

Reviewer alert

December 2017

This Reviewer Alert contains the following articles:

- [What's New in the Peer Review Program Manual \(PRPM\) – December 2017 Update](#)
- [What Has the Biggest Impact on Single Audit Quality?](#)
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What's New in the Peer Review Program Manual (PRPM) – December 2017 Update

The following updates will be available by January 15, 2018 on the [peer review webpages](#), and by late December 2017 in the Online Professional Library ([OPL](#)) to subscribers. PDF or excel documents will have “December 2017” on the top.

Guidance updates will be effective for reviews commencing on or after January 1, 2018 while practice aid updates, including engagement checklists, will be effective for reviews commencing on or after February 1, 2018, with early implementation encouraged.

Resulting from the November 2017 Peer Review Board (PRB) meeting, PRPM sections:

- *2000, Peer Review Standards Interpretations*
 - Reenrollment after Drop or Termination (Agenda item 1.2) - Interpretation 5h-2 was added and 5g-1 was updated to provide additional clarification about a) reenrollment determinations based on the nature of noncompliance and b) the firm's peer review due date after reenrollment.
 - Broker-Dealer Must Select Engagements (Agenda item 1.5) - Interpretation 63-1 was updated to reflect that non-carrying broker-dealers are a must-select engagement. If a firm performs the audit of one or more carrying broker-dealers, at least one such audit engagement (and the related attestation engagement) should be selected for review. It is also expected that if a firm's audits of broker-dealers include only non-carrying broker-dealers, the team captain select at least one such engagement (including the related attestation engagement) for review. Conforming changes were made to:
 - Interpretation 59-1
 - 1000, *Peer Review Standards*, Appendix B “Considerations and Illustrations of Firm Representations” and Appendixes with report illustrations, as applicable.
 - Other 1000 and 2000 guidance, as well as 3100 *Supplemental Guidance*, 2300 *Peer Review Alerts*, 3300 *Report Acceptance Body Handbook*, 4100 *Instructions to Firms Having a System Review*, 4200 *Instructions to Reviewers Performing System*

Reviews, 4900 Team Captain Checklist, 10000 Monitoring Guidance, and sections of the Practice Management Toolkits, specifically 24190 and 24240-Representation Letters.

- 3300, *Report Acceptance Body (RAB) Handbook*:
 - Certificate Programs (Agenda item 1.3) – Chapter 4, V-A and related Exhibit 4-2 was updated to reflect that a RAB may allow identified firm members to pass the related AICPA Advanced Certificate Exam, if applicable, in lieu of CPE, when deficiencies are related to engagements in a specific industry. Chapter 8, IV-D was also updated to indicate this option for performance deficiency letters.
 - Disagreement Guidance (Agenda item 1.4) – Chapter 7, II to V was updated to provide additional detail and related procedural guidelines for disagreements, including disagreement panels, appeals and noncooperation.

Other December Updates:

- Engagement Checklist Updates – Numerous checklists were updated to reflect new professional standards and other enhancements, including:
 - SSARS 23 Omnibus Statement on Standards for Accounting and Review Services – 2016
 - SSAE 18 Attestation Standards: Clarification and Recodification
 - AICPA guides
 - Enhanced ethics questions related to nonattest services

Checklists updated for December 2017 are:

- 22010 Supplemental Checklist for Review of Banks and Savings Institutions Audit Engagements
- 22040 Supplemental Checklist for Review of Construction Contractor Engagements
- 22060 Supplemental Checklist for Review of Common Interest Realty Associations
- 22070 Supplemental Checklist for Review of Engagements of Health Care Organizations
- 22080 Supplemental Checklist for Review of Audits of For-Profit Housing and Urban Development (HUD) Engagements
- 22400 FRF for SMEs™ Financial Reporting and Disclosure Checklist
- SSARS suite:
 - 20200 General Compilation Engagement Checklist For engagements performed in accordance with SSARS (original 20200, 20300, 23200, 23300 and related profiles for SSARS 19 were archived, and the related “A” checklists for SSARS 21 were updated for SSARS 23 and renamed without the “A” suffix)
 - 20250 General Preparation Engagement Checklist For engagements performed in accordance with SSARS
 - 20300 General Review Engagement Checklist For engagements performed in accordance with SSARS (original 20300 for SSARS 19 archived, 20300A for SSARS 21 updated and renamed)
 - 23200 Engagement Reviews - General - For engagements performed in accordance with SSARS

- 23300 Engagement Reviews – Compilations that Omit Substantially All Disclosures Checklist For engagements performed in accordance with SSARS
- SSAE suite:
 - 20900 Agreed-Upon Procedures Engagement Checklist
 - 21000 Examination Attestation Engagement Checklist
 - 23400 Engagement Reviews - Agreed-Upon Procedures Checklist
- 21100 and 21150 Reporting on Controls at a Service Organization Checklist (SOC1 ® Reports) and (SOC2 ® Reports)
- Additional checklists include 20400 General Audit Checklist, 20600 Not-for-Profit Audit Engagement Checklist and 22160 SEC-Registered Broker-Dealer Audit and Attest Engagements Checklist. Watch [Reviewer Alerts](#) and [peer review webpages](#) for updates.

Updates to the following guidance were approved at a previous PRB Meeting and are incorporated into the December update due to implementation in PRIMA:

- August 2017 PRB meeting as reported in the [September Reviewer Alert](#) – 4100 *Instructions to Firms Having a System Review*, 4800 *Summary Review Memorandum*, and 6100 *Instructions to Firms Having an Engagement Review* to eliminate level of service, practice area and industry code lists since they will be maintained in PRIMA’s Knowledge Base (KB). Simply click [Help](#) on PRIMA screens to access the KB.

Conforming or clarifying changes were made to:

- 4800 *Summary Review Memorandum* to eliminate “Other Employee Benefit Plans” and update references to Engagements Subject to *Government Auditing Standards* (GAS), FDICIA engagements and SSAE engagements. These changes are reflected in PRIMA and the practice area code lists maintained in PRIMA’s KB.
- 4900 *Team Captain Checklist* to update references to the quality control questionnaires.
- 4960 Finding for Further Consideration (FFC) Form and related instructions for System Reviews, to improve questions related to the reviewed firm’s response for nonconforming engagements.
- **Note:** For additional guidance changes approved by the PRB, with future effective dates pending PRIMA implementation, see the [June Reviewer Alert](#) for changes from the May 2017 PRB meeting and the [September Reviewer Alert](#) for changes from the August 2017 PRB meeting.

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What Has the Biggest Impact on Single Audit Quality?

Find out by watching the archive of [Single Audits: New Insights on Factors Driving Single Audit Quality](#) (no CPE is available for watching archived events). The Governmental Audit Quality Center (GAQC) made the archive of this member-only event available to everyone.

Presenters:

- Diane Edelstein, CPA – Partner, Maher Duessel
- Erica Forhan, CPA – Partner, Moss Adams LLP
- Anita Supinski, CPA – Principal, CliftonLarsonAllen LLP

Topics discussed include the following:

- 2016 Peer Review study of single audit quality factors
- Common misconceptions and areas of non-conformity identified through Peer Review
- Steps firm can take to strengthen their single audit quality

Reviewers are encouraged to use this resource to learn more about the single audit engagement study results and share with firms, where appropriate, to enhance single audit quality and help ensure high-quality engagements ahead of the upcoming OMB government-wide single audit quality project

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[PCAOB to Hold Webinar on January 10, 2018 on Implementing Recent Changes to the Auditor's Report](#)

If your firm or its clients are registered with the Public Company Accounting Oversight Board (PCAOB), you should attend (and encourage clients to attend) a free webinar at 11:00am ET on Wednesday, [January 10, 2018](#), on the implementation of recent changes to the auditor's report that become effective for audits of financial statements for fiscal years ending on or after December 15, 2017.

The webinar will highlight specific changes to the auditor's report required this year, such as auditor tenure, independence and other key elements of the auditor's report. PCAOB webinars are an efficient and cost-effective way for PCAOB-registered firms to hear from and talk to PCAOB staff. Recordings of previous webinars are available on the [Forums and Public Outreach web page](#).

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