

Reviewer alert

September 2021

This edition of the Reviewer alert contains the following articles:

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September Peer Review Board meeting update

On September 2, the Peer Review Board (PRB) met and discussed various topics including:

- The [Clarified Peer Review Standards exposure draft](#)! The PRB approved the exposure draft. Important dates to keep in mind are:
 - The comment period ends on December 15, 2021
 - The proposed effective date is for peer review commencing on or after May 1, 2022. Early implementation will not be allowed as proposed.

While the intent of the project was to make peer review guidance easier to read, understand and apply, and not necessarily to change existing standards, the proposal contains several changes to existing peer review guidance.

- Staff are specifically requesting comments on these proposed guidance changes and posted a [Template for Comments and Suggestions](#).

Meeting highlights

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

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Are your firm's employee benefit plan audits and single audits on point?

With an imminent US Department of Labor assessment of the quality of ERISA plan audits, and the release of historic amounts of federal funding as coronavirus relief, your firm's employee benefit plan (EBP) audits may undergo additional scrutiny and you may be asked to take on a new or more complex single audits of entities receiving government COVID relief money. [Find out more!](#)

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Impact of coronavirus delays on a Reviewer's independence and performing Corrective Actions and Implementation Plans

Many firms have received extensions on their peer reviews due to the Coronavirus which may result in a delay of receiving corrective actions or implementation plans. A firm may be required to hire an outside party to perform corrective actions or implementation plans and many firms prefer to use their peer reviewer to perform such services. Reviewers should consider their independence on the firm's next peer review before agreeing to perform these services.

With the delay of firms receiving their corrective actions or implementation plans, the engagements or periods that would be subject to these actions may be outside the year after the peer review period which would impact the reviewer's independence to perform the next peer review.

For example, a reviewer would be considered independent if they perform the pre-issuance review on an engagement with a period- or year-ending (report date for financial forecasts, projections, and agreed upon procedures) in the year immediately after the peer review year. According to Interpretation No. 21-4, a reviewer would not be considered independent (and thus would not be eligible to perform the next peer review) if they perform the pre-issuance review on an engagement with a year-ending in the year immediately before the firm's next peer review year. An important factor to consider is the year-end of the engagement, not necessarily when the pre-issuance review is performed. As an example, see the following scenario:

Peer review year: Jan 1, 2019 – Dec 31, 2019

Year after peer review: Jan 1, 2020 – Dec 31, 2020 – The reviewer would be independent if they only performed pre-issuance reviews on engagements with years-ending during this year.

Year immediately preceding the next peer review: Jan 1, 2021 – Dec 31, 2021 – The reviewer would not be independent (for the next peer review) if they performed pre-issuance reviews on engagements with years-ending during this year.

Likewise, a reviewer would be considered independent on the firm's next peer review if they perform any service involving the firm's system of quality control for or during the year immediately after the peer review year. Such services include reviewing or performing the firm's annual internal monitoring, reviewing the firm's completion of its intended remedial actions in its LOR or FFC, and reviewing the firm's Quality Control Document.

To assist reviewers with their evaluation on independence to perform the firm's next peer review, the period- or year-end of the engagement that the service relates to should be included in the report to the RAB and the example exhibits in the Peer Review Program Section 3600 *Guidance for Writing Letters on Corrective Actions and Implementation Plans by Outside Parties* have been updated.

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Quick hits

Peer Review Risk Assessment Guidance – FINAL REMINDER

For peer reviews commencing after September 30, 2021, you should follow normal peer review guidance (and NOT the [Supplemental Guidance](#) section of the Peer Review Program Manual) as it relates to the evaluation of non-compliance with the risk assessment standards. Reviewers will need to determine if pervasive nonconformity with the risk assessment standards should be a deficiency or significant deficiency in the peer review report.

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.

[Technical Reviewer single audit training course](#)

We are pleased to announce that the new [Technical Reviewer Training for Single Audits](#) course is now available online.

As discussed on the technical reviewers' quarterly call on June 9, 2021, the Peer Review Board approved changes to technical reviewer training requirements, specifically for those technical reviewers who have been delegated the review of a single audit engagement(s) in a peer review. Enhancements include:

- Modifying training requirements for technical reviewers to explicitly require the completion of a technical reviewer single audit training course every two years, which is effective for the two-year period ending December 31, 2022.
- Adding a requirement to complete a technical reviewer single audit training course prior to performing the first technical review with a single audit engagement, which is effective immediately after the course becomes available.

Technical reviewers seeking approval for an alternative course can submit their course, or a detailed summary of their course, to prtechnical@aicpa.org.

[Other training course update](#)

Staff are in the process of updating several of the 2021 Peer Review Conference sessions into on-demand training courses that will meet the various training requirements for peer review stakeholders. Stay tuned for more information on when those training courses will be available.