



AICPA[®]

Peer Review
Program

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

IMPLEMENTATION PLANS AND CORRECTIVE ACTIONS

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IMPLEMENTATION PLANS AND CORRECTIVE ACTIONS

How do I know whether the letter I received from the administering entity is an implementation plan or a corrective action?

The letter communicating the corrective action(s) will contain the following language:

“The Committee accepted the aforementioned documents with the understanding that the firm will...”

The letter communicating the implementation plan(s) will contain the following language:

“...the action(s) outlined in the following implementation plan are required of your firm...”

After the prescribed action(s) or plan the letters differ as follows:

Corrective Action wording

“Your firm's agreement demonstrates its commitment to the objectives of the <AICPA/State> Peer Review Program.

Please acknowledge your agreement through the Peer Review Integrated Management Application (PRIMA) system. Upon receipt of the acknowledgement and satisfactory completion of any outstanding corrective actions within PRIMA, you will receive notification that your firm's peer review has been completed.”

Implementation Plan wording

“Your firm's agreement to complete this implementation plan demonstrates its commitment to the objectives of the <AICPA/State> Peer Review Program. Please acknowledge your agreement within PRIMA.”

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What happens if I don't complete the implementation plan?

Although agreeing to and completing an implementation plan is not tied to the acceptance of the peer review, if a firm fails to cooperate (by not agreeing to or by not performing), the firm's enrollment in the program may be terminated.

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What happens if I don't complete the corrective action(s)?

The reviewed firm is required to evidence its agreement to perform the prescribed corrective action(s) in writing before the peer review report can be accepted. The completion of the required corrective action(s) is a condition of cooperation with the AE

and the PRB. If a firm fails to cooperate, the firm's enrollment in the program may be terminated.

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Can my firm receive both a corrective action and an implementation plan related to the same peer review?

Yes, the peer review committee of the AE can require corrective action(s) related to receiving a peer review report rating of pass with deficiencies or fail and also require an implementation plan related to FFCs received on the same peer review.

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What are some suggested actions that may be required related to a pass with deficiency(ies) or fail peer review report?

Actions required by the RAB differ depending on if the peer review was a System Review or an Engagement Review. The charts at the end of this section provide some common suggested actions. The peer review committee could recommend other actions or a combination of one or more actions.

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What are allowable plans that may be required related to a Finding for Further Consideration?

The charts at the end of this section provide the allowable implementation plans. The peer review committee could recommend a combination of one or more plans in response to the findings noted on a peer review.

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How do the corrective action and implementation plan affect my ability to publicize the results of my peer review?

A firm may not publicize the results of its peer review until it is notified that the report has been accepted by the AE. A corrective action affects the acceptance of the peer review report. A peer review report is not considered accepted until the reviewed firm signs the written letter from the AE evidencing the firm's agreement to the corrective action. An implementation plan does not affect the acceptance of the peer review report, and thus does not affect the firm's ability to publicize peer review results.

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Should my firm expect an implementation plan for every FFC?

No. The decision of whether to require an implementation plan and deciding on what

actions or procedures are appropriate is a matter of professional judgment that each RAB makes based on the applicable facts and circumstances. Generally, if the finding is not a repeat finding or associated with a must-select engagement that was not performed or reported on in conformity with professional standards in all material respects (System Reviews only), no implementation plan is suggested by the RAB.

However, when a finding is a repeat finding or associated with a must-select engagement that was not performed or reported on in conformity with professional standards in all material respects, the firm will often be required to complete an implementation plan.

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Allowable Implementation Plans: System Reviews (PRC 420 Exhibit C)

Finding	Allowable Implementation Plan
<p>Nonconforming engagements and</p> <ul style="list-style-type: none"> • initial findings on a must-select industry or • repeat findings for any industry 	<ul style="list-style-type: none"> • Require members of the firm to take specified types and amounts of CPE. • Require the firm to hire an outside party approved by the report acceptance body (RAB) to perform a pre-issuance or post-issuance review of certain types or portions of engagements. • Require the firm to hire an outside party approved by the RAB to review the firm’s remediation of nonconforming engagements. • Require the firm to hire an outside party approved by the RAB to review the firm’s completion of its intended remedial actions outlined in its response on the finding for further consideration (FFC) form or to evaluate the appropriateness of alternative actions. • Require the firm to hire an outside party approved by the RAB to review the firm’s internal monitoring or inspection report.
<p>Engagements indicate repeat findings</p>	<ul style="list-style-type: none"> • Require members of the firm to take specified types and amounts of CPE. • Require the firm to hire an outside party approved by the RAB to review the firm’s internal monitoring or inspection report.

Failure to possess applicable firm licenses	<ul style="list-style-type: none"> Require the firm to submit proof of its valid firm licenses.
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Suggested Corrective Actions: System Reviews (PRC 420 Exhibit D)

Deficiency or Significant Deficiency	Suggested Actions to Be Performed as Soon as Reasonably Possible
Deficiency or significant deficiency related to engagement performance	<ul style="list-style-type: none"> Require members of the firm to take specified types and amounts of CPE. Allow firm members responsible for the applicable nonconforming engagements to pass the related AICPA advanced certificate exam, if applicable, in lieu of CPE. This option is applicable only for firms that have nonconforming engagements in certain industries that were identified in the peer review and for which a related AICPA advanced certificate exists. Require the firm to hire an outside party approved by the report acceptance body (RAB) to perform a pre-issuance or post-issuance review of certain types or portions of engagements. Require the firm to hire an outside party approved by the RAB to review the firm's remediation of nonconforming engagements. Require the firm to hire an outside party approved by the RAB to review the firm's completion of its intended remedial actions as outlined in its letter of response or to evaluate the appropriateness of alternative actions. Though not required, this is commonly performed by the team captain of the peer review. Require the firm to join an AICPA audit quality center applicable to the nonconforming engagements.
Deficiency or significant deficiency related to design of or noncompliance with another element of the quality control system	<ul style="list-style-type: none"> Require the firm to hire an outside party approved by the RAB to review the firm's internal monitoring or inspection report. Require the firm to hire an outside party approved by the RAB to perform a pre-issuance review of certain types or portions of engagements. Require the relevant members of the firm to submit proof of their valid individual licenses.

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Allowable Implementation Plans: Engagement Reviews (PRC 420 Exhibit A)

Finding	Allowable Implementation Plan
Engagements indicate the following: <ul style="list-style-type: none"> Repeat findings 	<ul style="list-style-type: none"> Require members of the firm to take specified types and amounts of CPE.
<ul style="list-style-type: none"> Failure to possess applicable firm licenses 	<ul style="list-style-type: none"> Require the firm to submit proof of its valid firm licenses.

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Suggested Corrective Actions: Engagement Reviews (PRC 420 Exhibit B)

Deficiency	Suggested Actions to Be Performed as Soon as Reasonably Possible
Deficiency	<ul style="list-style-type: none"> Require members of the firm to take specified types and amounts of CPE. Require the firm to hire an outside party approved by the report acceptance body (RAB) to perform a pre-issuance or post-issuance review of certain types or portions of engagements. Require the firm to hire an outside party approved by the RAB to review the firm's remediation of nonconforming engagements. Require the firm to engage an outside party approved by the RAB to review the firm's completion of its intended remedial actions as outlined in its letter of response or to evaluate the appropriateness of alternative actions. Though not required, this is commonly performed by the review captain. Require the relevant members of the firm to submit proof of their valid individual licenses.

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