

Reviewer alert

February 2022

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February Peer Review Board meeting update

In open session on February 2, 2022, the Peer Review Board approved the proposed Clarified AICPA Standards for Performing and Reporting on Peer Reviews, **effective for peer reviews commencing on or after May 1, 2022 (early implementation is not permitted)**. Read more about the proposal, including a draft of the standards in the [February open session materials](#) and our [February Special Alert](#) published on February 7.

Meeting highlights

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

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Next update of the Peer Review Program Manual (PRPM) expected in April

The next PRPM update will be available by late April 2022 on the [peer review web pages](#) and in the Online Professional Library (OPL)* to subscribers. The updates will be effective for reviews commencing on or after May 1, 2022. Monitor PRIMA announcements for when and where more details will be available.

*Access OPL by visiting the purchases tab under your profile when you log in to [aicpa.org](#).

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Requirements for Reviewers of must-select engagements

Team captains are reminded to determine that team members who review must-select engagements meet any relevant peer review requirements before reviewing such an

engagement. If an engagement is reviewed by a team member who is not qualified to do so, it may lead to reviewer feedback, oversight procedures from the administering entity, questions from the technical reviewer or other delays to the review acceptance process.

As a reminder, peer review guidance states that reviewers of must-select engagements should:

- Have completed additional training focused on must-select engagements that meets the requirements of the board. Peer review training and criteria for demonstrating proficiency in the standards, interpretations and guidance of the program is established by the board. Those criteria are located on the Peer Review page of the [AICPA website](#).
- Be currently (presently involved in) supervising or performing engagements, in his or her own firm, in the must-select industry or area; performing Engagement Quality Control Reviews on engagements in the must-select industry or area in his or her own firm; or performing the inspection of engagements in the must-select industry or area as part of his or her firm’s monitoring process; and currently meeting relevant, industry specific educational requirements, as applicable.
- Be associated with firms that are members of the respective Audit Quality Center where AICPA Audit Quality Centers exist (such as, but not limited to, the Employee Benefit Plan and Governmental Audit Quality Centers).

Staff are working on various changes to peer review related checklists to assist team captains in this area, which should be ready in early May.

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Consideration for Engagement Reviews related to engagements outside the Peer Review year

There are occasions when a review captain has to consider selecting an engagement outside of the peer review year to fulfill the engagement selection requirements. The following are examples of these potential scenarios and suggested actions the review captain can take.

Scenario	Suggested Action
The firm only performs one engagement within the scope of the review, and it will not be issued by the due date of the peer review.	<p>If the engagement will be issued within three months of the due date, request an extension.</p> <p>If the engagement will not be issued within six months of the due date, consider reviewing a prior engagement and tailor the report to accurately reflect the year-end of the engagement reviewed. The subsequent review would still be on the normal three-year cycle.</p> <p>Also, discuss with the reviewed firm and the administering entity about whether a year-end change would be beneficial for future peer reviews.</p>
The only engagement for a specific partner will not be issued by the due date of the peer review.	If the engagement will be issued within three months of the due date, request an extension.

Scenario	Suggested Action
	<p>If the engagement will not be issued within six months of the due date, review the prior year engagement, but do not alter the wording to the peer reviewer’s report.</p> <p>Also, discuss with the reviewed firm and the administering entity about whether a year-end change would be beneficial for future peer reviews.</p>
<p>The firm only performs one monthly compilation; therefore, a more recent engagement is available to review.</p>	<p>Review an engagement within the peer review period, which would not require any modifications to the peer reviewer’s report.</p>

Reviewed firms that encounter these scenarios may also consider consulting their state board of accountancy to determine any impact to the firm’s licensing requirements.

As a reminder for System Reviews, explicit guidance related to selecting engagements outside the peer review year exists as paragraph .58 states, “If the current year’s engagement has not been completed and issued, and if a comparable engagement within the peer review year is not available, the prior year’s engagement may be reviewed.” Additional information is included in Interpretations 58-1 through 58-3.

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Impact on reviews of firms that perform SEC registered Broker-Dealer audits

For reviews commencing on or after July 1, 2021, audits and the related compliance and exemption engagements for SEC registered broker-dealers are no longer included in the scope of peer review. However, there is still an impact on firms’ peer reviews that perform these types of engagements. These firms’ peer reviews need to be administered by the National Peer Review Committee as they performed engagements under PCAOB Standards. Other impacts include:

Firm - PRI:

- Only include levels of service and types of engagements that are in the scope of peer review
- Answer the PCAOB question relating to the Form 2 – if a Form 2 was filed with the PCAOB with broker-dealers, then the applicable questions should be answered yes
- Include Securities Investor Protection Corporation (SIPC) agreed upon procedures engagements (if performed) related to the broker-dealers audits as these are in the scope of peer review

Reviewer:

- Inquire if the PCAOB has inspected their broker-dealer engagements and document in the SRM if there are any findings, if those findings are applicable to engagements subject to peer review, and any impacts on peer review procedures
- Select a SIPC AUP engagement depending on the risk assessment; if one is reviewed, then complete checklist 21,300 Supplemental Checklist for Review of Agreed-Upon

Procedures Related to the SIPC Assessment Reconciliation for Broker Dealers (updated October 2021 to only apply to the SIPC AUP engagement) and the applicable 20,900 agreed upon procedures checklist

- Include “applicable to engagements not subject to PCAOB permanent inspection” language in the first and last paragraphs in the peer review report

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Need more Team Captains at your firm?

While team captains are required to be “partners,” the recently approved clarified peer review standards define partners as any individual with authority to bind the firm with respect to the performance of a professional services engagement. This definition may include employees with this authority who have not assumed the risks and benefits of ownership.

As firms might use different titles to refer to individuals with this authority, your firm should encourage anyone meeting this definition, including managers, to get involved in peer review! Tips for completing a reviewer resume and other helpful information in becoming a peer reviewer can be found on the [Peer Review web page](#).

As a reminder, team members on a System Review do not have to be partners. Having managers serve as team members can be a great way to get those interested involved in the Peer Review Program so they can be team captains in the future!

While Peer Review Board members did discuss the possibility of allowing managers (in other words, those without the authority to bind the firm) to serve as team captains, there were ultimately concerns over:

- The effectiveness of a peer review performed by such as team captain, particularly as it relates to interactions with senior partners at other firms
- Their ability to sign peer review reports, but not other types of reports for their firm

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Quick hits

Quality management communication is important!

We strongly encourage you to begin talking about the proposed quality management standards with your peer review clients as soon as you can! The original exposure draft and other helpful supplementary material can be found on the [AICPA's Exposure Drafts of Proposed SASs, SSAEs, and SQCSs web page](#). Other helpful information can be found in our special edition of the [PR Prompts newsletter](#) from May of 2021.

Peer Reviewer Forum update

Did you miss the first edition of the Peer Reviewer Forum held in December? If so, check out the [Peer Review webcast archive web page](#) for an hour long recording where PRB Chair, Brian Bluhm goes over the latest developments in peer review.

If you have suggested topics or questions you want answered at a future Peer Reviewer Forum, [please let us know](#). We want to make sure the peer reviewer community is getting the information it needs!

Need a training course?

Several of the sessions at last year's Peer Review Conference have now 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

Need to contact a Peer Review related hotline?

As a reminder, if you have a peer review related question, you can always reach out to one of our peer review related hotlines to get the assistance you need!

- 1) Have a PRIMA related question? Contact the peer review operations hotline:
 - a. 919.402.4502, press 2 or prsupport@aicpa.org
- 2) Have a question about peer review guidance? Contact the peer review technical hotline:
 - a. 919.402.4502, press 3 or prptechnical@aicpa.org
- 3) Want a member of the AICPA's A&A team to help you and your peer review client understand the relevant authoritative guidance on a selected engagement? Contact the [Issue Advisory Hotline](#):
 - a. 919.402.4502, press 4
- 4) Have other miscellaneous A&A questions? Contact the [AICPA Technical Hotline](#):
 - a. 877.242.7212 or submit a [Technical Inquiry Form](#)

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