

Reviewer alert

May 2022

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May Peer Review Board meeting update

In open session on May 4, 2022, the Peer Review Board:

- Approved revisions to the reviewer resume verification process
- Had no concerns with proposed messaging to the administering entities (AEs) that would indicate that the Peer Review Board would not object to AEs complying with requirements outlined in PR-C Section 400, regardless of the commencement date of the peer review

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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How to evaluate Quality Control Materials (QCM) in Peer Reviews under the Clarified Peer Review Standards

What changed?

Guidance on how a peer reviewer evaluated the adequacy of QCM used by a reviewed firm (previously provided to peer reviewers in interpretation Nos. 42-2 and 42-3) was eliminated. This was because guidance for how a firm promotes consistency in the quality of engagement

performance is addressed in QC section 10, *A Firm's System of Quality Control*.^{1 2} In response, peer review practice aids were updated to better align with QC section 10. For example:

- The *Guidelines for Testing Compliance With Quality Control Policies and Procedures* checklists (QC P&P) now ask the reviewer to:
 - assess the firm's policies and procedures for use of the QCM, and
 - evaluate whether the firm's policies and procedures for use of the QCM are appropriately designed and implemented (this can be complemented by the evaluation of the firm's QCM during the review of engagements).
 - Determine if any additional optional procedures should be performed including:
 - determining whether the QCM used by the firm are appropriate for the firm and
 - requesting a copy of the practitioner's report or other documentation from the firm, evaluating scope and results of the procedures performed, and determining the extent to which the results can be relied upon to assist the firm in evaluating its QCM if the firm evaluates its QCM in part by referring to:
 - the results of a QCM review,
 - an examination under the Statements on Standards for Attestation Engagements (SSAEs),
 - some other engagement, or
 - other procedures.
- The *Summary Review Memorandum* (SRM) now asks the reviewer to:
 - describe the QCM used by the firm, if applicable, including the name of the provider, and to describe how the firm uses the QCM to promote consistency in the quality of engagement performance.

Guidance on performing and reporting on QCM reviews was eliminated from peer review guidance for similar reasons. QCM reviews that commenced prior to the effective date of the clarified PR standards will be the last QCM reviews accepted and made available on the [QCM review results web page](#). To replace QCM reviews, the AICPA is developing a new assertion-based examination performed under the SSAEs. Firms and peer reviewers could then use the results of these engagements to evaluate a firm's QCM. In mid-2022, proposed criteria for the examination will likely be exposed for:

- evaluating content of QCM as it relates to the relevant standards and interpretive guidance, and
- the description of the content of QCM.

The criteria form the benchmarks against which the practitioner performing the examination evaluates the QCM content and the related description. The AICPA also expects to issue a

¹ The QC section can be found in AICPA *Professional Standards*.

² The AICPA Auditing Standards Board (ASB) recently approved to issue as final the *Quality Management Standards*² including the standard, *A Firm's System of Quality Management* (SQMS No. 1) which addresses a firm's responsibilities to design, implement, and operate a system of quality management (QM) for its accounting and auditing practice. Some of the intellectual resources discussed in SQMS No. 1, including those made available through technological resources, are considered QCM (expected to be renamed QMM). Firms and peer reviewers will find additional guidance in the SQMS No.1 and expected implementation materials. Systems of quality management in compliance with the quality management standards are required to be designed and implemented by December 15, 2025.

guide to assist practitioners engaged to perform and report on QCM content and the related description.

Nothing precludes QCM providers from obtaining an examination on their QCM using criteria they developed, rather than those developed by the AICPA. Those examination results may also be used to evaluate a firm's QCM if the criteria used are relevant, objective, measurable and complete.

Peer reviewers should encourage their peer review clients to obtain those practitioner's examination reports directly from their QCM providers if they do not already do so.

Other resources and means to evaluate QCM in Peer Reviews

A firm and its peer reviewer may choose to use other resources and means to evaluate QCM when appropriate. For example, other means may be necessary when the QCM or an aspect of the QCM (such as the functionality of the technology) has not been subject to a QCM review, an examination or other type of engagement.

As an example of an "other means," a firm may perform its own measurement and evaluation of its QCM by reading the content of the QCM; comparing the QCM content to the relevant standards and interpretive guidance; comparing the relevant standards and interpretive guidance to the QCM content; and testing the QCM content by assuming a set of conditions and applying the QCM content to that set of conditions.

Finally, a firm could consider the QCM provider's experience in the industry and reputation in the market, consult with peers about the QCM, and consider the firm's previous experience using the QCM, including whether the firm's monitoring procedures and peer reviews identified deficiencies or engagements that were not in compliance with professional standards resulting from use of the QCM. A firm may also refer to QC section 10 and other relevant quality control or quality management standards and interpretive guidance for guidance on determining whether a resource such as QCM is appropriate for use in a firm's system of quality control or quality management.

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Evaluating Peer Review Implications of SAS No. 136, as amended

In addition to the items discussed in the [October 2021 Reviewer alert article](#), peer review staff is anticipating questions on how to assess potential noncompliance with SAS No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, as amended, during a peer review, particularly as it relates to firm implementation. Please note that the information included herein should be considered in addition to the October 2021 Reviewer alert article, as some of the scenarios listed in that alert relate to requirements that are also included in AU-C section 703. As with most instances of noncompliance, peer reviewers should:

- Evaluate the specific circumstances of noncompliance with this professional standard on each peer review, both individually and in the aggregate, to determine whether to deem an engagement nonconforming.
- Consider whether a user, who would reasonably expect to rely on the financial statements, would be affected by noncompliance with the suite of new standards (this requires judgment as it is not expected for reviewers to be intimately familiar with all potential users of specific financial statements).

The Peer Review Board recognizes that each peer review is unique and that reviewers need to exercise professional judgment when forming conclusions. In any case, the peer review standards require reviewers to consider identified issues individually and, in the aggregate, and to clearly document the basis of conclusions reached.

As with any new standard, a complete failure to implement is generally deemed non-conforming. Although not all-inclusive, the following table includes example scenarios that illustrate single instances of noncompliance with these new standards. The scenarios primarily relate to instances of reporting noncompliance, but peer reviewers should note that noncompliance with other requirements outlined in SAS No. 136, as amended, could also lead to a non-conforming engagement. As mentioned previously, the reviewer should consider whether multiple issues on the same engagement, such as in the scenarios below, would result in a nonconforming engagement.

Scenario	Nonconforming	Comments
The auditor did not use the new form of report for an ERISA section 103(a)(3)(C) audit.	Yes ³	An expected user would likely be misled if an auditor used the prior year's limited scope auditor's report.
The auditor's report is for an ERISA Section 103(a)(3)(C) audit, however, the entity issuing the certified investment information is not a qualified institution under DOL rules and regulations or has provided an improper certification.	Yes ³	An expected user would likely be misled by statements included in the auditor's report when investment information has not been certified properly or was certified by an entity that is not qualified under DOL rules and regulations. Additionally, an auditor is not permitted to perform an ERISA Section 103(a)(3)(C) audit or issue an ERISA Section 103(a)(3)(C) auditor's report when the certifying institution is not a qualified institution or when the certification is improper.
The Scope and Nature of ERISA Section 103(a)(3)(C) Audit section is not presented first in the auditor's report for an ERISA Section 103(a)(3)(C) audit.	No	An expected user would likely not be misled by the report not being in the same order as prescribed by SAS No. 136, as amended.
The auditor implemented SAS No. 136, as amended, and issued an ERISA Section 103(a)(3)(C) report	Yes ³	An expected user would likely be misled by statements in the auditor's report if the prior period is

³ Reviewers encountering this scenario would likely answer the relevant engagement checklist questions related to reporting as "No." While the final version of engagement checklist questions related to reporting in accordance with SAS No. 136, as amended, are still being finalized, similar questions related to complying with pre-SAS No. 136 reporting requirements are bolded. This indicates that the "No" answers by themselves are usually indicative of an engagement that has not been performed or reported on in accordance with professional standards in all material respects, although this does not preclude professional judgment from being applied.

Scenario	Nonconforming	Comments
<p>for comparative financial statements. In the prior year, the auditor disclaimed an opinion on the financial statements because a limited scope audit was performed. In the current year's audit, the auditor did not do one of the following:</p> <ul style="list-style-type: none"> • perform procedures required by SAS No. 136 on the prior year's financial statements • reference the disclaimer of opinion in an other-matter paragraph in the current year's auditor's report, • update the auditor's report in accordance with AU-C sec. 703.86 • attach the prior year's auditor's report to the financial statements, or • otherwise properly address the prior period. 		<p>not properly addressed. In this situation the auditor could have included an "other matter" paragraph or attached both the old and new audit reports to the financial statements, among other options.</p>
<p>The auditor's report does not include management's responsibilities to:</p> <ul style="list-style-type: none"> • Maintain a current plan instrument, including all plan amendments • Administer the plan, and determine that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, which includes maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants 	<p>No</p>	<p>An expected user would likely not be misled as to what management's responsibilities are versus the auditor's responsibilities</p>

If the firm you are reviewing is struggling in this area, consider encouraging them to check out the [103\(a\)\(3\)\(C\) resource center](#) or the [SAS No. 136 \(AU-C section 703\) resource center](#) from the Employee Benefit Plan Audit Quality Center (EBPAQC)! Exclusive for EBPAQC members, these have a host of great resources including:

- An 103(a)(3)(C) audit primer
- Common deficiencies in ERISA Section 103(a)(3)(C) audit certifications

- A tool for plan management that outlines conditions for plan management to elect an ERISA Section 103(a)(3)(C) audit
- A documentation tool for the auditor's evaluation of management's assessment of an ERISA Section 103(a)(3)(C) audit certification
- FAQs for the new employee benefit plan auditing standard
- Client discussion tools for SAS No. 136

Finally, the AICPA's financial reporting center has [illustrative auditor's reports for initial year of implementation of SAS No. 136](#) available for free!

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Governmental articles

Are your Peer Review clients performing new Yellow Book services?

The AICPA estimates that funding related to Coronavirus aid and relief will result in several thousand new single audits or other engagements performed under *Government Auditing Standards* (also referred to as the Yellow Book and GAGAS). Your peer review clients may be asked to perform their first Yellow Book engagement as their clients navigate the requirements of federal funding. Yellow Book engagements are highly specialized engagements that build on AICPA standards and add additional requirements issued by the U.S. Government Accountability Office (GAO).

If your peer review client performs a Yellow Book engagement it will be required to have a system review, which includes a review of at least one Yellow Book engagement.

As you plan your upcoming peer reviews, we encourage you to:

- Talk to your peer review clients about whether they have performed, been engaged to perform, or expect to be engaged to perform a single audit or other compliance attestation engagement under Yellow Book with respect to the receipt of federal funds
- Consult with the administering entity if there are reasons to believe the firm's list of engagements is not complete
- Consider whether the types of federal funding received affect planning or require additional emphasis in the current review, as applicable
- Determine if other procedures are necessary in the circumstances

For more information on Yellow Book engagements, consider the following resources:

- To view the 2018 Yellow Book, [GAO Yellow Book web page](#)
- For Yellow Book practice aids and tools, AICPA's [Governmental Audit Quality Center](#), including [Archived GAQC web events](#)
- For an AICPA independence comparison, [Independence rules comparison: AICPA and Government Auditing Standards](#)

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Yellow Book engagements subject to selection

Legislation in response to the COVID-19 pandemic has provided historic levels of federal funding to states and localities, not-for-profits, and other entities. With this new funding, many organizations are finding themselves subject to a single audit or other compliance attestation engagements performed under *Government Auditing Standards*, commonly referred to as generally accepted government auditing standards (GAGAS) or the Yellow Book, for the first

time. A common question peer reviewers are asking AICPA peer review staff is related to selection of an initial Yellow Book engagement with a year-end after a firm's peer review year. While selection of such an engagement is not appropriate under peer review standards, there are some considerations that would need to be made in such circumstances.

Discuss your clients' Peer Review year-end and due date

Paragraph .A43 of PR-C section 100 indicates that ordinarily a firm should maintain the same year-end on subsequent peer reviews. However, circumstances may arise that may influence a firm to want to request a change to its peer review year-end or request a due date extension. Talk to your peer review clients during planning about the appropriateness of their peer review year-end and due date. Factors to consider include, but are not limited to:

- Nature of practice in high-risk areas subject to peer review
- Due dates for single audits are generally nine months from the financial statement year-end
 - The Data Collection Form and reporting package are required to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period [2 CFR 200.512]
- With the current peer review due date, would the engagements be complete at the time the review is due
- If the firm has a large tax practice, think about if the current peer review due date allows the firm to have the peer review after busy season

The firm may also consult their state board of accountancy or other regulatory bodies to consider the impact on licensing or other requirements.

Consider the firm's quality control policies and procedures

If your peer review client was engaged to perform its first Yellow Book engagement during the peer review year, determine if the appropriate structures are in place at the firm to facilitate the successful performance of the engagement. A sampling of the quality control policies and procedures (QCPP) for a Yellow Book practice include:

- *Client Acceptance and Continuance*- Whether engagement personnel have an adequate level of competency before accepting the engagement, have access to sufficient technical resources, and that appropriate ongoing continuing professional education (CPE) is provided to staff in this highly specialized field.
- *Human Resources*- What criteria is in place for determining personnel to be assigned to Yellow Book engagements, including partners, and whether the firm's QCPP is appropriately designed to require specialized CPE in specialized areas. See additional considerations in the following subsection, "Expertise, competence, and continuing professional education."
- *Engagement Performance*- Is the criteria for performing engagement quality control review appropriate in the circumstances and does the firm intend to engage a third party for assistance?
- *Monitoring*- Does the firm have appropriate parties possessing current experience and knowledge of the accounting and auditing practices specific to single audits to monitor performance?
- *Relevant Ethical requirements*- Does the firm understand and have appropriate policies and procedures to address ethical requirements in the Yellow Book, including the additional requirements as it relates to performing nonaudit services?

If the firm didn't appropriately design or perform procedures on its QCPPs consider the nature, timing, and extent of the firm's involvement with Yellow Book engagements when determining the impact on the peer review. Keep in mind, the goal of the peer review program is to be remedial and assist firms in performing quality work.

Expertise, competence, and continuing professional education

The auditor must assign auditors with the competence needed to conduct the engagement in accordance with GAGAS. Competence is the knowledge, skills, and abilities obtained from education and experience, necessary to conduct the GAGAS engagement. The [2018 Yellow Book](#) establishes requirements reviewers will need to consider when a reviewed firm is performing its first audit pursuant to GAGAS. Key requirements to consider include, but are not limited to:

- *Paragraph 4.02:* Auditors must assign auditors to conduct the engagement who before beginning work on the engagement **collectively** possess the competence needed to address the engagement objectives and perform their work in accordance with GAGAS.
- *Paragraph 4.03:* Auditors must assign auditors who possess the competence needed for their assigned roles **before beginning work** on the engagement.
 - Competence may come from various sources including prior experience, CPE matter, or obtaining certain certifications.
- *Paragraph 4.16:* Auditors who plan, direct, perform engagement procedures for, or report on the engagement should complete at least 80 hours of CPE in every two-year period, including at least 24 hours in subject matter directly related to the environment in which the audited entity operates.
 - Determining whether CPE qualifies for the 24-hour requirement is a matter of professional judgement.
 - Auditors hired or assigned to a GAGAS engagement after the beginning of the 2-year CPE period may complete a prorated number of CPE hours.
- *Paragraph 5.43:* Auditors should perform monitoring procedures that enable it to assess compliance with professional standards and ensure individuals performing monitoring have sufficient expertise and authority within the organization.

The application guidance to the Yellow Book requirements can be useful in assisting reviewers determine if auditors met the requirements required by the 2018 Yellow Book.

“Step-Up” review reminder

If your peer review client, after the year-end of its engagement review, performs any engagement that would have required the firm to have a system review (such as a Yellow Book engagement), the firm should 1) immediately notify the administering entity and 2) undergo a system review. The system review will ordinarily be due 18 months from the year-end of the engagement requiring a system review or by the firm's next due date, whichever is earlier (see paragraph .31 of PR-C section 100).

For additional questions contact the technical hotline at 919.402.4502, option 3, or prptechnical@aicpa.org.

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Peer Review extension FAQs

Yellow Book compliance with peer review timing requirements remains a focus point during the COVID-19 pandemic and often leads to discussions during the peer review, technical review,

and review acceptance process. The questions below summarize the most common inquiries received by peer review staff relating to peer review extensions and provide considerations based on the 2018 Yellow Book requirements.

The examples provided are intended to assist the peer reviewer in determining whether there is a departure from professional standards and the impact of that departure on the peer review. However, examples cannot contemplate every circumstance a peer reviewer might face and are not a substitute for professional judgement.

Is a Yellow Book engagement nonconforming if the firm did not have a peer review performed timely?

If a firm is performing engagements subject to GAGAS and the firm does not have a peer review performed timely (ordinarily every three years), the engagements would likely be classified as not performed or reported on in accordance with the requirements of applicable professional standards in all material respects (nonconforming) for purposes of the AICPA Peer Review Program.

The 2018 Yellow Book [2018 GAS par. 5.60] does not explicitly indicate a three-year peer review requirement, but rather indicates the firm should comply with the recognized organization's (AICPA) peer review requirements [2018 GAS par. 5.61], which is generally to have a peer review performed every three years (with consideration of approved extensions) per paragraph .22 of PR-C section 100.

Due to the pandemic, the U.S. Government Accountability Office (GAO) provided a blanket approval of all AICPA/Administering Entity (AE) extensions granted during the Peer Review Board's automatic extension period in 2020. AE extensions *granted after* September 30, 2020, that exceed three months beyond the firm's due date (including three months beyond blanket approval extensions), still require concurrence from the GAO [2018 GAS par. 5.64].

Firms that do not obtain approved extensions, or are deemed by the AE as not cooperating, would be out of compliance with both peer review and Yellow Book requirements.

If a firm did not comply with the peer review timing requirement, but properly considered the impact on GAGAS engagements (documented consideration of whether a modified compliance statement in the GAGAS audit report was necessary) as required [2018 GAS par. 2.17- 2.19], the peer reviewer would likely not deem those engagements as nonconforming as the firm appropriately addressed the issue in conformity with professional standards prior to the peer review. If the proper considerations were not made or documented, the peer reviewer would need to evaluate the degree of the departure (e.g., consider the tardiness of the peer review without an approved AE or GAO extension) to determine if those engagements are nonconforming. For example, two months may be evaluated differently than an entire year late.

When should I issue a peer review finding or report deficiency for noncompliance with the peer review timing requirement?

In light of the preceding question and response, a peer reviewer needs to evaluate a firm's system of quality control and compliance with it and the peer review standards in determining whether a finding or deficiency exists. Even if all of a firm's GAGAS engagements are deemed nonconforming, the answer will depend on other factors. For example, consider if the firm performs 100 audits but very few are engagements subject to GAGAS. In this situation, although the firm must address the nonconforming engagement(s), this situation would likely not result in a deficiency. The reviewer must consider the firm's Yellow Book practice in relation to

the practice as a whole and could determine a Pass with Deficiency (or Fail) report is appropriate.

If the firm modified the GAGAS compliance statement in the audit report in accordance with GAS paragraph 2.17b(1) and indicates that the firm did not comply with the peer review requirement, should a peer reviewer conclude the engagement is conforming?

If the firm modifies the GAGAS audit report in accordance with 2.17b(1), this aspect of the audit would be in compliance with professional standards and thus would likely not be deemed as nonconforming for this reason.

If a firm is behind significantly (for example, more than 4 years since the prior peer review), would the engagements still be conforming with the modification of the GAGAS compliance statement in the audit report as indicated in GAS paragraph 2.17b?

If the firm is that delinquent, it is unlikely it received appropriate extension approval(s) and likely was not cooperating with the AICPA Peer Review Program. However, with the appropriate disclosure in the GAGAS audit reports, that would not be a reason to cause the engagements to be nonconforming. However, even if engagements are deemed conforming that doesn't preclude the possibility of a finding or deficiency for the firm's failure to comply with monitoring or professional regulatory requirements, for example. This would depend on the facts and circumstances.

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HUD matters

One of the more common departures from standards found by peer reviewers of the U.S. Department of Housing and Urban Development (HUD) audit engagements is inadequate documentation related to the electronic submission process of financial and compliance data performed by the auditor under the AICPA Statements on Standards for Attestation Engagements for Agreed-Upon Procedures (AUP). Many firms do not realize that this AUP engagement is a separate engagement that requires a separate engagement letter, representation letter, etc. As a result, peer reviewers have noted inadequate documentation and support for the AUP performed that should support the AUP report issued by the firm.

The [Consolidated Audit Guide For Audits of HUD Programs](#) indicates:

That if the program being audited requires electronic submission of the financial and compliance data to HUD, the responsibilities of the auditor and the auditee should be included as follows:

- a. The auditee is responsible for making the electronic submission to HUD.
- b. The auditor under a separate agreed-upon procedure engagement is responsible for applying procedures to ensure that the data submitted agree with the auditee's hardcopies of the supporting documentation. [HUD chapter 1, paragraphs 1-5]

Peer Reviewer considerations

Peer reviewer considerations when reviewing HUD engagements include, but are not limited to:

- Attestation engagements performed under *Government Auditing Standards* (GAS) would require a firm to have a system review per paragraph .09 of PR-C section 100.
- An audit or attestation engagement subject to GAS is eligible to fulfill the GAS must-select requirements (see PR-C section 210, Appendix C — Additional Requirements for Must-Select and Must-Cover Engagements).
 - The reviewer would need to consider whether selection of the attestation engagement instead of an audit subject to GAS, as applicable, would be the

- most appropriate selection based on the peer review risk assessment and document that assessment in the Summary Review Memorandum (SRM).
- If the firm also performs engagements of entities subject to the Single Audit Act, the reviewer would need to at least review the compliance audit requirements of such an engagement.
 - When there are HUD audit engagements, reviewers would need to inquire with the firm as to whether an AUP report was required. If it is determined that the firm did issue an AUP report, the reviewer would need to review the firm's Peer Review Information (PRI) form in PRIMA to make sure the "Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)" (level of service code 26) is marked as being "performed." If this level of service code is not marked, the reviewer would need to either
 - request the firm to update its PRI or,
 - the reviewer could update the PRI in PRIMA and send to the firm for approval.
 - The Review Summary in PRIMA would need to separately identify the AUPs associated with the HUD audit engagement in the "Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)" section.
 - The firm's hours that relate to the AUP portion of the HUD engagement would need to be reflected in the column "Population Hours" in the row, "Attestation Engagements (Examination, Review, or Agreed-upon Procedures under GAS)."
 - If the firm doesn't capture the AUP hours separately from the audit engagement, the firm could provide an estimate or leave the column blank.
 - The reviewer would need to utilize the "Additional Comments Regarding Engagement Selection" section appearing after the Scope and Results of Engagements in PRIMA to provide further explanation about the firm's engagements, as needed.
 - The "Report on the Firm's System of Quality Control," in the Required Selections and Considerations section, should indicate "engagements performed under *Government Auditing Standards*" when the peer reviewer reviewed both the HUD audit engagement and AUP.

The Governmental Audit Quality Center (GAQC) offers the following advice in [GAQC Alert No. 431](#) for practitioners as it relates to the required AUP engagement and out-of-date AUP report templates. Practitioners are advised to proceed with clicking "Submit" to process the electronic AUP reports so that auditees are able to meet their submission requirement. However, we also recommend that practitioners issue a separate AUP report that reflects the requirements of the updated attestation standards for AUP engagements and provide it to the client. Being able to support that an AUP report was issued in accordance with the standards will assist practitioners in the event the AUP engagement is selected as part of your internal inspection process, a peer review, or a federal quality control review.

Considerations during the Peer Review acceptance process

Considerations of technical reviewers and report acceptance body members during the peer review acceptance process include, but are not limited to:

- If it is determined that the firm did issue an AUP report, confirm that the PRI form and Scope and Results of Engagements in PRIMA reflects the firm's performance of AUPs under GAS when there are HUD audit engagements before presenting the review to a RAB, as firms cannot update their PRI after a committee letter is issued.
- Consider if the team captain appropriately addressed the unique risks associated with all GAS engagements in the team captain's risk assessment.

- Evaluate whether the scope of the review, including a cross section of GAS engagements and the firm’s other accounting and auditing engagements, provides a sufficiently comprehensive basis to conclude on the adequacy of the firm’s system of quality control and compliance with that system.

Reviewers are encouraged to visit the to the [GAQC HUD Information page](#) to access resources relating to HUD engagements, including its [Directory of Helpful Web Sites](#).

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Additional resources and tools for Reviewers and Auditors

The Governmental Audit Quality Center (GAQC) has developed resources that can assist reviewers in reviewing and performing engagements under *Government Auditing Standards* and single audits and to share with auditors, as applicable. (Please note that some GAQC resources are for members only). These resources include, but are not limited to:

- Practice aids related to the Provider Relief Fund program,
 - [HHS Audit Requirements for For-Profit Entities with Awards for the Provider Relief Fund Program and Other HHS Programs](#)
 - [Audit Scope Considerations for Provider Relief Fund General and Targeted Distributions in Parent-Subsidiary Relationships](#)
- [Tips for Auditors Taking on Single Audits](#)
- [Tips for Organizations Subject to Single Audit Requirements](#)
- [Guidance on the Reporting of Certain COVID-19 Awards on an Accrual Basis SEFA](#)
- [Governmental Illustrative Auditor's Reports](#)
- [GAQC: Archived Web Events](#)
 - 2021 Compliance Supplement and Single Audit Update
 - Uniform Guidance Revisions: What You Need to Know
 - Single Audit Lightning Round
 - An Audit Primer for Auditors of For-Profit Entities Receiving Provider Relief Funds
 - OMB Supplement Addendum and the Latest COVID-19 Single Audit Implications
 - Preparing for your First Single Audit: An Auditee Perspective

Reviewers are also encouraged to periodically check the [GAQC Resources page](#) to access any new resources added.

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Reviewer resume verification process changes

In the open session meeting on May 4, 2022, the AICPA Peer Review Board (Board) approved revisions to the reviewer resume verification process to rely on existing PRIMA functionality. As a result of this enhancement, administering entities (AEs) will no longer manually verify reviewer resumes every three years. However, AEs or the Oversight Task Force (OTF) of the Board may manually verify compliance with CPE requirements when circumstances warrant, such as oversight results or reviewer performance issues.

As a reminder, reviewers should update their reviewer resume annually to accurately to reflect qualifications, including recent industry experience. More frequent updates may be needed in certain situations such as the renewal of a reviewer’s license, issuance of reports in new levels

of service, engagement types, or industries; changes in the firm that the reviewer is employed by or a partner of; and peer review continuing education courses taken.

Effective date

For more information, refer to the [May 4, 2022 PRB open session materials](#).

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Capturing statistics in PRIMA when multiple engagements are involved

A common question peer reviewers are asking AICPA peer review staff is related to completing the Review Summary in PRIMA and how to classify an engagement where there is both an audit and an agreed-upon procedures (AUP). As different standards are used, each engagement reviewed would need to be shown on one row in the Review Summary on the most specific row. For example, if the auditor is engaged by an entity to perform the annual audit under Statements on Auditing Standards and also report on tests of compliance with the entity's chart of accounts requirements in an AUP under Statements on Standards for Attestation Engagements (SSAEs), the Review Summary would indicate:

- An audit on the row titled "Other Audits Under Statements on Auditing Standards"
- An AUP subject to the SSAEs on the row titled "Agreed-upon Procedures Engagements"

Note that a single audit under the Uniform Guidance would appear on one row in the Review Summary on the row titled "OMB Single Audit Engagements." The Single Audit Act of 1984, as amended in 1996, refers to a "single audit" because it consolidates multiple individual audits of nonfederal entities required for each federal award into a single audit, encompassing both financial and compliance components. The Office of Management and Budget (OMB) has explained: "A single audit is intended to provide a cost-effective audit for nonfederal entities in that one audit is conducted in lieu of multiple audits of individual programs."

Refer to the PRIMA Help article, [Completing Engagement Summary on System Reviews](#), for additional information.

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Quick hits

Quality Management communication is important!

The Auditing Standards Board recently approved Proposed Statements on Quality Management Standards – Quality Management: *A Firm's System of Quality Control and Engagement Quality Reviews* as well as Proposed Statement on Auditing Standards, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*. The effective date for these standards is not until December 2025 as to, in part, allow peer reviewers to discuss the new requirements with their peer review clients and get the word out.

Peer review staff, ASB staff liaisons and volunteers from each group are working to develop resources and other training materials to help firms understand and implement these new standards. Additional materials are being developed for peer reviewers to help them perform assessments of a firm's system of quality management.

Be on the lookout for these items as they are published and be sure to alert your peer review clients that the new standards are coming!

Will changes in PRIMA be significant for Clarity and when will we see them?

As a quick reminder, there are not significant changes in PRIMA due to Clarity as the changes consist primarily of updating references to guidance and links and will occur in June. The most significant change for peer reviewers is that Matters for Further Consideration (MFCs) on engagement reviews must be elevated on the Disposition of Matter for Further Consideration (DMFC) to a Finding for Further Consideration (FFC) or included as a deficiency in the peer review report; however, that change will not occur until fall 2022.

2018 Yellow Book Q&A for Peer Reviewers – Available now!

We are pleased to announce that the new resource, [Evaluation of a Firm's Compliance with 2018 Yellow Book Independence Requirements Related to Nonaudit Services](#), is now available! Gain an understanding of recent changes to the Yellow Book that may need special attention in a peer review and learn what you can do to help ensure the engagements under review are meeting the quality standards. We will sort through the complexities so you can identify quality problems through review of Yellow Book engagements and give you techniques to use in your own peer reviews. Also, find out about the common areas of noncompliance with professional standards. Hot topics include, but are not limited to:

- Key differences in applying AICPA *Code of Professional Conduct* and the 2018 Yellow Book
- Detail-rich examples and scenarios to help you identify potential Yellow Book independence quality problems with performance of nonaudit services
- Tools you can use to evaluate compliance with 2018 Yellow Book independence requirements related to nonaudit services

For additional questions contact the technical hotline at 919.402.4502, option 3, or prptechnical@aicpa.org

Have questions about independence in peer reviews? We have answers!

If you're not sure how ethical requirements relating to a peer review apply in situations involving review of a firm's system of quality control, pre-issuance reviews, services performed for reviewed firms, reciprocal peer reviews, or when firms are providing services together such as associations of CPA firms, we have a resource for you!

Now available on the AICPA Peer Review website, refer to this [Q&A](#) with considerations intended to help you understand and apply requirements and related application and other explanatory material from the clarified standards. When in doubt, consult your administering entity or the AICPA technical hotline!

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