June 2018

This Reviewer Alert contains the following articles:
- What's new in the Peer Review Program Manual (PRPM) – June 2018 update
- Engagements Subject to *Government Auditing Standards* and Single Audit Requirements
- Data hosting as a nonattest service
- June 2018 PRIMA enhancements
- Save the date for the 2018 Peer Review conference and how to course

What's new in the Peer Review Program Manual (PRPM) – June 2018 update
The following updates will be available by late June 2018 on the peer review webpages and in the Online Professional Library (OPL) to subscribers. PDF or excel documents will have a "June 2018" date on the top. Updates will be effective for reviews commencing on or after July 1, 2018.

Engagement Checklists
The following PRP sections have been updated for new professional standards, procedural enhancements or to incorporate conforming changes:
- 20500 Governmental Audit Engagement Checklist
- 20700 Employee Benefit Plan Audit Engagement Checklist

Toolkits
Representation Letters within the Practice Management Toolkits have been updated to conform with guidance or to add enhancements (PRP sections 24190-System Reviews and 24240-Engagement Reviews in OPL). Letter of response templates have been added (PRP sections 24400-System Reviews and 24410-Engagement Reviews in OPL)

Technical Reviewer's Checklists / RAB Handbook
The Technical Reviewer's Checklists previously in Chapter 2 "Technical Reviewer Qualifications and Responsibilities" of the PRP section 3300 RAB Handbook have been moved to new PRP section 3400. These checklists are used by administering entities' technical reviewers as they assist report acceptance bodies (RABs) in their report acceptance and oversight functions.

Related to PRIMA
In conjunction with recent PRIMA enhancements, updates were made to PRP section 3300 RAB Handbook to clarify and streamline the process to nationally suspend reviewers timely for noncooperation. These changes were approved at the May 2017 PRB meeting (agenda item 1.7) and reported in the June 2017 Reviewer Alert.

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Focus on Engagements Subject to *Government Auditing Standards* and Single Audit Requirements

The topics listed below are designed to alert reviewers of potential challenges faced by auditors performing engagements under *Government Auditing Standards* and single audits and provide related resources to assist reviewers in performing peer reviews. These types of engagements continue to be under intense regulatory scrutiny, including quality control reviews and desk reviews performed by federal cognizant and oversight agencies. Increased scrutiny is likely as the Uniform Guidance provides that a study of audit quality be performed once every six years to determine compliance to standards, requirements and procedures for governmental and single audits. Engagements selected for review will be those engagements that are submitted to the Federal Audit Clearinghouse no earlier than 2018, but the timing and scope of the study has not yet been determined by OMB.

This article can be downloaded and contains the following topics:

- Consideration of Yellow Book Independence in Peer Review
- Compliance Audits Below the Single Audit Threshold
- Single Audit Documentation
- Identifying High-Risk Type B Programs
- Addition of a New Program to an Other Cluster
- 2018 *Compliance Supplement* Now Available!
- Defined Benefit Pension Peer Reviewer Considerations
- Additional Resources and Tools for Reviewers and Auditors

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Data hosting as a nonattest service

In August 2017, the Professional Ethics Executive Committee issued an independence interpretation (ET 1.295.143) that expanded nonattest services to include data hosting. The interpretation is effective on September 1, 2018.

Under the interpretation, a firm's independence would be impaired when taking responsibility for hosting an attest client's data or records. The most common example of this would be taking responsibility and having sole custody over the attest's client's depreciation or amortization schedules.

Peer reviewers should become familiar with nonattest services that are and are not considered to be data hosting services and share this information within their own firms as well as with reviewed firms. Additionally, peer reviewers should consider whether allowable nonattest services are in compliance with independence requirements, including documentation.

An article titled, "How data-hosting services affect independence" appeared in the September 2017 issue of the Journal of Accountancy. This article provides a good summary of the interpretation and its potential effect on a firm's independence.

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June 2018 PRIMA enhancements

Next week, additional PRIMA enhancements will go live. They include functionality that will grant access for:

- Administering entities (AEs) to issue all reviewer performance feedback forms in PRIMA (previously some exceptions were issued outside of PRIMA)
- AEs to refer reviewers for removal in PRIMA, which will create individual hearing cases
- Reviewers to see communications and information on reviewer removal hearings in PRIMA
- Administrators and technical reviewers to see reviewer performance feedback forms issued in PRIMA under member inquiries
- Part-time technical reviewers to access reviewer performance feedback utilities like full-time technical reviewers

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Save the date for Peer Review conference and how to course
Need to meet your annual must-select or reviewer requirement? Join us at the Minneapolis Marriott City Center in Minneapolis, Minnesota for this year's conference and How To course. You can also attend optional or general sessions online.

If you would like to attend either optional session, but can't attend the general session, please contact Jessica Woody at Jessica.woody@aicpa-cima.com.

2018 Peer Review conference: July 30 – August 1, 2018

Becoming an AICPA Peer Review team or review captain: Case-study applications: July 30, 2018

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