



AICPA[®]

Peer Review
Program

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

PEER REVIEW ENROLLMENT REQUIREMENTS

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PEER REVIEW ENROLLMENT REQUIREMENTS

What is the AICPA's practice monitoring requirement?

In order to be admitted or to retain their membership in the AICPA, members of the AICPA who are engaged in the practice of public accounting in the United States or its territories are required to be practicing as partners or employees of firms enrolled in an Institute approved practice monitoring program or, if practicing in firms not eligible to enroll, are themselves enrolled in such a program:

- if the services performed by such a firm or individual are within the scope of the AICPA's practice monitoring Standards and
- the firm or individual issues reports purporting to be in accordance with AICPA professional standards.

Depending on how a CPA firm is legally organized, its partner(s) could have other names, such as *shareholder, member or proprietor*.

A member can meet the requirement if his or her firm is enrolled in the AICPA Peer Review Program (Program).

Firms are required to have their review administered by the National Peer Review Committee (NPRC) if they meet any of the following criteria:

- a. The firm performed or played a substantial role in (as used by the Public Company Accounting Oversight Board (PCAOB)) an engagement under PCAOB standards with a period-end during the peer review year.
- b. The firm is a provider of quality control materials (QCM) (or affiliated with a provider of QCM) that are used by firms that it peer reviews.

Firms that are not required to have their review administered by the NPRC may choose to do so. However, such firms are subject to the NPRC's administrative fee structure and should familiarize themselves with that structure prior to making such a decision.

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Does my firm have to enroll in a peer review program if it does not have an accounting and auditing practice?

If a firm does not perform services that include issuing reports purporting to be in accordance with AICPA professional standards it is not required to enroll in a practice monitoring program. You should consult with your State Board of Accountancy (SBOA) to determine if the SBOA rules require enrollment in a practice monitoring program even if your firm does not perform services that include issuing reports.

For purposes of the *AICPA Standards for Performing and Reporting on Peer Reviews (Standards)*, an accounting and auditing practice is defined as all of a CPA firm's engagements performed under the Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARs)*, Statements on Standards for Attestation Engagements (SSAEs), *Government Auditing Standards* (the Yellow Book) issued by the U.S. Government Accountability Office (GAO) and engagements under PCAOB standards. Engagements covered in the scope of the Program are those included in the firm's auditing and accounting practice that are not subject to PCAOB permanent inspection.

* SSARs that provide an exemption from those standards in certain situations are excluded from the definition of an accounting and auditing practice for peer review purposes.

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Does my firm have to enroll in a peer review program if the only engagements it performs are engagements to prepare financial statements under AR-C section 70?

For purposes of complying with AICPA membership requirements, a firm that only performs engagements to prepare financial statements under AR-C section 70 is not required to enroll in a peer review program. For firms already enrolled in the Program, engagements to prepare financial statements would fall within the scope of peer review. Independent of AICPA requirements, please note that some SBOAs require firms that only perform these engagements to enroll in peer review as a licensing requirement. You should check with the SBOA(s) where you perform such engagements to determine whether you need to enroll in peer review.

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Do individuals who are practicing outside of the U.S. have to enroll in a peer review program?

Individuals practicing in firms outside of the United States or its territories are exempt from the AICPA practice monitoring program requirement until they return to the United States or its territories. Please check with your SBOA or other regulatory peer review requirements as some may require you to have a peer review in this circumstance.

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Who administers a CPA firm's peer review?

The Program is administered in cooperation with a state CPA society, group of state CPA societies and the AICPA Peer Review Board's (PRB) NPRC that elect to participate as administering entities (AEs). When a CPA firm is enrolled in the Program, its peer review will be administered by the AE in the state in which the CPA firm's main office is located

(or, if that state CPA society has elected not to participate, by another AE) or the NPRC. The PRB approves all AEs.

Firms are required to have their review administered by the NPRC if they meet either of the following criteria:

- a. The firm performed or played a substantial role in (as used by the PCAOB) an engagement under PCAOB standards with a period-end during the peer review year.
- b. The firm is a provider of QCM (or affiliated with a provider of QCM) that are used by firms that it peer reviews.

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When should my firm enroll in the AICPA Peer Review Program?

When an individual becomes an AICPA member, and the services provided by his or her firm (or individual) fall within the scope of the AICPA's practice monitoring standards, and the firm (or individual) issues reports purporting to be in accordance with AICPA Professional Standards, the firm should enroll in the Program by the report date of the initial engagement.

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How can my firm enroll in the AICPA Peer Review Program?

You should log in to PRIMA and submit your enrollment information. For information on how to log in to PRIMA, see [Getting Started in PRIMA](#) on aicpa.org. By enrolling, a firm agrees to have a peer review of its accounting and auditing practice once every three years subsequent to its initial peer review. A firm's initial review is ordinarily due 18 months from the date it enrolled (or should have enrolled) in the Program. A firm seeking to enroll in the Program should be in compliance with the Council resolution concerning form of organization (see AICPA, *Professional Standards*, ET Appendix B).

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Once enrolled, when should my firm expect to have its first peer review?

A firm's due date for its initial peer review is ordinarily 18 months from the date it enrolled in the Program, or should have enrolled, whichever date is earlier.

A firm's subsequent peer review ordinarily has a due date of three years and six months from the year-end of the previous review. You should also check with your SBOA for any peer review requirements.

In determining the appropriate due date, your AE will consider the firm's (or individual's)

practice, the year-ends of engagements, the report dates of engagements, when the engagements were performed and the number and type of engagements to be encompassed in the review.

If a firm resigns from the Program and subsequently performs an engagement that requires a peer review within three years and six months of its prior peer review year-end, the firm should reenroll in the program. The due date for the firm's current review is the later of the due date originally assigned or 90 days after reenrolling.

If a firm resigns from the Program and subsequently performs an engagement that requires peer review after its next due date has passed, the firm's current peer review is due 18 months from the year-end of the engagement (for financial forecasts, projections and agreed upon procedures 18 months from the date of report).

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Can my firm change its peer review year-end?

A firm is expected to maintain the same year-end on subsequent peer reviews. Circumstances may arise that may cause a firm to want to change its year-end. For instance, the nature of the firm's practice may change, or the firm may reevaluate their current year-end and determine that a different year-end is more practical. In such situations, a firm may change its year-end only with prior, written approval of the AE.

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