

# Reviewer alert

## November 2017

This Reviewer Alert contains the following articles:

- [Considerations for the 2017 Audit Cycle](#)
- [December Employee Benefit Plan \(EBP\) Audit Webinar](#)
- [See the Profession's 2017 Progress in Enhancing Audit Quality](#)
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### Considerations for the 2017 Audit Cycle

The Center for Audit Quality (CAQ) recently issued an alert, [Select Auditing Considerations for the 2017 Audit Cycle](#). The alert highlights certain areas and questions for firms to consider, particularly some of the more judgmental or complex audit areas. The alert includes areas identified by the Public Accounting Oversight Board (PCAOB) through its inspection process, but some topics may be applicable to other audits as well. The alert focuses on the following:

- Auditor Independence
- Multinational Audits
- Transition to New Accounting Standards
  - SAB 74 (Codified in SAB Topic 11.M) Disclosures
  - Internal Control Over Financial Reporting
- Audit Areas Potentially Affected by Economic Factors
- Recurring Audit Deficiencies
  - Internal Control Over Financial Reporting
  - Identifying, Assessing, and Responding to Risks of Material Misstatement
  - Accounting Estimates, Including Fair Value Measurements
- Financial Reporting Areas
  - Going Concern
  - Evaluation of Income Tax Accounting and Disclosures
- Increasing Transparency through Disclosure of Engagement Partner and Certain Other Participants in Audits: PCAOB rules 3210 and 3211
- Other Considerations
  - Engagement Quality Review
  - Improper Alteration of Audit Documentation
  - Firm Software Audit Tools
  - Cybersecurity Risks
  - New Auditor's Report (Pending SEC approval)

In addition, the CAQ issued a companion alert, [Select Audit Considerations for the 2017 Audit Cycle for Brokers and Dealers](#). This alert discusses considerations that may be relevant for audit and attestation engagements for brokers and dealers. The CAQ alert focuses on the following topics:

- Auditor Independence
- Risk of Material Misstatement Due to Fraud
- Revenue Recognition
- Financial Statement Presentation and Disclosure
- Related Party Transactions
- Auditing Information Produced by a Service Organization
- Supplemental Information
- Examination Engagements
- Review Engagements
- Engagement Quality Review
- The Securities Investor Protection Corporation (SIPC) Rule 600, Rules Relating to Supplemental Report of SIPC Membership

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### **December Employee Benefit Plan (EBP) Audit Webinar**

This webinar will highlight three areas where professional standards appear to be misunderstood by plan auditors, leading to quality challenges for practitioners, including peer reviewers.

### **[Employee Benefit Plan Audits: Common Misconceptions and How to Address Them](#)**

Tuesday, December 12, 2017; 2:30 – 4:00pm ET

Presenters:

- Bill Lajoie, CPA – Partner, William G. Lajoie P.C.
- Marilee Lau, CPA – Partner, Marilee Lau CPA
- John Wiley, CPA, ABV, CGMA – Manager, Professional Ethics, AICPA

Topics to be discussed:

- Areas of nonconformity that are prevalent in EBP audits
- Common misconceptions that have been identified through Peer Review
- Steps firms can take to strengthen their EBP quality

In addition to enhancing firm EBP audit quality, this is an opportunity for reviewers to:

- Gain valuable insight regarding these misconceptions identified through recent peer reviews
- Identify opportunities to address common misconceptions with reviewed firms
- Enhance confidence in evaluating potentially nonconforming EBP audit engagements

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## **See the Profession's 2017 Progress in Enhancing Audit Quality**

As the business and regulatory environments evolve and become increasingly complex, the CPA profession's commitment to performing quality audits becomes even more essential. The AICPA's Enhancing Audit Quality (EAQ) initiative, launched in 2014, aligns all AICPA audit- and assurance-related activities with the goal of supporting firms' quality improvement.

EAQ made great strides toward this goal in 2017. We're excited to share with you the *Enhancing Audit Quality: 2017 Highlights and Progress* report, available at [aicpa.org/EAQhighlights](http://aicpa.org/EAQhighlights), which lays out how the profession has been promoting quality in the following areas in the past year:

- Peer Review
- Documentation
- Single audits
- Employee benefit plan audits
- Quality control
- Auditing in the Future

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## **PRIMA Enhancements and Training**

### *RAB Package Update – File Size & File Name*

Review documents uploaded to PRIMA are submitted to Report Acceptance Bodies (RABs) for review. To facilitate submission of these materials for acceptance and to eliminate potential performance issues, we ask that you reduce the file size of your documents, where possible. If you are uploading scanned documents, please be sure to use lower resolution or a compact or optimized scan setting that reduces file size.

Additionally, please do not upload locked or secured files as they cannot be used later in the peer review process. Examples of locked or secured documents we have seen uploaded to PRIMA include reports, firm representation letters and fillable PDF files.

Lastly, PRIMA does not accept certain characters in file names (e.g.! @ # \$ % & \* ( ) : " ;). A message will be added to the PRIMA document upload screen by the end of the month as a reminder to avoid using special characters.

### *Firm Needs to Revise MFCs or FFCs in PRIMA – Steps Captain Needs to Perform*

A firm can only revise an MFC or an FFC if it is in the Pending-Firm-Signature status. To change the MFC/FFC status to allow the firm to make revisions, the team captain should:

- Click Edit on the individual MFC or FFC
- Change the sign-off date to today's date
- Click the Sign-off – Ready for Firm icon
- Repeat for each individual MFC or FFC
- Submit the review case to the firm to revise

Refer to the [Revising or Editing Firm Response to MFCs and FFCs](#) Knowledge Base article, located via the Help button. Please note, if you are logged in to PRIMA, the link above will open to your PRIMA home page instead of the article.

### *Reviewer Screens in PRIMA – Difference Between My Team Reviews and My Reviews*

Peer reviewers can see cases in all statuses in My Team Reviews, My Work and My Reviews.

Home – My Team Reviews: You can edit review cases and submit review cases.

Home – My Work: You can enter scheduling information and submit scheduling cases.

My Reviews: You have **read only** access and can view the status of cases that you cannot edit.

Within My Reviews, there are the following options:

- My Open Scheduling – shows reviews where the firm has selected the peer reviewer as a captain or team member, but scheduling has yet to be approved by the AE.
- My Open Reviews – shows reviews they are assigned to where no actions in PRIMA are necessary at this time. Reviews that require an action by the reviewer will be in the My Team Reviews and My Work sections referenced above.
- My Completed Reviews – shows reviews performed by the reviewer that have been completed.

These screens show the status of the cases, the current task description indicating what needs to be completed and to whom the case is currently assigned.

We continue to streamline these screens based on your feedback and will provide further enhancements in the coming months.

On December 9, 2017, we will implement about 30 additional user experience changes that will further improve the PRIMA experience. A major change being implemented in this round of updates is a redesign of the PRIMA home page. This redesign will change the way you access information such as action items, letters and your firm's review.

On December 7, 2017 from 3:00 – 4:30pm ET, join us for a reviewer training session, during which staff will review the recent changes. RSVP by emailing [prsupport@aicpa.org](mailto:prsupport@aicpa.org) and providing your first name and last name. We'll email you registration details immediately prior to the session.

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### **RAB Member Training Webinar**

This webinar will update you on various topics related to the roles and responsibilities of RAB members. You'll hear an overview of: the findings from recent RAB observations, the changes to the reviewer performance and disagreement guidance, considerations needed for nonconforming engagements and the effect of other peer review guidance changes on the RAB process. The registration form and date are provided below.

### [RAB Member Training Webinar](#)

Wednesday, December 13, 2017 from 3:00 – 5:00pm ET

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