

2021 AICPA Peer Review Conference Frequently Asked Questions (FAQs)

Attendees at this year's peer review conference submitted many relevant thought-provoking questions during the three days in San Diego. Unfortunately, due to time constraints many questions were unanswered. Additionally, for those that were, those that couldn't attend may have similar questions.

Therefore, what follows is a listing of select questions submitted during the Conference and the related answers. Questions may have been edited for readability/clarity.

1) Does the AICPA plan on developing resources related to client continuance & acceptance given it is often the systemic cause of the issues I note in peer review?

A: Yes, client acceptance and continuance is an EAQ area of focus for 2022. Stay tuned for resources and other helpful information related to this area in the months to come!

2) What about other resources related to systemic causes?

A: The peer review team realizes that the determination of the systemic cause is one of the more difficult areas of a peer review. Staff are in the process of developing additional training content related to the determination of systemic causes that should be available beginning in 2022.

3) Will the AICPA consider making PR Prompts available to firms directly?

A: Yes, beginning with the Fall 2021 edition, PR Prompts will be made available on the peer review website at the same time as they are distributed to peer reviewers. We still encourage peer reviewers to provide these newsletters to their peer review clients as well!

4) With respect to the peer reviewer pool, how sure is the peer review team that the reason new peer reviewers are not joining is because they were not being engaged?

A: Trouble finding peer review clients is just one example of a problem we hear for new peer reviewers. There are others as well. The Peer Review Board assesses the peer reviewer pool periodically to see what issues related to the pool need to be addressed. Please let us know if you have any suggestions on ways we can recruit new peer reviewers.

5) Can you provide additional guidance on how to select a proper peer review year-end?

A: Establishing a proper peer review year-end certainly requires some judgment. While the administering entity will consider the firm's (or individual's) practice, the year-ends of their engagements, the report dates of their engagements, and the number and type of engagements to be encompassed in the review, in determining an appropriate due date

(with the year-end typically being six months prior), if the firm's practice changes significantly, it may be necessary for the firm to request a change in year-end. For example, if not many of the firm's engagements are complete by the firm's due date, a change in year-end may be necessary.

6) The firm's current year-end engagement is not yet complete due to a new standard that went into effect. Do I have to select the firm's prior year engagement?

A: Not necessarily. While peer review guidance does allow for a peer reviewer to select a prior year engagement if the current year engagement is unavailable (Standards paragraph .58) However, if, based on your peer review risk assessment, you determine that the current year engagement subject to the new standards should be selected, you do have options. One of which is to request an extension with the administering entity, if the firm's engagement will be completed in the near term.

7) Is there a list of non-conforming engagement examples in System Reviews similar to appendix E in PRPM Section 6200 for Engagement Reviews?

A: Unfortunately no, but appendix E in PRPM Section 6200 can be used in a System Review as well to determine if an engagement is non-conforming (given SSARS engagements are also reviewed as part of System Review). There are other examples where an engagement is presumed to be non-conforming. First is a Single Audit engagement with a "No" answer within the 22,100 Part A-UG checklist. Another would be an Employee Benefit Plan engagement with a "No" answer to a bolded question within the 20,700 checklist. Another would be an audit engagement that does not comply with the risk assessment standards. Generally speaking, however, we recognize that not all situations are the same, and impress upon reviewers to use their professional judgment when concluding on whether an engagement is non-conforming. The questions at the end of each engagement checklist have been designed to help the reviewer come to this conclusion.

8) Could you have FFCs that have, say CPE or inadequate practice aids as the systemic cause, and a deficiency that has tone at the top as the systemic cause.

A: Absolutely, however, it would likely be as a result of a "No" answer (elevated to an MFC) identified in one of the quality control policies and procedures checklists (e.g. PRPM Section 4500). That "No" may be a result of other issues identified in the peer review, or the responses the peer reviewer received from firm leadership in response to those findings.

9) When you have a engagement performance related FFC, does that trigger an automatic monitoring finding?

A: No, not automatic. However, the peer reviewer may need to determine if the firm's monitoring policies and procedures were not properly designed or not followed in order for the engagement performance issues to remain undetected.

10) Is a surprise engagement selection in a system review completely optional in a remote review?

A: Interpretation No. 61-2 states “the requirement to select a surprise engagement on a System Review performed at a location other than the reviewed firm’s offices is not applicable.”

11) Is there consideration of having a “library” of systemic causes that the reviewer can use to improve consistency?

A: Not at this moment, but reviewers are encouraged to review PRPM section 4,250 “Examples of Deficiencies and Case Studies on Writing Deficiencies” as each example deficiency included would contain an example of a systemic cause. As stated previously, Staff are working on additional training materials related to the determination of a systemic cause.

12) Are there coverage expectations (e.g. percent of engagements or percent of engagement hours) when selecting engagements in a System Review?

A: Not necessarily, but team captains are expected to 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 not being performed or reported on in conformity with applicable professional standards in all material respects. Team captains should document in the SRM how the selected engagements achieve that reasonable cross section. Selecting few engagements may prompt the technical reviewer or RAB to ask a team captain (absent sufficient documentation) how a reasonable cross section of engagements was achieved.

13) What factors do RABs use to decide between requiring a post issuance review as opposed to a pre-issuance review?

A: Deciding between a post-issuance review and a pre-issuance review is often done on a case-by-case basis depending on the facts and circumstances of the peer review, including the recommendations of the peer reviewer, the timing of any potential engagements that could be used to complete the implementation plan or corrective action, etc. More information regarding corrective actions and implementation plans can be found in chapters 4 and 5 of the RAB Handbook (PRPM Section 3300).

14) How do firms find someone to perform a corrective action or implementation plan if peer reviewers won't do them because they don't want to be associated with a bad firm?

A: Firms can certainly use the reviewer search functionality to find someone to perform corrective actions or implementation plans, or other QC related work. Peer reviewers are reminded that performing corrective actions, implementation plans or limited QC related work for another firm doesn’t necessarily make you part of that firm’s system of quality control.

15) What is requirement for a firm to contact Peer Review Program when there is a merger or acquisition?

A: Firms should complete a [firm structure change form](#) when there is a merger or acquisition impacting their firm. The information provided on the change form will dictate the peer review implications for any impacted firm. For example, in a firm merger, the change form will dictate which firm's peer review history is used for the timing of future peer reviews.

16) What are allowable reasons for withdrawing from a peer review? Would this include a firm that insists on a remote review even the peer reviewer determines some objectives can only be performed onsite?

A: [PRPM Section 3100](#) contains a section entitled "Peer Reviewers or Firms That Consider Withdrawing From a Peer Review After the Commencement of Fieldwork" intended to provide reviewers guidance considering withdrawing from an engagement. Included in the list of reasons is not receiving the required documents from the reviewed firm within a reasonable time frame (or other lack of cooperation matters) that could include an insistence on a remote peer review when the peer reviewer determines the peer review's objective cannot be met remotely.