



AICPA[®]

Peer Review
Program

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

CHOOSING A PEER REVIEWER (REVIEW TEAM)

January 2021

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CHOOSING A PEER REVIEWER (REVIEW TEAM)

What types of review teams are available to conduct my peer review?

You may choose the type of review team you would like to conduct your firm's peer review.

For any type of review, you have at least two options:

- *Firm-On-Firm Review*
You hire another qualified CPA firm to conduct the review. This option gives you a degree of personal assurance that the reviewer's qualifications fit your firm's needs. It also gives you more control over the cost of the review.
- *Association Review*
You ask the association to which your firm belongs to assist in forming a review team. That association must be authorized by the PRB to assist in the formation of such review teams.

For Engagement Reviews, besides the two options listed above, there is a third option:

- *Committee-Appointed Review Team (CART) Review*
For Engagement Reviews in certain states, you may ask the administering entity (AE) to assemble the review team. Once a team is selected, the AE prepares an engagement letter that includes an estimate of the number of hours it will take to perform the review and the reviewer's billing rates. Billing rates are set by the AE, not by the reviewer. You are not required to accept reviewers that your AE selects. This option is not available from all AEs.

A review team is comprised of one or more individuals, depending upon the size and nature of the CPA firm's practice. A reviewing firm must determine its capability of the review team to perform a peer review. This determination includes assigning peer reviewers with appropriate levels of expertise and experience to perform the review. Before accepting a peer review engagement, the reviewing firm should obtain and consider information about the firm to be reviewed, including certain operating statistics concerning size, nature of practice, industry specializations and levels of service. A System Review team, a review captain on an Engagement Review and, in unusual circumstances any additional reviewers on an Engagement Review, should be approved by the AE prior to the planning and commencement of the peer review.

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What questions should I ask when selecting a reviewer to perform my firm's review?

Examples of questions you should ask when selecting a reviewer include, but are not limited to:

1. How many reviews has the reviewer performed?

2. How much experience does the reviewer have in the industries in which my firm performs?
3. Will the reviewer be able to complete the review on time, allowing me enough time to submit any necessary documentation to the AE by my firm's review due date?
4. Does the reviewer have any references? Can we contact those references and ask whether they would recommend the reviewer and why?
5. Are there any other value-added services that the reviewer can provide me during the peer review?
6. What type of Government and/or ERISA audits does the reviewer perform (if applicable)?
7. Does the reviewer meet all of the qualifications to be a peer reviewer (during the time of scheduling and expected performance of the review)? See below and [Appendix A](#) regarding training and reviewer qualifications.
8. Has the ability to be a reviewer been limited or restricted or has the reviewer received notifications of limitations/restrictions on their ability to practice public accounting by regulatory, monitoring or enforcement bodies?

If you are a member of the Governmental Audit Quality Center and/or the Employee Benefit Plan Audit Quality Center, keep in mind the membership requirement to have a quality center member review the GAO and/or ERISA engagement(s).

It is the reviewed firm's responsibility to select a qualified reviewer. The suspension, restriction or otherwise disqualification of a reviewer is not a valid reason for request of an extension of due date by a reviewed firm. In some circumstances in which the peer review has to be re-performed by another reviewer, the associated cost may be the responsibility of the reviewed firm. It is the reviewer's responsibility to accurately determine and represent its capabilities and qualifications to perform the peer review. The AICPA's [Guide to Selecting a Quality Peer Reviewer](#) will assist your firm in understanding the importance of having a quality peer review, hiring a quality peer reviewer and evaluating peer reviewer qualifications.

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How can I find a list of firms interested in performing peer reviews?

The AE may be able to supply you with a list of firms in a geographic area that you specify that are interested in performing reviews of other firms. The AICPA also maintains a [reviewer search](#) feature on the Program website that you can use to search for reviewers by state, industry or size of firm.

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Who is responsible for making sure the review team is qualified to perform my firm's peer review?

You should determine if the team captain or review captain has the experience needed to perform your firm's peer review. A reviewer/review team not only has to have experience in the right industries but must also have the right amount and type of experience. Additionally, all members of the review team have to be approved by the AE

prior to the commencement of the review. In addition, the AE has the authority to determine whether a reviewer/review team's experience is sufficient to perform a particular review. See [Appendix A](#) for additional information on reviewer qualification.

If you are a member of the Governmental Audit Quality Center or the Employee Benefit Plan Audit Quality Center, keep in mind the membership requirement to have a quality center member review the GAS and/or ERISA engagement(s).

If a firm chooses to hire their peer reviewer to perform services outside of the scope of peer review but related to the firm's accounting and auditing practice, the firm should consider whether the arrangement would violate independence and objectivity requirements which might prohibit the reviewer from performing the firm's next peer review.

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APPENDIX A

Reviewer Qualifications

Performing and reporting on a peer review requires the exercise of professional judgment by peers (see paragraphs 147–153 of the *Standards* for a discussion of a reviewer’s responsibilities when performing a peer review). Accordingly, an individual serving as a reviewer on a System or Engagement Review should at a minimum:

- a. Be a member of the AICPA in good standing (that is, AICPA membership in active, non-suspended status) licensed to practice as a CPA.
- b. Be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in the Program (see [Interpretations](#)), as a partner of the firm or as a manager or person with equivalent supervisory responsibilities.^{1 2} To be considered currently active in the accounting or auditing function, a reviewer should be presently involved in the accounting or auditing practice of a firm supervising one or more of a firm’s accounting or auditing engagements or carrying out a quality control function on a firm’s accounting or auditing engagements. CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise (see [Interpretations](#)).
- c. Be associated with a firm (or all firms if associated with more than one firm) that has received a report with a peer review rating of *pass*³ for its most recent System or Engagement Review that was accepted timely, ordinarily within the last three years and six months (see [Interpretations](#)).⁴
- d. Possess current knowledge of professional standards applicable to the kind of practice to be reviewed, including quality control and peer review standards. This includes recent experience in and knowledge about current rules and regulations appropriate to the level of service applicable to the industries of the engagements that the individual will be reviewing (see [Interpretations](#)).⁵
- e. Have spent the last five years in the practice of public accounting in the accounting or auditing function.

¹ The PRB recognizes that practitioners often perform a number of functions, including tax and consulting work, and cannot restrict themselves to accounting and auditing work. These standards are not intended to require that reviewers be individuals who spend all their time on accounting and auditing engagements. However, CPAs who wish to serve as reviewers should carefully consider whether their day-to-day involvement in accounting and auditing work is sufficiently comprehensive to enable them to perform a peer review with professional expertise. For instance, in a System Review, a reviewer of auditing engagements should be currently reviewing or performing auditing engagements. In an Engagement Review, a reviewer of engagements performed under the Statements on Standards for Attestation Engagements should also be currently reviewing or performing the same type of engagements.

² A manager or person with equivalent supervisory responsibilities is a professional employee of the firm who has either a continuing responsibility for the overall planning and supervision of engagements for specified clients or authority to determine that an engagement is complete subject to final partner approval if required.

³ A peer review report with a rating of *pass* was previously referred to as an unmodified report (with or without a letter of comments). If a firm’s most recent peer review rating was a *pass with deficiencies* or *fail*, the firm’s members are not eligible to perform peer reviews.

⁴ If a firm’s most recent review was a report review, then the firm’s members are not eligible to perform peer reviews.

⁵ For this purpose, *recent* means having experience within the last five years in the industries and related levels of service for which engagements are reviewed. However, a reviewer should be cautious of those high-risk engagements or industries in which new standards have been issued. For example, in those cases in which new industry standards or practices have occurred in the most recent year, it may be necessary to have *current* practice experience in that industry in order to have *recent* experience.

- f. Have provided the AE with information that accurately reflects the qualifications of the reviewer including recent industry experience, which is updated on a timely basis (see [Interpretations](#)).
- g. If the reviewer will review engagements that must be selected in a System Review, possess specific additional qualifications (see [Interpretations](#)).

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Team Captain or Review Captain

In addition to adhering to the requirements in paragraph .31 to be a peer reviewer, a System Review team captain must be a partner. For an Engagement Review, the review captain is not required to be a partner. The team captain, or the review captain in limited circumstances, is required to ensure that all team members possess the necessary capabilities and competencies to perform assigned responsibilities and that team members are adequately supervised. The team captain or review captain has the ultimate responsibility for the review, including the work performed by team members.

Also, team captains and review captains should have completed peer review training that meets the requirements established by the Peer Review Board (PRB) (see [Interpretations](#)). For additional team captain qualification requirements, see the interpretations.

Additionally, to initially qualify as a team captain on a System Review or as a review captain on an Engagement Review, you must:

1. Complete the online peer reviewer curriculum [Becoming an AICPA Peer Review Team or Review Captain](#). The online peer reviewer curriculum is a series of modules that are similar to self-study on-demand courses. The modules must be taken sequentially, and each module contains a final exam that is designed to comply with NASBA CPE Standards and is similar to competency assessments in other on-demand self-study CPE courses.
2. Complete the [Becoming an AICPA Peer Review Team or Review Captain: Case Study Applications](#) in a live seminar format. This course features realistic case studies that encompass the most important elements of a system review, as well as several case studies pertaining to an engagement review.

The [Becoming an AICPA Peer Review Team or Review Captain: Case Study Applications](#) must be completed within the 12 months after the completion of the peer reviewer curriculum.

The following outlines the ongoing training requirements:

To maintain the qualifications of a team captain or of a review captain, you should participate in one of the following peer review training options within 12 months prior to the commencement of a review. Peer review training options include:

1. Attending the general session of the annual Peer Review Conference.

2. Completing the AICPA Peer Review Update on-demand self-study course. This course is an advanced reviewer training course that will be updated annually and cover recent changes to peer review guidance in addition to how recent changes in auditing or accounting standards impact peer review. This course will contain a final exam that is designed to meet the NASBA CPE Standards.
3. Attend an alternative course or conference session that has been approved by the PRB. For purposes of the ongoing training requirement, these alternative courses and conference session will be selected by the PRB. The PRB will not consider courses submitted by reviewers seeking consideration for an alternative course of their choosing.
4. Participate in the AICPA Peer Review Update live seminar course. This course is an advanced reviewer training course that will be updated annually and cover recent changes to peer review guidance in addition to other key areas of the peer review process that warrant additional emphasis.

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Other Peer Reviewer or Reviewing Firm Qualification Considerations

Communications from regulatory, monitoring or enforcement bodies relating to allegations or investigations of a peer reviewer or reviewing firm's accounting and auditing practice, and notifications of limitations or restrictions on a peer reviewer or reviewing firm to practice, may impact the peer reviewer or reviewing firm's ability to perform the peer review. The peer reviewer or reviewing firm has a responsibility to inform the AE of such communications or notifications (see [Interpretations](#)).

If required by the nature of the reviewed firm's practice, individuals with expertise in specialized areas may assist the review team in a consulting capacity. For example, IT specialists, statistical sampling specialists, actuaries or experts in continuing professional education (CPE) may participate in certain segments of the review.

Some review teams may also need to engage a SOC specialist to assist the review team with reviewing SOC 1 or SOC 2 engagements. SOC specialists must meet specific criteria and have prior approval before an AE can approve them as part of a review team.

To become an approved specialist, the specialist candidate should complete a peer reviewer resume and indicate that they would like to serve as a specialist.

An individual serving as a SOC specialist on a System Review should at a minimum:

- a. Be currently active in public practice at a supervisory level for managing SOC 1 and/or SOC 2 examinations. To be considered currently active, a specialist should be presently involved in the SOC practice of a firm supervising one or more of the firm's SOC engagements.
- b. Be associated with a firm (or all firms if associated with more than one firm) that

has received a report with a peer review rating of *pass*⁶ for its most recent System Review that was accepted timely, ordinarily within the last three years and six months.

- c. Not be associated with an engagement that was deemed not performed or reported on in accordance with professional standards in all material respects on the specialist's firm's most recently accepted peer review.
- d. Possess current knowledge of professional standards applicable to SOC 1 and/or SOC 2 examinations, including Type 1 and Type 2 reports, qualified and unqualified reports, carve in/carve out engagements and engagements with and without relevant user entity controls.
- e. Have at least five years of recent experience in the practice of public accounting with a minimum of 500 hours of SSAE 16/SOC 1 and/or SysTrust/SOC 2 examinations.
- f. Have provided the AE with information that accurately reflects the qualifications of the specialist, which is updated on a timely basis.

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⁶ A peer review report with a rating of *pass* was previously referred to as an unmodified report (with or without a letter of comments). If a firm's most recent peer review rating was a *pass with deficiencies* or *fail*, the firm's members are not eligible to perform peer reviews.