



AICPA[®]

Peer Review
Program

**QUESTIONS AND ANSWERS ABOUT
THE AICPA PEER REVIEW PROGRAM**

TYPES OF REPORTS

January 2023

Table of Contents

TYPES OF REPORTS	1
What types of peer review reports are issued on System Reviews?	1
What types of peer review reports are issued on Engagement Reviews?	2
My firm received an FFC for pervasive issues with complying with the risk assessment standards (AU-C 315 and 330) on my last peer review. Can I expect similar treatment on my current peer review?	2

TYPES OF REPORTS

What types of peer review reports are issued on System Reviews?

A team captain on a System Review can issue one of three types of opinions on the firm's system of quality control (system): Pass, Pass with Deficiencies or Fail.

Pass

A report with a peer review rating of *pass* is issued when the team captain concludes that the firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

There are no deficiencies or significant deficiencies that affect the nature of the report. In the event of a scope limitation, a report with a peer review rating of *pass (with a scope limitation)* is issued.

Pass with Deficiencies

A report with a peer review rating of *pass with deficiencies* is issued when the team captain concludes that the firm's system of quality control for the accounting and auditing practice has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting with applicable professional standards in all material respects with the exception of a certain deficiency or deficiencies that are described in the report. These deficiencies are conditions related to the firm's design of and compliance with its system of quality control that could create a situation in which the firm would have less than reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one or more important respects due to the nature, causes, pattern, or pervasiveness, including the relative importance of the deficiencies to the quality control system taken as a whole.

In the event of a scope limitation, a report with a peer review rating of *pass with deficiencies (with a scope limitation)* is issued.

Fail

A report with a peer review rating of *fail* is issued when the team captain has identified significant deficiencies and concludes that the firm's system of quality control is not suitably designed to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects or the firm has not complied with its system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

In the event of a scope limitation, a report with a peer review rating of *fail (with a scope limitation)* is issued.

[Back to top](#)

What types of peer review reports are issued on Engagement Reviews?

A review captain on an Engagement Review can issue three types of peer review reports: Pass, Pass with Deficiencies or Fail.

Pass

A report with a peer review rating of *pass* is issued when the review captain concludes that nothing came to his or her attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects. There are no deficiencies that affect the nature of the report. In the event of a scope limitation, a report with a peer review rating of *pass (with a scope limitation)* is issued.

Pass with Deficiencies

A report with a peer review rating of *pass with deficiencies* is issued when at least one but not all of the engagements submitted for review contain a deficiency.

In the event of a scope limitation, a report with a peer review rating of *pass with deficiencies (with a scope limitation)* is issued.

Fail

A report with a peer review rating of *fail* is issued when the review captain concludes that the engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects. A report with a peer review rating of *fail* is issued when deficiencies are evident on all of the engagements submitted for review.

In the event of a scope limitation, a report with a peer review rating of *fail (with a scope limitation)* is issued.

[Back to top](#)

My firm received an FFC for pervasive issues with complying with the risk assessment standards (AU-C 315 and 330) on my last peer review. Can I expect similar treatment on my current peer review?

For peer reviews commencing after September 30, 2021, the guidance in the Supplemental Guidance section of the old Peer Review Program Manual (PRP Section 3100) no longer applies and existing guidance in Section 210 of the clarified peer review

standards will be followed by your peer reviewer as it relates to the evaluation of noncompliance with the risk assessment standards (AU-C section 315, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, or 330, Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained).

The [April 2022 Special Reviewer alert](#) also provides additional guidance regarding assessing noncompliance with the risk assessment standards.

Depending on the facts and circumstances of the peer review (such as the nature and pervasiveness of any identified noncompliance), deficiencies or significant deficiencies may be warranted when noncompliance with the risk assessment standards has been identified. In short, these instances of noncompliance will be evaluated and assessed similarly to any other identified instances of noncompliance identified during the peer review.

[Back to top](#)