



2020 AICPA Peer Review Conference Frequently Asked Questions (FAQs)

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GENERAL PEER REVIEW

What is the effective date for the offsite approval waiver?

The offsite approval waiver is applicable for reviews commencing on or before June 30, 2021.

How will I know if a review should not be performed offsite?

If you will not be able to meet the objectives of the peer review by performing it remotely, it should not be performed offsite. You should consider aspects of the review when determining if it can be appropriately performed offsite, which include, but are not limited to the following:

- Availability of the firm's working papers
- Accessibility of key personnel for effective interviews and timely responses to questions
- Other risk factors that would suggest an offsite peer review would not be effective

If a review can be performed offsite, document your rationale in the Summary Review Memorandum (SRM). If a review cannot be performed offsite and you are not able to come onsite at this time due to COVID-19, discuss with your client the appropriateness of obtaining an extension from the firm's Administering Entity (AE) and any applicable regulatory agencies (i.e. – State Boards of Accountancy).

What guidance do you have for surprise engagements on offsite peer reviews?

Interpretation 61-2 states the requirement to select a surprise engagement on a System Review performed at a location other than the reviewed firm's office(s) is not applicable.

Do you have resources I can share with my peer review clients about performing an efficient offsite review?

Strong project management and setting expectations at the onset of the review is key. Here are some additional recommendations:

- Leverage technology to increase the accuracy, completeness, relevance, and reliability of review results. Whatever technology platform you choose, make sure everyone knows how to use it (at least enough to get through the review). As a best practice, always turn on your camera. Not only can you read body language, but you can also see when others look like they have something to say, which can help avoid interrupting or speaking over each other.
- Discuss the security of files and how to transmit those files securely. If paper files will be provided, what should you do with them when the review has concluded; does the firm want them back or will you be responsible for destroying them?
- Consider how will you handle the questions that arise during the review. If you prefer real-time conversations, talk to the firm's employees about keeping their calendars free of other meetings so you can call or video chat throughout the day. If you like an end-of-day session, schedule those meetings before you start your work.
- Ensure that all parties (i.e. – review team and appropriate representatives from the firm) are committed to the review during the time scheduled for fieldwork.

How long is the risk assessment guidance in effect?

The risk assessment guidance is in effect for reviews commencing through September 30, 2021, so it is likely the firm's next peer review will be subject to "normal" peer review guidance where pervasive nonconformity, no matter the reason, will result in deficiencies and significant deficiencies.

With respect to risk assessment nonconformity, you said reviewers should indicate in the SRM their recommendation of the type of follow up action the firm should complete. How should reviewers make this determination?

The nature and extent of the follow-up action should be based on the severity of the noncompliance. For example, less severe instances of non-compliance may be remedied through the completion of CPE, whereas more severe instances of non-compliance may require completion of CPE and pre- or post-issuance reviews of future engagements. It is important to recommend an implementation plan (or corrective action, if applicable) that addresses the underlying problem (i.e. – systemic cause).

Under the risk assessment guidance, if the systemic reason for the risk assessment nonconformity is different than the other deficiency, is risk assessment still a deficiency?

More than likely, yes. If you have a deficiency related to omitted audit procedures and have identified pervasive noncompliance with the risk assessment standards, the noncompliance with the risk assessment standards would still be noted on the report as a deficiency, regardless of the systemic cause.

Why is it so important to defer a peer review report with an incorrect must-select paragraph (i.e. – singular or plural) if that is the only issue?

This peer review report update was made to increase transparency in peer review results. The identification of nonconforming engagements in must-select industries was added to the deficiency description and the singular/plural selections as part of the agreement the AICPA made with regulators regarding report transparency. Regulators wanted to know how many engagements were reviewed, how many were nonconforming, how many the firm performs, etc. However, the Peer Review Board (PRB) determined that the singular/plural identification was appropriate.

Where can I find more guidance on repeat findings?

Interpretation 83-2 provides further guidance on what is considered a repeat finding on a Finding for Further Consideration (FFC) form.

Some AEs in differing states require dating of the peer report and the firm representation letter to be no earlier than the date(s) of MFCs or FFCs. What is the guidance in this area?

The peer review report and representation letter should be dated as of the exit conference date. Paragraph .94 of the Peer Review Program Manual (PRPM) 1000 states (in part) "the report in a System Review ordinarily should be dated as of the date of the exit conference," paragraph .120 states (in part) "the report in a System Review ordinarily should be dated as of the date of the exit conference," and paragraph .208 states (in part) "the representations should be dated the same date as the peer review report."

In an Engagement Review, should the peer review report and firm's letter of response (LOR) always be dated as of the exit conference date?

Yes. According to Paragraph .126 of the Standards, the review captain should review and evaluate the responses on the FFC form(s) and letter of response prior to the exit conference. The appropriateness of the firm's response(s) should be discussed during the exit conference. The firm's letter of response should be finalized and dated as of the exit conference date and provided to the review captain. The review captain should include the firm's letter of response with his or her report and working papers submitted to the Administering Entity (AE).

Has there been any progress in developing or improving the peer review risk assessment tool in AICPA toolkit?

Yes, the new AICPA risk assessment tool will be available in the next PRPM update.

What happens if my peer review risk assessment documentation is lacking?

Without a thoroughly documented risk assessment, the technical reviewer or Report Acceptance Body (RAB) may not have enough information to determine whether the nature and

extent of the reviewer's testing brought peer review risk to an acceptably low level. Therefore, some consequences for inappropriate risk assessments include the following:

- The acceptance of the report may be deferred if the RAB questions the extent of testing performed by the reviewer and the risk assessment does not provide sufficient support.
- A RAB may delay acceptance to confirm something was missing from a risk assessment that, if confirmed, would not necessarily impact the extent of testing performed by the reviewer.
- A RAB or technical reviewer may request the team captain provide additional support (i.e. – an additional memo) if the risk assessment does not align with the amount of testing performed, or if the risk assessment does not cover all relevant factors.

What happens when the systemic cause is that the firm does not care, simply does not understand, or will always follow the same path as last year?

From what is described, this appears to be an issue with the firm's leadership responsibilities for quality within the firm (tone at the top). Refer to PRPM section 3200 for additional information on tone at the top deficiencies.

How do you test that a firm accurately reported and classified all of their engagements, particularly the must-selects?

Describing and assessing the firm's approach to ensuring completeness of the engagement listing is covered in the SRM, question G. Accuracy should be a consideration in this determination. Additionally, the reviewer should receive the full list of engagements, and as part of the review of that list and selections, may identify misclassifications. If you are suspicious that a firm has not provided you with a full engagement listing, you should contact your AE or the AICPA Peer Review Program technical hotline.

If a team captain and his or her firm are licensed to practice in a particular state, can they perform peer reviews in other states where they are not licensed (i.e. – can a New York CPA perform a peer review for a Florida firm)?

Reviewers should make sure they are appropriately qualified to perform any peer review; this includes whether or not they are properly licensed in the applicable jurisdiction. Reviewers should contact the relevant SBOA with any questions.

How appropriate is it for the firm to correct the issue on the next engagement, assuming the next engagement is imminent?

Peer review guidance states that firms should be discouraged from defaulting to a response of "we will fix it on the next engagement" without thought behind that response. It may be appropriate, but firms should also articulate the reason why. In other words, a firm should be able to show that in coming to its conclusion and response, it has complied with the relevant professional standards, in this case being:

- AU-C section 560, Subsequent Events and Subsequently Discovered Facts (AICPA, Professional Standards)
- AU-C section 585, Consideration of Omitted Procedures After the Report Release Date (AICPA, Professional Standards).

How does a firm check for and obtain pre-approval for outside parties performing work for corrective actions or implementation plans?

A firm obtains pre-approval for outside parties performing any corrective actions or implementation plans by contacting its AE.

Could you clarify if a team member can perform the third-party review of nonconforming engagements for a peer review client – even if it is more than one year after the peer review year end?

Interpretation 21-4 states this is acceptable, as long as the review was not performed on an engagement within the year immediately preceding or during the peer review year.

Interpretation 21-4 would be applicable if the team member was from the captain's firm or if he or she was going to be part of the next peer review.

For an Engagement Review, why are Matters for Further Consideration (MFCs) allowed for a firm's review to qualify as a consent agenda review? In a System Review, any MFCs will disqualify the review from a consent agenda. Was this difference intentional?

Yes. Interpretation 137-1 allows for Engagement Reviews to be accepted by the technical reviewer (therefore not going to a Committee) if the review only has MFCs (note this is not a requirement, but an option for a Committee). Additionally, Engagement Review guidance is much more prescriptive, and there is less complexity in determining if something should be elevated to an FFC.

Is SKE "skills, knowledge, AND experience" or "skills, knowledge, OR experience"?

According to ET 1.295.040, General Requirements for Performing Nonattest Services, section 01, a. "The member determines that the attest client and its management agree to... ii. oversee the service, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience. The member should assess and be satisfied that such individual understands the services to be performed sufficiently to oversee them. However, the individual is not required to possess the expertise to perform or re-perform the services."

Who has access to Reviewer Performance Feedback in PRIMA?

Administrators and technical reviewers have access to reviewer performance feedback in PRIMA. Firms, reviewers and the public do not have access.

When I receive Reviewer Performance Feedback in PRIMA, I am unable to respond. Will that change so that I may respond in PRIMA?

While there is not a process in peer review guidance or PRIMA for a reviewer to respond to a reviewer performance feedback form, a reviewer may write a letter to the Peer Review Committee to request it be reconsidered or withdrawn; support for such a request should be included.

We continue emphasizing the importance of accurate feedback and ensuring reviewers and AEs are aware of the reviewers' ability to respond to feedback.

Has ASC 606 been reflected in the engagement checklists?

As of the April 2020 update, engagement checklists incorporated ASC 606. The audit checklists have questions specifically for those that have adopted the standard and for those that have

not. The financial reporting and disclosure checklist has also been updated to incorporate ASC 606.

What are some common themes the AICPA is seeing with respect to ASC 606?

Common missteps detected through practice monitoring related to ASC 606 include:

- Failing to document the consideration or review of material accounting estimates,
- Not evaluating the design and implementation of internal control around revenue recognition,
- Failing to perform procedures that compare prior year and current year estimates, and
- Failing to document whether the auditor evaluated the performance of multiple non-attest services.

Common AICPA A&A Hotline inquiry themes from auditors involve:

- What is considered material relative to client contracts,
- When to recognize advanced payments and subscription fees and
- Whether certain items qualify as bill and hold arrangements.

Is there any guidance forthcoming regarding the selection of an engagement that applied the new revenue recognition standard (ASC 606) before the deferral date?

Whether or not to select an engagement that applied the new revenue recognition standard before the deferral date is a matter of professional judgment that should be driven by the peer review risk assessment. Peer reviewers are required to select a reasonable cross section of the reviewed firm's engagements, with rationale for engagement selection documented in the SRM.

Has there been any consensus on how to handle a failure to adopt ASC 606 for financial statements issued after the effective date but prior to the deferral of the standard?

This will likely be discussed in more detail at the November 6, 2020 PRB open session meeting. Additionally, we expect to include an article in the November 2020 Reviewer Alert that discusses the impact of peer review implications of ASC 606 implementation issues.

I am not familiar with *PR Prompts*. When was the first edition issued?

In November 2019, the inaugural edition of *PR Prompts* was sent to all peer reviewers by the AICPA. This semi-annual newsletter is intended for reviewers to share with their peer review clients. The newsletter content is compiled by the AICPA and includes updates in the Peer Review Program, newly effective/recently issued audit and accounting standards, and other available resources. The second edition of *PR Prompts* was distributed in late May 2020, and the third edition is expected in November 2020.

The *PR Prompts* newsletter is formatted, but unbranded so the reviewer's firm can apply its logo/branding. *PR Prompts* is not available on the AICPA website, but you can request a copy, including an AICPA-branded version (if desired), by emailing prsupport@aicpa.org.

When do you expect to publish the next Peer Review Program Manual update?

Based on feedback received from the peer review community, the AICPA tries to limit updating the Peer Review Program Manual to twice a year, generally April and October.

Can you elaborate on the upcoming removal of Engagement Review checklists?

Beginning in the fall of 2020, checklists specific to Engagement Reviews will be eliminated, and review captains will be instructed to use its System Review counterpart (i.e. – PRPM 20,200 is the System Review checklist for review of Compilation engagements). Review captains will be instructed to mark questions “N/A” if the respective question only refer to a Statement on Quality Control Standards (SQCS) requirement, as these are not relevant in an Engagement Review.

Is there an illustrative engagement letter for System and Engagement Reviews available?

You will find illustrative engagement letters for both System and Engagement Reviews in the respective [Practice Management Toolkits](#).

Can you explain how the Payroll Protection Program (PPP) may impact Peer Review?

One of the questions most frequently asked by CPAs related to their PPP loan forgiveness services is whether they are performing a consulting engagement under CS Section 100, Consulting Services: Definitions and Standards, or agreed-upon procedures under Statement on Standards for Attestation Engagements No. 19, Agreed-Upon Procedures Engagements. The answer to this question depends on what the client is requesting. If the client is asking for help preparing an application for PPP loan forgiveness, it is likely the CPA is performing a consulting engagement. If the client is asking the CPA simply to check work the client has done (i.e. – recalculating and agreeing on numbers or amounts from one document to another), this may indicate an agreed-upon procedures engagement.

An important factor the CPA should consider is the need to be enrolled in peer review. Agreed-upon procedures engagements are subject to peer review, while consulting services are not. If the CPA’s firm is not currently enrolled in peer review, then the performance of an agreed-upon procedures engagement would require the firm to enroll and undergo a peer review.

Can you please clarify the single audit requirement for companies receiving PPP?

The Government Audit Quality Center (GAQC) has prepared a nonauthoritative summary of information about federal programs that have been established as a result of the COVID-19 pandemic, including whether they will be subject to single audit. As noted in the summary, PPP loans made to not-for-profits will not be subject to single audit. Refer to the [GAQC Summary of Uniform Guidance \(UG\) Applicability for New COVID-19-Related Federal Programs](#).

Can you provide a list of the COVID-19/Coronavirus Aid, Relief, and Economic Security (CARES) Act programs that will be subject to single audit?

Yes; please refer to [this document](#).

Is there an extension granted for reviewers who need to satisfy the ongoing Peer Reviewer training requirements?

There are a variety of ways the ongoing training requirements may be met. For a list of available training courses, please visit the [Peer Review Training for Ongoing Qualification](#) web page.

Was an extension granted for reviewers to take must-select training(s)?

No; the Education and Communication Task Force (ECTF) of the PRB determined that due to the variety of ways the must-select training requirements may be met, an extension was not considered necessary.

For a list of available training courses, please visit the [Training for Reviews of Certain Must-Select Engagements](#) web page.

Is it appropriate for the RAB to suggest the source of CPE courses a firm should obtain (i.e. – AICPA, etc.)?

RABs are now required to assign AICPA courses related to Enhancing Audit Quality (EAQ) focus areas as corrective actions or implementation plans when (1) significant deficiencies, deficiencies, and findings are identified related to these areas, and (2) CPE is determined to be the necessary follow up action.

RABs may allow an alternative course if it meets the learning objectives of the AICPA course (as described in the product page of the AICPA's online store). We would certainly encourage RABs to look first to the AICPA's EAQ courses to help firms remediate issues identified in these areas.

Has the AICPA looked at the number and age of current peer reviewers?

Peer Review Staff continue to assess the adequacy of the reviewer pool and look for ways to recruit new reviewers into the pool, as well as make it easier for firms to identify qualified reviewers, including those outside of their home state. We are considering permanently waiving the offsite approval requirement, which should increase the number of reviewers from which a firm may select.

I thought I received an extension, but my SBOA is asking about the status of my peer review. I opted into Facilitated State Board Access (FSBA). Why doesn't my SBOA know what my new due date is?

FSBA will not be updated until scheduling is approved in PRIMA. Therefore, it is prudent for all firms to work with their reviewers to get the review scheduling process started. Firms should be proactive in communicating any relevant information to their SBOA.

Are we seeing a decrease in the number of nonconforming engagements? When do we expect to see our efforts pay off?

We are not yet seeing a significant decrease in the rate of nonconforming engagements. Last year (2019), we saw a significant increase in nonconforming rates due to the risk assessment guidance. We have analyzed the impact of the risk assessment guidance to identify nonconforming engagements that were only nonconforming for risk assessment and removed them from the calculation. After this adjustment, the nonconforming rate in 2019 was slightly better than in previous years.

We have a three-step process to impacting audit quality. The first step was to make changes and help train reviewers to identify issues. The second step, our current step, is having the reviewers identify issues during peer reviews and inform firms so they are aware and can remediate. The third step will be for the firms to apply that remediation and improve their audit quality.

Why does the enhanced oversight program only focus on must-select engagements?

Must-select engagements are the focus of the enhanced oversight program due to the significant public interest of these engagements. Most of the engagements selected are either ERISA audits or audits performed under *Government Auditing Standards*, which also have regulators who perform independent quality studies.

GOVERNMENTAL

Discuss helping clients writing disclosures as they relate to independence.

The Government Accountability Office (GAO) has indicated in the 2018 Yellow Book that unless specifically prohibited under the Yellow Book, a firm preparing accounting records and financial statements for a client creates threats to independence that either will or may require the firm to apply safeguards to maintain independence.

When a firm performs services involving preparing certain footnotes and disclosures and does not meet the definition of preparing financial statements in its entirety from a client-provided trial balance or accounting records, it would not be a mandated significant threat under GAS par. 3.88.

There may be circumstances where a firm concludes performing this service is not a significant threat to independence, such as when this is the only nonaudit service provided and the results of work would not be material to the financial statements to the client. Management has designated an individual with appropriate skills, knowledge, and experience to oversee the service and takes responsibility for the service. However, if a material area, the firm should evaluate the significance to the financial statements and consider self-review threat and management participation threat. The firm should document the evaluation of the significance of threats, even if the firm concludes the threats are not significant (GAS par. 3.90).

Peer reviewers should carefully evaluate whether the firm's documentation appropriately considered the threats identified, including why the firm considered that the threat(s) did or did not pose a significant threat to independence, and if a significant threat, appropriately documented safeguards applied to reduce any significant threat(s) to an acceptable level.

For CDBG funds, CFDA #14.218, the compliance supplement has said eligibility is not applicable, but reviewing the relevant loans to our affordable housing provider clients, the eligibility requirement is the ONLY direct and material compliance requirement. If we followed the compliance supplement, we would not have a single audit in some cases.

To comply with the Uniform Guidance, auditors are not expected to test requirements that have been noted with an "N" in the Compliance Matrix (Part 2). However, Government Auditing Standards requires auditors to state in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters whether the tests they performed provided sufficient, appropriate evidence to support opinions on the effectiveness of internal control and on compliance with provisions of laws, regulations, contracts and grant agreements. Therefore, based on review of the grant agreement and auditor's risk assessment, if there is a requirement that the auditor believes needs to be tested to allow reporting on compliance with grant agreement, then the auditor should do so.

Regarding the compliance requirements marked "Y" (Activities allowed/allowable costs, etc.), if the auditor concludes that they are not direct and material, the auditor should clearly document why.

Can you provide some examples of where a compliance requirement is not subject to the federal compliance test work per the supplement, but the compliance requirement would be required under GAS?

A common example is the situation where a subaward is material to the scope of the financial audit of the subrecipient, and the pass-through entity included specific and material

requirements in the subaward that are not related to any of the applicable requirements identified in the OMB Compliance Supplement.

PRIMA

Does the reviewer have access to the oversight report conducted on the reviewer by the AE in the field?

If the oversight is completed in PRIMA, which is optional for AEs, the reviewer can read the oversight report in PRIMA and can agree or ask for revisions. Revisions do not have to be made, and if the reviewer disagrees with the person performing the oversight, he or she should utilize the Issue Advisory Hotline and/or request a disagreement panel.

What is the starting date for the 120-day retention period for MFCs?

The completion date of the review starts the 120-day retention period for MFCs (along with all other documents subject to retention). For pass reports and nonpass reports with no corrective actions, the completion date is the date the review is accepted. For reviews with corrective actions, the completion date is the date the technical reviewer/RAB accepts the last corrective action, or the date the firm signs the REVACC letter (waiving the last corrective action).

How do we access the prior FFC forms in PRIMA?

If the firm's last peer review working papers were submitted in PRIMA (i.e. – after May 1, 2017), the prior FFCs are already located in PRIMA and can be accessed by the reviewer via the current review case. The firm can access them via For Firms, Review History, and then the specific FFC. If the firm's prior peer review was not administered in PRIMA, AEs may upload the prior FFCs into the current review case or the reviewer may need to contact the AE to obtain them.

Is there a way in PRIMA for a reviewer to know who has the file checked out?

Reviewers can see the party to whom a case is currently assigned. From the home screen, on the left side, select My Work and then My Reviews. From here, you can view the open scheduling and open review cases to see what the status is and to whom they are assigned.

Is there any chance that PRIMA will start allowing the reviewers to update the firm's Peer Review Information Form (PRI) on a firm's behalf?

When captains have the review case in edit mode, they can open the RVW case and on the first tab, there is an icon titled "Update Firm's PRI." Here, the team captain can make changes that are then sent to the firm for approval. The firm must approve or reject these changes before they will flow through PRIMA and the team captain is able to submit working papers to the AE.

Will the Make an Edit process work after the administrative review is completed by the AE and the review is assigned to a technical reviewer?

The Make an Edit functionality will only work until the administrator completes the administrative checklist. After that point in time, the reviewer should contact the AE if he or she needs to make changes in PRIMA.

Could we get a "Suggestions" button in PRIMA that we can click and submit suggested functionality enhancements?

PRIMA features a blue Feedback button on the bottom right of the home page for all users to give feedback and offer suggestions.

How early in the process does the team captain have access to view PRI in PRIMA?

Team captains can view the PRI when the firm sends them the scheduling case in PRIMA by clicking Additional Information, then Related Cases, and finally clicking on the PRI. Any team member can access the PRI at any time after they are entered into the scheduling case from either the scheduling case or the review case (that can be located from the home page by clicking on My Work and then My Reviews).

Is there any plan for the outside party performing a Corrective Action (COA) or Implementation Plan (IMP) to be able to upload documentation directly to PRIMA?

No, it is the firm's responsibility to ensure its corrective actions and implementation plans have been completed. Additionally, not all corrective actions and implementation plans involve an outside party. We find it is generally easier for users when there is a consistent process in PRIMA. Finally, having the firm upload a third-party report ensures the AE that the firm has seen the report issued by an outside party.

Can PRIMA be modified to email a reviewer when reviewer feedback is sent to the reviewer?

Yes, this is being added as part of the next enhancement release (estimated for late fourth quarter 2020).

Can a team captain/reviewer replace a team member on a review in process without prior approval from the Administering Entity?

The captain can add and delete team members in PRIMA through the RVW case on the first tab. If there are no scheduling errors when scheduling checks rerun, then the AE does not need to approve the changes (but is notified that changes occurred).

Can you provide some basic, easy to understand instructions to firms when it is time to begin their reviews?

At the top right of the PRIMA home page, you may click on the "?" icon to access PRIMA Help. From there, you may choose articles based on user groups (i.e. – firms, reviewers, technical reviewers, etc.). These articles offer step-by-step instructions that include screen shots.

Could the e-mail from PRIMA give us some clue as to what hit our dashboard (i.e. – letter, scheduling action needed, review action needed, etc.)?

The generic email from PRIMA indicates if there is an action that needs to occur or if there is something to read. It also includes the case number so the reader can tell if it relates to scheduling, the review, etc.

Can the completed review section be organized by date or alphabetically?

Yes, all the columns on tabs under My Work and My Reviews can be sorted.

QUALITY CONTROL MATERIAL (QCM) REVIEWS

Why is the Peer Review Program spending time to transition QCM Reviews under peer review guidance, to a QCM examination engagement under the SSAEs? Is there concern that the Program will have less oversight over the new QCM examination engagement? Could this project potentially impact the amount of work peer reviewers have to do in order to rely on QCM in a peer review?

We are spending the time to transition QCM Reviews to the SSAEs because we believe that an engagement to perform and report on QCM is better aligned under the SSAEs, and more importantly, more useful to users with the information it provides. There will be a standard set of criteria the QCM will be evaluated against, and more structure around that evaluation to drive consistency. Transitioning it out of peer review guidance is also well timed with the peer review clarity project.

Although the Peer Review Program will no longer administer and oversight QCM reviews, the QCM examination engagement will still be subject to a practitioner's quality control procedures such as Engagement Quality Control Review (EQCR), and part of the population subject to peer review.

At this time, we do not believe there will be a change in the overall amount of work a peer reviewer needs to perform. The reviewed firm is still required to comply with Quality Control (QC) standards that require it to establish policies and procedures designed to promote consistency in the quality of engagement performance. Often, those policies and procedures involve the use of standardized QCM from third parties. Granted, QCM has gotten more complex due to technological advancements. However, the peer reviewer will still consider how the firm complies with its policies and procedures and with QC standards, including how it evaluates its use of QCM. This information, as well as the results of any outside evaluation of the QCM, is considered in developing the peer review risk assessment and in determining the extent of review of engagements. Overall, we expect the amount of work to remain the same.

If you are interested in hearing more about QCM examinations, email QCMexam@aicpa.org

Will the results of QCM reviews continue to be posted to AICPA website for easy access?

The QCM Task Force is recommending that QCM examination reports not be made available on the peer review website. The Task Force believes it is the QCM provider's responsibility to make them available to its customers, for instance on the provider's website. The Task Force wants to shift the responsibility to the reviewed firms to obtain the assurance report to support their systems of quality control, and away from the peer reviewers obtaining it themselves triennially when they perform the peer review. The Task Force also wants to shift behavior so that user firms can recognize if and when they will need some other type of assurance on the QCM. The Task Force believes the market will also drive this.

If QCM is moving to SSAEs, is it likely that they will be performed annually?

QCM providers determine whether they will have a QCM review, how frequently and the scope of the engagement. This will be the same for a QCM examination. The factors that currently drive the performance and frequency of QCM reviews will likely remain the same for QCM examinations; for instance, market demand and updates to professional standards.

If QCM reviews are moved to be performed under the SSAEs, will they be subject to review under a firm's peer review?

QCM examinations will fall under the professional standards addressed by peer review, and thus are subject to selection and review if performed in the year covered by the practitioner's firm's peer review.

REPORT ACCEPTANCE BODIES

Can someone serve on an ethics committee and a Peer Review Committee or RAB?

No. As stated in the RAB Handbook, Chapter 1, Section I. Formation: "Individuals that commence, or plan to commence, enforcement related work as a member, employee, consultant, volunteer (or other similar arrangement) of the AICPA or state CPA society ethics committee, the AICPA Joint Trial Board, a SBOA (or other regulatory agencies, governmental bodies, or similar groups or subgroups) are prohibited from serving on a Committee or RAB."

If a Peer Review Committee/RAB member is participating in or is planning to participate in an enforcement or ethics related capacity, they should contact the Administering Entity or AICPA Peer Review Staff to determine if the activity would prohibit service on the Peer Review Committee/RAB.

Where in professional standards are RABs given the authority to require a firm to reissue its report?

Per the RAB Handbook, the RAB should not instruct reviewed firms to perform omitted procedures, to reissue accounting or auditing reports, or to have previously issued financial statements revised and reissued because those are decisions for the firm and its client to make. Firms are only required to remediate as appropriate in accordance with professional standards and are not expected to recall reports or perform additional procedures in every scenario.

In recent years, I have noticed that RABs are confronted with addressing many issues which warrant expanded discussions, require further guidance and even require material changes to the peer review. How can the profession educate team captains to further improve the quality of peer reviews being performed?

Our oversight processes are designed to help identify areas where reviewers can improve; any trends that are identified are incorporated into our learning framework. You can find additional information about this learning framework on this [web page](#).

If considerations are not documented in the SRM with regard to an offsite system review, (1) how will the RAB necessarily know that the review was performed offsite and (2) what should the RAB or technical reviewer do if the documentation is missing or lacking in some respect?

If documentation in the SRM is unclear or insufficient and is necessary to understand key decisions made by the reviewer, the technical reviewer or RAB should request additional information from the reviewer.

ADMINISTERING ENTITIES (AEs)

The AEs and RAB members are going to be bombarded at the end of 2020 and beginning of 2021 due to all of the extensions of review due dates. This will occur right when most RAB members will be heading into busy season. We need to have more volunteers for RABs. Any ideas on how to get more volunteers?

AICPA Staff will discuss RAB recruitment with AEs in the near term.

How should AEs calculate the 2% minimum required oversights, given this year's volume is vastly different than the prior year?

AEs are still expected to perform oversights in 2020; however, the PRB's Oversight Task Force revised the minimum required oversights in response to decreased volumes of reviews resulting from the COVID-19 pandemic. For 2020, AEs will now be required to perform oversights on a:

- Minimum of 1% of peer reviews performed and
- Minimum of one System and one Engagement Review.

On September 1, 2020, each AE received a letter communicating their minimum required oversights for 2020.

Should we question a team captain who does not discuss in his or her risk assessment whether or not the firm performed an engagement where ASC 606 was implemented? Although the team captain is not required to select such an engagement, should we expect the team captain to select one unless a valid reason for not selecting one is discussed in the risk assessment?

Depending on the facts and circumstances of the review, a RAB or technical reviewer may determine it is necessary to ask the team captain whether the reviewed firm performed engagements subject to ASC 606. Whether or not to select an engagement that applied the new revenue recognition standard before the deferral date is a matter of professional judgment. Peer reviewers are required to select a reasonable cross section of the reviewed firm's engagements, with rationale for engagement selection documented in the SRM.

Where is the guidance concerning public information that can be provided to Peer Review Oversight Committee (PROC) members?

Paragraph .146 of PRPM 1000, Interpretations 146-1 through 146-3 of PRPM 2000, and Chapter 3 of the Oversight Handbook all provide information on publicizing peer review information and providing access to confidential information to third parties, conflicts of interest, and potential safeguards.