~~ its related letter of response to the administering entity. The firm should send these documents within 30 days of ~~the exit conference date (for System Reviews), or within 30 days of~~ the date that the firm received the report from the team or review captain ~~(for Engagement Reviews)~~, or by ~~your~~ the firm's peer review due date, whichever is earlier. If the reviewed firm receives a report rating of pass or pass (with a scope limitation), a letter of response is not applicable, and the reviewed firm does not submit a copy of the report to the administering entity.

Back to top

What happens if deficiencies are found by my peer reviewer?

If deficiencies are found, your firm is expected to identify and take corrective measures to prevent the same/similar types of deficiencies from occurring in the future. Such measures could include making appropriate changes in your firm's system of quality control or having personnel take additional continuing professional education in specified areas. These measures should be described in a letter, addressed to the administering entity's peer review committee, responding to the deficiencies or significant deficiencies and related recommendations identified in the report. In reviewing your response to the deficiencies noted in the report, the peer review committee may ask your firm to agree to certain other actions (referred to as "corrective

actions") it deems appropriate in the circumstances, such as the submission of a monitoring report, a revisit by the reviewer, or joining an applicable audit quality center.

For any engagements associated with these deficiencies that are identified as not being performed or reported on in conformity with applicable professional standards in all material respects, your firm should take appropriate actions in accordance with the relevant professional standards. The relevant professional standards in this case would be AU-C section 560, *Subsequent Events and Subsequently Discovered Facts*, or SSARS No. 19, *Framework for Performing and Reporting on Compilation and Review Engagements*, as applicable, or, if the firm's work does not support the report issued, as addressed in AU-C section 585, *Consideration of Omitted Procedures After the Report Date* (AICPA, *Professional Standards*). An administering entity's committee can require its reviewed firms to make appropriate considerations regarding non-conforming engagements as a condition of acceptance of the peer review and will not accept your peer review if the response is not deemed to be sufficient (genuine, comprehensive and feasible). In addition, the administering entity's committee can impose certain monitoring actions, such as requiring a firm to agree to have someone acceptable to the committee review the engagement remediation

The main objective of a review, and these related corrective measures, is to help the firm improve the quality of its practice.

Back to top

What if I don't agree with the peer reviewer's conclusions?

Because peer review is a subjective process, there may be differences of opinion between you and the reviewer as to whether a deficiency exists that is not resolved to your satisfaction. In such circumstances, the reviewed firm or reviewer may consult with their administering entity and, if necessary, request that a panel of the administering entity's peer review committee members resolve the disagreement. The administering entity will give the disagreeing party an opportunity to provide reasons for the disagreement in person before the committee, in a telephone conference, or in writing. The peer review committee will form a panel of at least three members of the committee to discuss the disagreement. After reviewing the supporting documentation and each disagreeing party's position, the panel will discuss the matter in private. The panel should issue the panel's decision regarding the disagreement in writing to the disagreeing parties. If the panel is able to make a decision on the issues in question after considering the facts presented, even if the firm or reviewer still disagree, for purposes of our standards, the matter is considered resolved.

If the administering entity's full peer review committee is unable to resolve the disagreement, the administering entity may refer unresolved issues to the board for a final determination. Only the administering entity's peer review committee will be responsible for determining whether a disagreement still exists, or whether the reviewed firm or review team is not cooperating, in order for the administering entity to refer the issue to the board.

Back to top

Can my peer review acceptance letter be withheld until peer review administrative fees are paid?

No. If the fieldwork has begun, the review should be performed, technically reviewed, considered by a report acceptance body and then the appropriate acceptance letter should be issued. However, failure to pay fees related to the administration of the peer review program that have been authorized by the governing body of an administering entity can lead to the firm's enrollment in the AICPA Peer Review Program being dropped.

Back to top

When are the results of my peer review available for publication?

The results of your review can be publicized on the date the administering entity's peer review committee accepts the report. This step ensures that a panel of your peers agrees with your review team's conclusions. You should not publicize the results of the review or distribute copies of the report until the committee has advised you that the report has been accepted.

Back to top

How can I obtain a copy of a firm's latest peer review report?

Peer review results for firms enrolled in the AICPA Peer Review Program are confidential. However, if asked, the reviewed firm is allowed to provide copies of their most recently accepted peer review report.

The latest peer review report for a firm that is a voluntary member of one of the AICPA's audit quality centers or sections that has a membership requirement such that certain peer review documents be open to public inspection may be obtained from the firm's Public File.

Back to top

When is my peer review complete?

Generally, a peer review is complete the date the administering entity's peer review committee (committee) accepts your firm's peer review without any further action(s) required of your firm. However, in the event that further action(s) is required, the peer review is deemed completed when the firm has taken any action(s) deemed necessary by the committee and has been notified of the completion of the review by the administering entity.

Back to top

When would further action(s) be required?

When a firm receives a report with a rating of *pass with deficiencies* or *fail*, the committee ordinarily would require some type of further action(s) (referred to as "corrective actions"). The type of action required would depend on the nature of the deficiencies.

Back to top

What could cause my peer review report to be recalled and what are my responsibilities after it has been recalled?

~~Recalling previously accepted peer review documents should be considered in instances including, but not limited to, the~~ The following situations are examples of what could cause your firm's peer review report (or other previously accepted peer review documents) to be recalled:

- The reviewed firm fails to include or properly identify any engagement(s) or level(s) of service that should have been included in the scope of the peer review. (Examples include if the firm had an engagement review performed and failed to inform the administering entity or reviewer of an audit performed during the period covered by the peer review; OR if the firm had a system review performed and neglected to disclose that it performed an engagement in a must-select industry during the period covered.)
- The reviewed firm failed to inform the reviewer of communications or summaries of communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of deficiencies in the conduct of an accounting, auditing, or attestation engagement performed and reported on by the firm or limitations or restrictions on the firm's ability to practice public accounting related to the firm or its personnel. This includes failure to inform of such communications received through the date of the peer review report and acceptance thereof.
- The reviewed firm provided erroneous information in response to inquiries from the administering entity, AICPA staff, or reviewer in relation to the peer review.

~~For any reviewed firm omission or error, it is ultimately the responsibility of the administering entity and the reviewer to determine whether any peer review documents are recalled. This decision will be made after the reviewer confirms the facts and circumstances the omission or error noted through conversation with the reviewed firm. Once the decision to recall is made, the administering entity will contact the reviewed firm to determine how the situation will be resolved. Depending on the timing of when the omission or error is discovered, the resolution could consist of the issuance of a revised peer review report, reissuing a peer review report, or completing an entirely new peer review.~~ Your firm has the responsibility to notify all parties that might be relying on the recalled peer review documents to discontinue reliance when those documents are recalled. This includes, but is not limited to notification to the state board(s) of accountancy, current or potential clients, regulators, enforcement agencies, insurance

carriers, or government agencies, if applicable. Your firm is also responsible for the removal of the documents from publicly available sources, such as the firm's website. The firm needs to be aware that firm noncompliance with peer review requirements could affect its ability to meet AICPA membership requirements, as well as licensing and other regulatory requirements. Additionally, it is ultimately the firm's responsibility to have the peer review submitted by the firm's due date. Therefore, the firm is responsible for hiring a reviewer who understands the importance of the issue and timing for the replacement review, if a replacement review is necessary. –For a more detailed discussion of the recall process, see Chapter 3 of the RAB Handbook (Section 3300 of the Peer Review Program Manual)

Back to top

What happens if it is discovered that a firm that has historically signed no A&A affirmations has been performing engagements subject to peer review?

AICPA bylaws do not require a firm without accounting, auditing, or attestation engagements to enroll in a practice-monitoring program. However, an enrolled firm that no longer performs engagements defined in the Standards for Performing and Reporting on Peer Reviews will not be required to have a peer review in accordance with AICPA bylaws if the firm ~~annually confirms~~confirms annually that it does not perform any of these services. If it is subsequently discovered that a firm that had historically provided its administering entity with affirmations that it performed no A&A engagements did in fact perform an A&A engagement, an administering entity could require the firm to have a peer review (typically within 90 days of discovery).

Additionally, a firm may be deemed as failing to cooperate if they omit or misrepresent information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*. If a firm is dropped or terminated for not accurately representing information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA *Code of Professional Conduct*.
~~This is in effect for representations of information made subsequent to January 30, 2014.~~
Back to top

What happens if after my firm's review is accepted, it is discovered that my firm failed to include all engagements in its engagement listing provided to the reviewer?

A firm may be deemed as failing to cooperate if they omit or misrepresent information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*. If a firm is dropped or terminated for not accurately representing information relating to its accounting and auditing practice as

defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA *Code of Professional Conduct*.

In accordance with the noncooperation guidance, if a firm omits or misrepresents information relating to its accounting and auditing practice the firm will be subject to a hearing panel to consider whether the firm's enrollment in the program should be terminated. If the omission or misrepresentation results in a material departure (e.g. must select engagements were not reviewed, but could have been) the acceptance letter of the review in question must be recalled. If the hearing panel determines that the firm's enrollment in the program should not be terminated, at a minimum the hearing panel will require that the firm have a replacement review submitted to the administering entity by the due date which will be approximately 60 days after the hearing panel's decision. The hearing panel may also indicate other specific criteria for the replacement review.

Firms that voluntarily notify the administering entity of an omission or misrepresentation resulting in a material departure will not be subject to a hearing panel. This notification from the firm must be prior to the AICPA or administering entity being otherwise notified of or discovering the omission or misrepresentation and prior to the firm receiving notification from another regulatory or monitoring agency. The peer review acceptance letter for the review in question will be recalled and the firm will be required to submit a replacement review to its administering entity by the due date which will be approximately 90 days after the firm's notification to the administering entity.

For recalled reviews that commenced on or after April 1, 2014 for which the firm's enrollment is terminated due to the firm omitting or misrepresenting information related to the firm's accounting and auditing practice, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA Code of Professional Conduct.

Back to top

What is an implementation plan?

During the peer review, if a reviewer finds a matter that does not rise to the level of a deficiency, the reviewer will complete a Finding for Further Consideration (FFC) Form. The reviewer will make a recommendation to the firm to correct the finding and the firm will be asked to respond. The firm's response should describe how the firm intends to implement the reviewer's recommendation (or alternative plan if the firm does not agree with the recommendation), the person(s) responsible for implementation, the timing of the implementation and, if applicable, additional procedures to ensure the finding is not repeated in the future. The administering entity's peer review committee will evaluate whether reviewed firm's responses to those recommendations appear comprehensive, genuine, and feasible. The peer review committee will determine if a finding should require an implementation plan from the reviewed firm in addition to the plan described by the firm in its response to the findings on the FFC form.

An implementation plan is not tied to the reporting process or to the acceptance or completion of the peer review. It is considered a part of the working papers and administrative files when a firm implementation plan is required by the peer review committee. Firms are expected to agree to and complete any such implementation plans as a part of cooperating with the administering entity and the board in all matters related to the review. Failure to cooperate with the administering entity or the Board may impact the firm's enrollment in the program.

Back to top

Frequently Asked Questions Regarding Implementation Plans and Corrective Actions

Q1. What are the differences between implementation plans and corrective actions?

A1. An *implementation plan* is an ~~possible~~ action(s) that may be required by the report acceptance body (RAB) of the administering entities peer review committee in response to a finding that does not rise to the level of a deficiency. Such findings are included on Findings for Further Consideration (FFC) forms and are not included as deficiencies in the peer review report. *Corrective action(s)* may be required by the RAB in instances where the firm receives a peer review report rating of a *pass with deficiencies* or *fail*. Corrective action(s) or an implementation plan impact the reviewed firm's peer review acceptance and completion in different ways, however the cooperation of the firm with regard to either may impact the firm's enrollment in the AICPA Peer Review Program (see Q3 and Q4).

Q2. How do I know whether the letter I received from the administering entity is an implementation plan or a corrective action?

A2. The letter communicating the corrective action(s) will contain the following language:

"The Committee accepted the aforementioned documents with the understanding that the firm will…"

The letter communicating the implementation plan(s) will contain the following language:

"…the action(s) outlined in the following implementation plan are required of your firm…"

After the prescribed action(s) or plan the letters differ as follows:

Corrective Action wording

"Your firm's agreement to take this action voluntarily demonstrates its commitment to the objectives of the profession's practice-monitoring programs. Please acknowledge that agreement by returning a signed copy of this letter to us at the address noted on

this letterhead."

Implementation Plan wording

"Your firm's agreement to complete this implementation plan demonstrates its commitment to the objectives of the profession's practice-monitoring program. As noted in the Standards for Performing and Reporting on Peer Reviews, although not a condition of acceptance of your firm's peer review, agreeing to and completing implementation plans are required as a condition of cooperating with the administering entity, the AICPA Peer Review Board and continued enrollment in the AICPA Peer Review Program. Please acknowledge your firm's agreement by returning a signed copy of this letter to us at the address noted on this letterhead."

Q3. What happens if I don't complete the implementation plan?

A3. Although agreeing to and completing an implementation plan is not tied to the acceptance of the peer review, if a firm fails to cooperate (by not agreeing to or by not performing), the firm's enrollment in the program may be terminated.

Q4. What happens if I don't complete the corrective action(s)?

A4. The reviewed firm is required to evidence its agreement to perform the prescribed corrective action(s) in writing before the peer review report can be accepted. The completion of the required corrective action(s) is a condition of cooperation with the administering entity and the Peer Review Board. If a firm fails to cooperate, the firm's enrollment in the program may be terminated.

Q5. Can my firm receive both a corrective action and an implementation plan related to the same peer review?

A5. Yes, the peer review committee of the administering entity can require corrective action(s) related to receiving a peer review report rating of pass with deficiencies or fail and also require an implementation plan related to the FFCs received on the same peer review.

Q6. What are some suggested actions that may be required related to a pass with deficiency(ies) or fail peer review report?

A6. Actions required by the report acceptance body differ depending on if the peer review was a System Review or an Engagement Review. The charts following A9 provide some common suggested actions. The peer review committee could recommend other actions or a combination of one or more actions.

Q7. What are allowable plans that may be required related to a Finding for Further Consideration?

A7. The charts following A9 provide the allowable implementation plans. The peer review committee could recommend a combination of one or more plans in response to

the findings noted on a peer review.

~~Back to top~~

Q8. How do the corrective action and implementation plan affect my ability to publicize the results of my peer review?

A8. A firm may not publicize the results of its peer review until it is notified that the report has been accepted by the administering entity. A corrective action affects the acceptance of the peer review report. A peer review report is not considered accepted until the reviewed firm signs the written letter from the administering entity evidencing the firm's agreement to the corrective action. An implementation plan does not affect the acceptance of the peer review report, and thus does not affect the firm's ability to publicize peer review results.

Q9. Should my firm expect an implementation for every FFC?

A9. No. The decision of whether to require an implementation plan and deciding on what actions or procedures are appropriate is a matter of professional judgment that each report acceptance body makes based on the applicable facts and circumstances. Generally, if the finding is not a repeat finding or associated with an engagement that was not performed or reported on in conformity with professional standards in all material respects (System Reviews only), no implementation plan is suggested by the RAB. To reduce delays during the peer review documentation evaluation process, the firm should ensure that its responses to each finding addressed on the FFC Form(s) are comprehensive, genuine, and feasible prior to submission to the administering entity. In order to ensure their response is comprehensive, genuine and feasible, the reviewed firm should describe how it intends to implement the reviewer's recommendation (or alternative plan if the firm does not agree with the recommendation), the person(s) responsible for implementation, the timing of the implementation and, if applicable, additional procedures to ensure the finding is not repeated in the future.

Back to top

System Review Peer Review Rating—Pass With Deficiencies or Fail

Deficiency	Suggested action(s) to be performed as soon as reasonably possible
Deficiency related to engagement performance	• Require the firm to hire an outside party acceptable to the RAB to perform a team captain revisit‡ • Require members of the firm to take specified types of and amounts of CPE • Require the firm to hire an outside party

‡ RAB should allow flexibility and allow the firm to elect to have an accelerated review in lieu of team captain revisit or post-issuance review.

	acceptable to the RAB to perform preissuance reviews of certain types or portions of engagements and to report quarterly to the RAB on the firm's progress • Require postissuance review of a subsequent engagement by an outside party‡ • Require the firm to hire an outside party acceptable to the RAB to review the firm's remediation of an engagement not performed or reported on in conformity with professional standards in all material respects • Require the firm to join an AICPA audit quality center applicable to the type of engagement(s) not performed or reported on in conformity with professional standards in all material respects^
Deficiency related to design or noncompliance of another element of the quality control system	Tailor corrective action accordingly, such as the following: • Require submission of monitoring or inspection report • Require the firm to hire an outside party acceptable to the RAB to perform pre-issuance reviews of certain types or portions of engagements and to report periodically to the RAB on the firm's progress

Finding for Further Consideration Form(s)[2]

Finding	Allowable plans to be performed as soon as reasonably possible
Engagements not performed or reported	• Require the firm to hire an outside party

^ This option is only allowable for firms who have governmental and employee benefit plan engagements that were identified in the peer review as not performed or reported on in accordance with professional standards in all material respects. In addition the firm must be eligible to enroll in the respective audit quality center. This action may not be in lieu of any other corrective action deemed appropriate by the committee and must be used in conjunction with other corrective actions.

[2] These are the only situations in which implementation plans are appropriate. Further, these are the only plans allowable. If the RAB believes a different implementation plan is necessary, what has been reported as a finding should more likely be reported as a deficiency in the report.

on in conformity with professional standards in all material respects and there are: • Initial finding(s) on must select industry, or • Repeat finding(s) for any industry	acceptable to the RAB to perform pre-issuance or post-issuance reviews of certain types or portions of engagements focusing on the areas identified in the finding • Require the firm to hire an outside party acceptable to the RAB to review the firm's internal monitoring or inspection report • Require members of the firm to take specified types of and amounts of CPE • Require firm to submit monitoring or inspection report to the RAB • Require the firm to hire an outside party acceptable to the RAB to review the firm's remediation of an engagement not performed or reported on in conformity with professional standards in all material respects
Engagement(s) indicate: Repeat findings[3]	• Require members of the firm to take specified types of and amounts of CPE • Require firm to submit monitoring or inspection report to the RAB
Failure to possess applicable firm license(s)	• Submit proof of valid firm license(s)

Back to top

[3] The guidance for allowable plans as discussed above must be followed, even in instances where the same finding is included on more than two reviews. However, in these instances, the RAB should consider a more rigorous implementation plan, including the adequacy of the amount and nature of required CPE. For example, the RAB may determine that more than 8 hours of CPE is necessary and may require 24 hours or change the nature of the required courses. Another example would be for the RAB to require both CPE and submission of the firm's monitoring report to the RAB.

Engagement Review Peer Review Rating—Pass With Deficiencies or Fail

Suggested action(s) to be performed as soon as reasonably possible
• Require firm to submit a copy of a subsequent report and accompanying financial statements to review captain[‖] • Require members of the firm to take specified types and amounts of CPE • Require the firm to hire an outside party acceptable to the RAB to perform pre-issuance reviews of certain types or portions of engagements and to report periodically to the RAB on the firm's progress • Require the firm to hire an outside party acceptable to the RAB to review the firm's remediation of an engagement not performed or reported on in conformity with professional standards in all material respects

Finding for Further Consideration Form(s) [4]

Finding	Allowable plans to be performed as soon as reasonably possible
Engagement(s) indicate: Repeat findings[5]	• Require members of the firm to take specified types and amounts of CPE • Require firm to submit monitoring or inspection report to the RAB
Failure to possess applicable firm license(s)	• Submit proof of valid firm license(s)

Back to top

‖ RAB should allow flexibility and allow the firm to elect to have an accelerated review.

[4] These are the only situations in which implementation plans are appropriate. Further, these are the only plans allowable. If the RAB believes a different implementation plan is necessary, what has been reported as a finding should more likely be reported as a deficiency in the report.

[5] The guidance for allowable plans as discussed above must be followed, even in instances where the same finding is included on more than two reviews. However, in these instances, the RAB should consider a more rigorous implementation plan, including the adequacy of the amount and nature of required CPE. For example, the RAB may determine that more than 8 hours of CPE is necessary and may require 24 hours or change the nature of the required courses. Another example would be for the RAB to require both CPE and submission of the firm's monitoring report to the RAB.

COOPERATION WITH THE AICPA PEER REVIEW PROGRAM

What if my firm chooses not to cooperate with the AICPA Peer Review Program?

Enrollment in a practice monitoring program is a requirement for admittance and retention of membership in the AICPA if the firm performs services within the scope of the AICPA's practice-monitoring Standards (see page ~~1~~ 2 of this Q&A). ~~In addition, most state boards of accountancy may have practice monitoring requirements for firm licensure~~. A firm enrolled in the AICPA Peer Review Program is required under the AICPA Standards for Performing and Reporting on Peer Reviews to cooperate with the peer reviewer, administering entity and the AICPA Peer Review Board in all matters related to the review. If an enrolled firm does not cooperate with the requirements of the AICPA Peer Review Program, their enrollment may be terminated or dropped (as discussed below). A firm should carefully consider any implications of its non-cooperation and impact on state boards of accountancy or other regulatory requirements.

Additionally, a firm may be deemed as failing to cooperate if they omit or misrepresent information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*. If a firm is dropped or terminated for not accurately representing information relating to its accounting and auditing practice as defined by the AICPA *Standards for Performing and Reporting on Peer Reviews*, the matter will result in referral to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA *Code of Professional Conduct*. ~~This is in effect for representations of information made subsequent to January 30, 2014.~~

Back to top

Under what circumstances may a firm's enrollment be dropped?

A firm's enrollment in the AICPA Peer Review Program will be dropped by the AICPA Peer Review Board, without a hearing, thirty days after the AICPA Peer Review Program notifies the firm by certified mail that the firm has failed to:

1. Timely file requested information with the entity administering the firm's peer review concerning the arrangement or scheduling of that peer review, prior to the commencement of the peer review,
2. Timely submit requested information to the reviewer necessary to plan the firm's peer review, prior to the commencement of the peer review.
3. Have a peer review by the required date,
4. Accurately represent its accounting and auditing practice, as defined by the AICPA Standards for Performing and Reporting on Peer Reviews, after notifying its administering entity that it does not perform engagements that require the firm to have a peer review
5. Timely pay in full the fees and expenses of the review team formed by an administering entity, or

~~5.~~6. Timely pay fees related to the administration of the program that have been authorized by the governing body of an administering entity.

The AICPA Peer Review Board may at its discretion decide to hold a hearing. Whether a hearing is held or not, a firm enrolled in the AICPA Peer Review Program has the right to appeal to the AICPA Joint Trial Board within 30 calendar days of being notified that the firm's enrollment has been dropped.

Back to top

Under what circumstances may a firm's enrollment be terminated?

A firm is deemed as failing to cooperate once the review has commenced by:

- Not responding to inquiries once the review has commenced
- Withholding information significant to the peer review, for instance but not limited to:
  - failing to discuss communications received by the reviewed firm relating to allegations or investigations in the conduct of accounting, auditing or attestation engagements from regulatory, monitoring or enforcement bodies
  - omission or misrepresentation of information relating to its accounting and auditing practice as defined by the AICPA Standards for Performing and Reporting on Peer Reviews, including, but not limited to, engagements performed under Government Auditing Standards; audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements],
- Not providing documentation including but not limited to the representation letter, quality control documents, engagement working papers, all aspects of functional areas
- Not responding to MFCs or FFCs timely
- Limiting access to offices, personnel or other
- Not facilitating the arrangement for the exit conference on a timely basis,
- Failing to timely file the report and the response thereto related to its peer review, if applicable
- Failing to cooperate during oversight
- Failing to timely acknowledge and complete required corrective actions or implementation plans
- Failing to receive a pass report after receiving a peer review report with a rating of *pass* *with deficiencies* or *fail* and the firm received notification through a method providing proof of receipt that a consecutive peer review report rating of *pass with deficiencies* or *fail* may be considered a failure to cooperate with the administering entity ~~after (1) receiving at least two consecutive peer review reports prior to the third that had a report rating other than *pass* (e.g. a *pass with deficiencies* or *fail* rating) AND (2) receiving notification via certified mail after the second consecutive report with a peer review rating other than *pass* that a third consecutive failure to receive a report with a peer review rating of *pass* may be considered a failure to cooperate with the administering entity~~

- Failing to timely notify the administering entity that it is performing a type of engagement(s) or engagement(s) in an industry in which the firm had previously represented (in relation to a corrective action or implementation plan) that it was no longer performing and had no plans to perform in the future, and this resulted in the administering entity waiving the corrective action or implementation plan based on the firm's representation
- Erroneously providing or omitting information during the course of the peer review that would have resulted in a significant change in the planning, performance, or evaluation of results by the peer reviewer, or in the peer review report issued
- Failing to provide substantive responses to the administering entity during its evaluation of the significance of erroneous or omitted information

The firm will be advised by certified mail that the AICPA Peer Review Board will appoint a hearing panel to consider whether the firm's enrollment in the AICPA Peer Review Program should be terminated. A firm enrolled in the AICPA Peer Review Program that has been notified that it is the subject of such a hearing may not resign until the matter causing the hearing has been resolved. After a hearing is held, a firm whose enrollment in the AICPA Peer Review Program has been terminated has the right to appeal the panel's decision to the AICPA Joint Trial Board within 30 calendar days of the hearing.

A firm's enrollment in the AICPA Peer Review Program will be terminated for failure to cooperate in any of the preceding situations, without a hearing, upon receipt of a plea of guilty from the firm. Pursuant to the AICPA Standards for Performing and Reporting on Peer Reviews, the fact that a firm's enrollment in the AICPA Peer Review Program has been terminated, whether with or without a hearing, will be published in such form and manner as the AICPA Council may prescribe.

Back to top

Can my firm resign from the AICPA peer review program at any time?

A firm may resign from the AICPA Peer Review Program (Program) as long as the peer review has not commenced and your firm submits a letter of resignation to the Peer Review Board. Ordinarily, a peer review commences when the review team begins field work on a System Review or begins the review of engagements on an Engagement Review. Once a team captain, review captain, or team member learns information that affects the results of the review, the review is deemed to have commenced, even if such even occurs during planning before any engagements are reviewed. Once a peer review commences a firm would not be able to resign from the Program unless the firm submits a letter pleading guilty, acknowledging its non-cooperation with the program, waiving its right to a hearing and agrees to allow the AICPA to publish in such a form and manner as the AICPA Council may prescribe, the fact the firm has resigned from the program before completion of its peer review, evidencing non-cooperation with the program.

Back to top

If my firm is terminated from the AICPA peer review program, how does the firm get reenrolled?

A firm that has been terminated from the program may reenroll in the program once it completes the delinquent action that caused the firm to be terminated. The administering entity and the board make the determination of whether the action is satisfactorily completed. If the firm is past its next peer review due date, the firm will be required to complete its subsequent peer review within 90 days of reenrolling.

Back to top

FIRMS THAT AUDIT BROKER-DEALERS

What are the characteristics of a carrying broker-dealer and a non-carrying broker-dealer?

Carrying broker-dealers include all broker-dealers that clear customer transactions, carry customer accounts or hold custody of customer cash or securities. Examples of carrying broker-dealers include (a) clearing broker-dealers who receive and execute customer instructions, prepare trade confirmations, settle the money related to customer trades and arrange for the book entry (or physical movement) of the securities and (b) carrying broker-dealers that hold customer accounts or clear customer trades for introducing broker-dealers. Non-carrying broker-dealers are those broker-dealers that do not clear customer transactions, carry customer accounts, or hold custody of customer cash or securities. Examples of non-carrying broker-dealers are (a) introducing broker-dealers that introduce transactions and accounts of customers or other broker-dealers to another registered broker-dealer that carries such accounts on a fully disclosed basis, and who does not receive or hold customer or other broker-dealers securities and (b) a broker-dealer whose business does not involve customer accounts, such as proprietary trading firms, investment banking firms, and firm's that sell interest in mutual funds or insurance products.

Back to top

Will firms that audit broker-dealers need to have their peer reviews administered by the NPRC?

Yes. On July 31, 2013, the SEC finalized its Broker-Dealer Rules. The final rule requires audits of all broker-dealers to be performed under PCAOB Standards. It also requires a new Compliance Report (examination) for carrying BDs and an Exemption Report (review) for non-carrying BDs, both to be performed using PCAOB Standards. These requirements are effective for fiscal years ending on or after June 1, 2014. On October 10, 2013, the PCAOB adopted attestation standards for the purposes of performing the examination of the Compliance Report and the review of the Exemption Report (PCAOB Release No. 2013-007: Final Rule). They also adopted an auditing standard applicable when auditors are engaged to perform audit procedures and report on supplemental information that broker-dealers and others file with the SEC and

related amendments to other PCAOB standards (PCAOB Release No. 2013-008: Final Rule).

Audits of all non-SEC issuer broker-dealers are currently subject to inspection by the PCAOB under an interim inspection program. ~~The PCAOB anticipates presenting a rule proposal for a permanent inspection program in 2014 or later.~~ Until such time that a permanent inspection program is implemented by the PCAOB, audits of non-SEC issuer broker-dealers are included in the scope of peer review. Firms performing these engagements under PCAOB Standards beginning with fiscal years ending on or after June 1, 2014, will be required to have their peer review administered by the NPRC.
Back to top

FIRMS THAT PERFORM EXAMINATIONS OF SERVICE ORGANIZATIONS

What are the characteristics of the three main types of SOC engagements?

The three main types of SOC engagements are:

- SOC 1 examinations (performed under SSAE 16 and AT 801, *Reporting on Controls at a Service Organization*)
- SOC 2 examinations (performed under AT 101, *Attest Engagements*, and the *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy* AICPA Guide)
- SOC 3 examinations, reviews, or agreed upon procedures (performed under AT 101, *Attest Engagements*)

SOC 1 Engagements
A service organization control (SOC) 1 report is a report on controls at a service organization relevant to user entities' internal control over financial reporting. Under SOC 1, a service organization provides a very detailed description of its controls that are relevant to user entities' internal control over financial reporting. A practitioner may perform either a Type 1 or Type 2 SOC 1 engagement. The service auditor reports on whether the description is fairly presented, whether the controls are suitably designed, and in a Type 2 SOC 1 engagement, whether the controls were operating effectively. An SOC 1 report is a restricted-use report, intended for use by user entities of the service organization and their financial statement auditors. SOC 1 engagements should not be used for reporting on controls over subject matter other than financial reporting. SOC 1 engagements are required to be examinations, are subject to a System Review, and are must select engagements.

SOC 2 Engagements
Many entities outsource tasks or functions that are unrelated to financial reporting to service organizations. SOC 2 reports are intended to meet the needs of a broad range of users that want to understand internal control at a service organization as it relates to the security, availability, or processing integrity of the service organization's system, or the confidentiality or privacy of the data processed by that system. These reports may be restricted in use but are intended for use by stakeholders (e.g., customers,

regulators, business partners, suppliers, directors) of the service organization that have a thorough understanding of the service organization and its controls. Similar to SOC 1 engagements, SOC 2 engagements provides for both Type 1 and Type 2 reports. Unlike SOC 1 engagements, the primary users of SOC 2 reports generally are not user auditors but rather management of the user entities that use the reports to make operational decisions. SOC 2 engagements are required to be examinations, are subject to a System Review, and can be a must select engagement.

SOC 3 Engagements
The subject matter in a SOC 3 engagement is essentially the same as it is in a SOC 2 engagement, and the criteria for evaluating controls is the same as it is in a SOC 2 engagement. However, SOC 3 reports are designed to meet the needs of users who want assurance on the controls at a service organization related to security, availability, processing integrity, confidentiality, or privacy but do not need the detail included in a SOC 2 report. SOC 3 reports do not contain a detailed description of the service auditor's tests of the operating effectiveness of controls and the results of those tests. Instead, SOC 3 reports are general-use reports, which mean they may be used by anyone and therefore can be used by the service organization to market its services to potential customers. SOC 3 engagements can be examinations, reviews, or agreed-upon procedures. SOC 3 examinations are subject to a System Review but are not must select engagements. If a firm's highest level of service is an SOC 3 review or agreed-upon procedures engagement, the firm would be eligible for an Engagement Review.

Back to top

I'm having difficulty finding a review team member with appropriate SOC experience. What are my options?

Consistent with other must select engagements, if a firm performs SOC 1 or SOC 2 engagements, someone on the review team should have experience with these types of engagements. Peer reviews of firms that perform SOC 1 engagements will require a team member with SOC 1 experience; similarly, peer reviews of firms that perform SOC 2 engagements will require a team member with SOC 2 experience. Due to the specialized nature of SOC engagements, the Board has determined that a specialist may be able to assist the team captain in lieu of a team member with SOC experience. The specialist should meet the criteria established by the AICPA in order to be approved to assist the review team in reviewing SOC 1 or SOC 2 engagements. Refer to Appendix B for the SOC specialist criteria.

When a specialist is used, the team captain, as always, is responsible for supervising and conducting the review, communicating the review team's findings to the reviewed firm and administering entity, preparing the report on the review, and ensuring that peer review documentation is complete and submitted to the administering entity on a timely basis. The team captain should supervise and review the work performed by the specialist. The team captain will furnish instructions to the specialist regarding the manner in which materials and other notes relating to the review are to be accumulated to facilitate summarization of the review team's findings and conclusions. The specialist

may be required to be available or participate in the exit conference.

The firm and review team are required to obtain approval from the firm's administering entity, as part of the scheduling process, if it will be using a specialist instead of a team member with SOC 1 or SOC 2 experience.

Back to top

INTERESTED IN BECOMING A PEER REVIEWER

What are the benefits of being a peer reviewer?

When you become a peer reviewer, you:

- Are seen as an expert in your field and gain increased respect from your colleagues.
- Help firms achieve their A&A practice goals and enhance the quality of their A&A practices.
- Identify best practices of other firms, which can be applied to other peer review clients and to your own firm.
- Gain broader practice knowledge through the peer review process, which will help sharpen your skills and reinforce your strengths.
- Are creating an opportunity to develop and additional profit center for your firm.
- Often receive referrals for additional consulting services as a result of performing peer reviews.
- Enhance the efficacy of the profession's self-regulatory efforts and contribute to the quality of our profession.

Back to top

What are the qualifications necessary to become a reviewer?

To qualify as a peer reviewer, you must:

- Be a member of the AICPA.
- Be currently active in public practice at a supervisory level in the accounting or auditing function.
- Be associated with a firm that has received a report with a peer review rating of *pass*
- Possess current knowledge of professional standards
- Have 5 years of recent public accounting experience in the accounting or auditing function

- Have completed a peer review resume form.

In addition, if you are a partner[6] in your firm, you are qualified to be a team captain. See Appendix B for a complete listing of qualifications.

How do I become a peer reviewer?

To become a team captain (on a System Review) or review captain (on an Engagement Review):

- Meet all the reviewer requirements. A full list of requirements is located in Appendix B and can also be downloaded at How to Become a Peer Reviewer.
- Peer reviewers must complete a peer review resume form. Once you enter your resume you will automatically be listed in the online searchable database. *Please note: you will need your AICPA login to access the form.*
- Undertake the business development activities suggested in a Peer Review Welcome package sent after you attend the "How to" course.
- Review the documents provided in the Practitioner's Tool Kit to help promote your peer review services and develop your practice.

Back to top

[6] A Partner is a proprietor, shareholder, equity or non-equity partner or any individual who assumes the risks and benefits of firm ownership or who is otherwise held out by the firm to be the equivalent of any of the aforementioned.

APPENDIX A

System Review or Engagement Review Determination

(Applies to engagements that are not subject to PCAOB permanent inspection)

If a Firm Performs These Types of Engagements as Its Highest Level of Service, the Firm Would be Required to Have:	System Review	Engagement Review
Statements on Auditing Standards (SAS)		
Engagements	X	
Government Auditing Standards (GAS)		
Financial Audits	X	
Attestation Engagements (Examination, Review, or Agreed-upon procedures under GAS)	X	
Performance Audits	X	
Statements on Standards for Attestation Engagements (SSAEs)		
Examinations performed under AT section 101, *Attest Engagements* (AICPA, *Professional Standards*)	X	
Reviews performed under AT section 101		X
Agreed-upon procedures performed under AT section 201, *Agreed-Upon Procedures Engagements* (AICPA, *Professional Standards*)		X
Examinations of prospective financial statements performed under AT section 301, *Financial Forecasts and Projections* (AICPA, *Professional Standards*)	X	
Compilations of prospective financial statements and application of agreed-upon procedures to prospective financial statements performed under AT section 301		X
Examinations performed under AT section 401, *Reporting on Pro Forma Financial Information* (AICPA, *Professional Standards*)	X	
Reviews performed under AT section 401		X
Examinations performed under AT section 501, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements* (AICPA, *Professional Standards*)	X	
Examinations performed under AT section 601, *Compliance Attestation* (AICPA, *Professional Standards*)	X	
Agreed-upon procedures performed under AT		X

section 601		
Examinations performed under AT section 701, *Management's Discussion and Analysis* (AICPA, *Professional Standards*)	X	
Reviews performed under AT section 701		X
Examinations performed under AT section 801, *Reporting on Controls at a Service Organization* (AICPA, *Professional Standards*)	X	
Public Company Accounting Oversight Board (PCAOB) Standards		
Audits of non-SEC issuers	X	
Attestation of non-SEC issuers	X	
Statements on Standards for Accounting and Review Services (SSARS)		
Reviews of financial ~~services~~statements		X
Compilations of financial statements with disclosures		X
Compilations of financial statements without disclosures		X
Compilations performed when the compiled financial statements are not expected to be used by a third party (management use only), when no compilation report Is issued		X
Preparation[TK3] of financial statements		X

If a firm is required to have a System Review, all the engagements listed above would be subject to selection for review, ordinarily based on periods ending during the year under review, except for financial forecasts or projections and agreed upon procedures. Financial forecasts or projections and agreed upon procedures with report dates during the year under review would be subject to selection.

If a firm performs or reports on engagements under International Standards, refer to Interpretations 6-7 and 6-8.

Back to top

APPENDIX B

Reviewer Qualifications

Performing and reporting on a peer review requires the exercise of professional judgment by peers (see paragraphs 147–153 of the Standards for a discussion of a reviewer's responsibilities when performing a peer review). Accordingly, an individual serving as a reviewer on a System or Engagement Review should at a minimum:

a. Be a member of the AICPA in good standing (that is, AICPA membership in active, nonsuspended status) licensed to practice as a CPA.

b. Be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in the program (see interpretations), as a partner of the firm, or as a manager or person with equivalent supervisory responsibilities.[7] [8] To be considered currently active in the accounting or auditing function, a reviewer should be presently involved in the accounting or auditing practice of a firm supervising one or more of the firm's accounting or auditing engagements or carrying out a quality control function on the firm's accounting or auditing engagements.

c. Be associated with a firm (or all firms if associated with more than one firm) that has received a report with a peer review rating of *pass*[9] for its most recent System or Engagement Review that was accepted timely, ordinarily within the last three years and six months (see interpretations).[10]

d. Possess current knowledge of professional standards applicable to the kind of practice to be reviewed, including quality control and peer review standards. This includes recent experience in and knowledge about current rules and regulations appropriate to the level of service applicable to the industries of the engagements that the individual will be reviewing (see interpretations).

e. Have at least five years of recent experience in the practice of public accounting in the accounting or auditing function.[11]

---

[7] The board recognizes that practitioners often perform a number of functions, including tax and consulting work, and cannot restrict themselves to accounting and auditing work. These standards are not intended to require that reviewers be individuals who spend all their time on accounting and auditing engagements. However, CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise. For instance, in a System Review, a reviewer of auditing engagements should be currently reviewing or performing auditing engagements. In an Engagement Review, a reviewer of engagements performed under the Statements on Standards for Attestation Engagements should also be currently reviewing or performing the same type of engagements.

[8] A manager or person with equivalent supervisory responsibilities is a professional employee of the firm who has either a continuing responsibility for the overall planning and supervision of engagements for specified clients or authority to determine that an engagement is complete subject to final partner approval if required.

[9] A peer review report with a rating of *pass* was previously referred to as an unmodified report (with or without a letter of comments). If a firm's most recent peer review rating was a *pass with deficiencies* or *fail*, the firm's members are not eligible to perform peer reviews.

[10] If a firm's most recent review was a report review, then the firm's members are not eligible to perform peer reviews.

[11] For this purpose, *recent* means having experience within the last five years in the industries and related levels of service for which engagements are reviewed. However, a reviewer should be cautious of those high-risk engagements or industries in which new standards have been issued. For example, in those cases in which new industry standards or practices have occurred in the most recent year, it may be necessary to have *current* practice experience in that industry in order to have *recent* experience.

f. Have provided the administering entity with information that accurately reflects the qualifications of the reviewer including recent industry experience, which is updated on a timely basis (see interpretations).

Back to top

Team Captain or Review Captain

In addition to adhering to the general requirements in paragraph 31 to be a peer reviewer, a System Review team captain must be a partner. For an Engagement Review, the review captain is not required to be a partner. The team captain, or the review captain in limited circumstances, is required to ensure that all team members possess the necessary capabilities and competencies to perform assigned responsibilities and that team members are adequately supervised. The team captain or review captain has the ultimate responsibility for the review, including the work performed by team members.

Also, team captains and review captains should have completed peer review training that meets the requirements established by the board (see interpretations). For additional team captain qualification requirements, see the interpretations.

Back to top

Other Peer Reviewer or Reviewing Firm Qualification Considerations

Communications from regulatory, monitoring, or enforcement bodies relating to allegations or investigations of a peer reviewer or reviewing firm's accounting and auditing practice, and notifications of limitations or restrictions on a peer reviewer or reviewing firm to practice, may impact the peer reviewer or reviewing firm's ability to perform the peer review. The peer reviewer or reviewing firm has a responsibility to inform the administering entity of such communications or notifications (see interpretations).

If required by the nature of the reviewed firm's practice, individuals with expertise in specialized areas may assist the review team in a consulting capacity. For example, IT specialists, statistical sampling specialists, actuaries, or experts in continuing professional education (CPE) may participate in certain segments of the review.

Some review teams may also need to engage an SOC 1 or SOC 2 specialist to assist the review team with reviewing SOC 1 and/or SOC 2 engagements. SOC specialists must meet specific criteria and have prior approval before an administering entity can approve them as part of a review team.

An individual serving as a SOC 1 or SOC 2 specialist on a System Review must be recommended as a specialist by a CPA that is a member of the AICPA in good standing and is associated with a firm that has received a report with a peer review rating of pass for its most recent System Review that was accepted timely, ordinarily within the last three years and six months. To become an approved specialist, the specialist candidate

should provide the Peer Review Program SOC Specialist Form to the AICPA or an administering entity. The form is required to be signed by a CPA for recommendation as a specialist.

An individual serving as a SOC 1 or 2 specialist on a System Review should at a minimum:

a. Be currently active in public practice at a supervisory level for managing SOC 1 and/or SOC 2 examinations. To be considered currently active, a specialist should be presently involved in the SOC practice of a firm supervising one or more of the firm's SOC engagements.

b. Be associated with a firm (or all firms if associated with more than one firm) that has received a report with a peer review rating of *pass*[12] for its most recent System Review that was accepted timely, ordinarily within the last three years and six months.[13]

c. Not be associated with an engagement that was deemed no performed or reported on in accordance with professional standards in all material respects on the specialist's firm's most recently accepted peer review.

d. Possess current knowledge of professional standards applicable to SOC 1 and/or SOC 2 examinations, including Type 1 and Type 2 reports, qualified and unqualified reports, carve in/carve out engagements, and engagements with and without relevant user entity controls.

e. Have at least five years of recent experience in the practice of public accounting with a minimum of 500 hours of SAS 70/SOC 1 and/or SysTrust/SOC 2 examinations.

f. Have provided the administering entity with information that accurately reflects the qualifications of the specialist, which is updated on a timely basis.

Back to top

[12] A peer review report with a rating of *pass* was previously referred to as an unmodified report (with or without a letter of comments). If a firm's most recent peer review rating was a *pass with deficiencies* or *fail*, the firm's members are not eligible to perform peer reviews.
[13] If a firm's most recent review was a report review, then the firm's members are not eligible to perform peer reviews.

Appendix C

Resources, Publications and Important Website Links

Resources and Tools

The ***AICPA Peer Review Program Manual.*** This manual provides up-to-date standards, policies, procedures, checklists, and programs for use when arranging, administering and carrying out a peer review. There are two ways to access the manual. You can choose to purchase the entire manual at **cpa2biz.com.** Alternatively, several sections of the ***AICPA Peer Review Program Manual*** are available on-line at no charge at:

http://www.aicpa.org/InterestAreas/PeerReview/Resources/PeerReviewProgramManual/Pages/default.aspx.

- You can download various standards, interpretations, checklists, questionnaires, and supporting materials which are required in the performance of a review.

Back to top

Quality Control Standards

Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice is intended to help practitioners better understand and apply Statements on Quality Control Standard (SQCS) No 8, which was effective beginning January 1, 2012. That standard is included in Appendix A of the Practice Aid. The Practice Aid incorporates policies and procedures that a firm should consider including in its system of quality control to be responsive to the issuance of SQCS No. 8. The Practice Aid is available for ~~purchase~~download on ~~CPA2BIZ~~ the AICPA's website at: ~~http://www.cpa2biz.com/AST/Main/CPA2BIZ_Primary/AuditAttest/PRDOVR~PC-006623/PC-006623.jsp~~

http://www.aicpa.org/interestareas/frc/pages/enhancingauditqualitypracticeaid.aspx.

Back to top

Important AICPA Web-site Links

The AICPA website can be found at: http://www.aicpa.org

Information regarding the AICPA Peer Review Program can be found at: http://www.aicpa.org/InterestAreas/PeerReview/Pages/PeerReviewHome.aspx

Peer Review Program Standards, Interpretations and other relevant guidance can be found at:

http://www.aicpa.org/RESEARCH/STANDARDS/PEERREVIEW/Pages/default.aspx

Peer Reviewer Training Courses can be found at:
http://www.aicpa.org/InterestAreas/PeerReview/CPEAndEvents/Pages/Reviewer_Training_Courses.aspx

AICPA Peer Review Staff Contact Information:
http://www.aicpa.org/InterestAreas/PeerReview/Community/Links/Pages/sources1.aspx

AICPA Peer Review Program Administering Entity Contact Information:
http://www.aicpa.org/InterestAreas/PeerReview/Community/Links/Pages/StateSocietiesandNEPRLinks.aspx

AICPA Peer Reviewer Database and Public File:
http://peerreview.aicpaservices.org/

~~In Our Opinion~~ AICPA Newsletters ~~(The Newsletter of the AICPA Audit and Attest Standards Group)~~:
~~http://www.aicpa.org/publications/newsletters/inouropinion/pages/inouropinion.aspx~~
http://www.aicpa.org/Publications/Newsletters/Pages/Newsletters.aspx

Newly Released Ethics Rulings and Interpretations:
http://www.aicpa.org/InterestAreas/CenterForAuditQuality/Resources/CAQAuditLibrary/Pages/Ethics%20and%20Independence.aspx

Government Audit Quality Center
http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Pages/GAQC.aspx

Employee Benefit Plan Audit Quality Center
http://www.aicpa.org/InterestAreas/EmployeeBenefitPlanAuditQuality/Pages/EBPAQhomepage.aspx

Back to top

Other Important Website Links

General Accounting Standards Board: www.gasb.org

Federal Accounting Standards Advisory Board: www.fasab.gov

Government Auditing Standards (Yellow Book) www.gao.gov/govaud/ybk01.htm

Office of Management and Budget (Grants Management):
http://www.whitehouse.gov/omb/grants/

Information on State Boards/Societies
http://www.aicpa.org/Advocacy/State/StateContactInfo/Pages/StateContactInformation.aspx

Public Company Accounting Oversight Board http://www.pcaobus.org

Peer Review Program