

Reviewer alert

February 2021

Dear Peer Reviewers,

This edition of the Reviewer alert contains the articles below:

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[Firm Remediation of Non-Conforming Engagements](#)
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February Peer Review Board Meeting Update

On February 11, the Peer Review Board (PRB) met and discussed the following topics:

- Revisions to the Review Captain Summary form, which were approved and will be included in the April 2021 version of the form. These changes were designed to enhance review captain procedures related to engagement completeness.
- An overview of the status of the project to clarify peer review program guidance. The Standards Task Force is hopeful to present an Exposure Draft to the PRB for issuance later in 2021.
- Other recent task force activity including discussions related to peer review extensions, oversight activities, reviewer pool analysis and peer review course development.

Meeting Highlights

Summaries of other items discussed are included in the meeting highlights, which will be available soon on the AICPA's peer review web page. Any questions regarding the meeting highlights can be directed to [Peer Review Staff](#).

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Firm Remediation of Non-Conforming Engagements

For any non-conforming engagement identified, peer reviewers should remind the reviewed firm of its responsibilities to take appropriate actions as included in the *relevant* professional standards.

However, firms are only required to remediate as appropriate in accordance with the *relevant* professional standards and are not expected to recall reports or perform additional procedures in every scenario. For example, a firm with a non-conforming compilation engagement does not need to consider AU-C 560 or AU-C 585 when considering what remediation is necessary.

While firms are discouraged from defaulting to a response of “we’ll fix it on the next engagement” without thought behind that response, it may be the appropriate response. In such cases, firms should be able to articulate why that is the appropriate response.

Additionally, report acceptance body (RAB) members are reminded that they should not instruct reviewed firms to perform omitted procedures, to reissue accounting reports, or to have previously issued financial statements revised and reissued because those are decisions for the firm and its client to make. However, if the firm determines that omitted procedures will be performed or that financial statements will be revised, the RAB may require follow up action to evaluate the firm’s follow through on the intended steps taken. Ultimately, RABs can assign corrective actions as allowed by the guidance included in the RAB handbook, PRP Section 3300.

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Quick Hits

Single audits: Deliver high quality in a challenging time

The federal funding surge accompanying the coronavirus pandemic has made single audits more challenging than ever. But now that rules have been released, practitioners need to focus on [delivering high-quality single audits](#) in this difficult time. As we shared in the [November 2020 Reviewer alert](#), the GAQC has put together a myriad of [Uniform Guidance resources](#), most of which are available for free to you and your peer review clients.

Top audit challenges in 2021: you weighed in

With a new revenue recognition standard and continued pandemic-related disruption, 2021 is anything but business as usual for auditors. [Here are tips](#) for navigating the top 2021 audit challenges based on feedback from more than 230 of you and your fellow peer reviewers. From your input, we derived top challenges and identified resources, which we shared with thousands of CPAs. Thank you for your feedback!

Help us shape new quality management standards

[Share your thoughts on proposed standards](#) that will change the way firms manage quality for their accounting and auditing practices. These changes will impact all firms that have an accounting and auditing practice. The standards include a new proactive risk-based approach to effective quality management systems within firms. This improves the scalability of the standards since it promotes a system tailored to the nature and circumstances of the firm and its engagements. The standards are intended to convergence with the International Auditing and Assurance Standards Board’s (IAASB) recently finalized quality management standards. Please review the exposure draft and provide feedback by June 11. We’d appreciate it if you would also communicate to your peer review clients and encourage them to do the same.

Peer review extensions update

While peer reviews, corrective actions and implementation plans are no longer receiving automatic due date extensions, extensions are still going to be necessary in the current environment. While administering entities are still being encouraged to be lenient when reviewing these requests, they are also being encouraged to ask if the firms have a plan in place for how they plan to complete their peer review, corrective action or implementation plan before approving any extension request. As peer reviewers, please be proactive and work with your peer review clients and potential peer review clients in developing that plan (for example, agreeing to a date when the peer review will be performed) should an extension be necessary.

Need a training course?

Several of the sessions at last year's Peer Review Conference have been converted to on-demand CPE eligible training courses available for purchase. If you were unable to attend and need to take a course to fulfill your peer review training requirement, consider taking one of the following on-demand courses:

- [Peer Review Update session](#)
 - Fulfills [training requirement for ongoing qualification](#) for team captains and review captains
- [Employee Benefit Plans Must-Select Update](#)
 - Fulfills [training requirement for ongoing qualification for reviewers of EBP engagements](#))
- [Engagements under Government Auditing Standards Must-Select Update](#)
 - Fulfills [training requirement for ongoing qualification for governmental engagements](#))
- [Breakout Session for Technical Reviewers](#)
 - Fulfills training requirement for technical reviewers
- [Breakout Session for Peer Review Committee Members](#)
 - Fulfills training requirements for CPAs on Staff; optional training for RAB members.

Peer Review Risk Assessment Guidance

As a reminder, for peer reviews commencing through September 30, 2021, you should follow the guidance in the [Supplemental Guidance](#) section of the Peer Review Program Manual related to the evaluation of non-compliance with the risk assessment standards.

Remember that your objective is to determine whether the firm met the requirements outlined in the Risk Assessment Standards. It is not necessary to determine that all the engagements' forms and practice aids were completed correctly. Even if certain practice aids are not completed correctly, firms may be able to evidence compliance with the requirements through other means. You should have thorough conversations with your peer review clients to determine if they met all the requirements, including documentation.

Reminder - working paper submission requirements for reviews administered by NPRC

Interpretation 94-1 provides guidance on submission of peer review documentation to the administering entity for reviews administered by the National PRC. To minimize requests for revisions, thereby reducing delays in the peer review process, please ensure that the following documents are included in your submission of working papers:

- **All** documents required to be submitted for System Reviews and Engagement Reviews
- **All** Engagement questionnaires or checklists
- Appendix A, "Explanation of No Answers," for the PRPM section 4400, "Supplemental Guide-lines for Review of Quality Control Policies and Procedures for Engagements Performed in Accordance with Government Auditing Standards (Yellow Book)"
- Appendix A, "Explanation of No Answers," for the PRPM section 4500 or 4600, "Guidelines for Review of Quality Control Policies and Procedures," and 4550 or 4650, "Guidelines for Testing Compliance with Quality Control Policies and Procedures"
- Quality control documents and related practice aids
- Staff and focus group interview forms

- Planning documents
- Any other relevant documents

Illustrative examples of exemption reports

The illustrative examples of exemption reports for SEC-registered broker-dealers have been published on the [AICPA Stockbrokerage and Investment Banking Expert Panel webpage](#) and can be accessed directly [here](#).

AICPA Peer review manager position

Do you know of someone who would be a good fit for the AICPA Peer Review team? If so, encourage him or her to apply for our open manager position! The individual will be responsible for various peer review related initiatives, including providing clear and concise peer review related information to various stakeholders and performing audit like procedures of select peer reviews as they go through the report acceptance process. The individual should have solid knowledge of accounting and auditing standards and strong project management, organizational, written/oral communication and presentation, decision-making, problem-solving and conflict resolution skills; and the ability to manage multiple projects simultaneously.

Candidates should have a current CPA license with a minimum of 5-7 years' experience. The individual will be based in the Durham, NC office and will be able to telecommute remotely from most locations in the US, subject to the AICPA telecommuting policy. The AICPA has a work environment that offers work/life balance and is committed to diversity and inclusion.

Interested individuals can [click here](#) to see the job posting and apply for the position.

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