



AICPA[®]

Peer Review
Program

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

GENERAL INFORMATION

January 2021

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GENERAL INFORMATION

What are the types of peer reviews?

There are two types of peer reviews - System and Engagement. System Reviews focus on a firm's system of quality control, and Engagement Reviews focus on work performed on selected engagements.

Refer to [Appendix A](#) for a chart that illustrates which types of engagements require a firm to have a System Review instead of an Engagement Review.

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What is a System Review?

A System Review is designed to provide a peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

- a. The reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards established by the AICPA and
- b. The reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

This type of review is for firms that perform engagements in accordance with the Statement on Auditing Standards (SASs,) the *Government Auditing Standards* (Yellow Book), examinations under the Statement on Standards for Attestation Engagements (SSAEs) or engagements under the PCAOB standards.

Example procedures in a System Review include, but are not limited to:

- interviewing firm personnel,
- examining CPE records,
- examining outside consultations regarding A&A matters,
- examining independence representations,
- testing a reasonable cross-section of the firm's engagements with a focus on high-risk engagements and significant risk areas.

The majority of the procedures in a System Review are normally performed at the reviewed firm's office. However, this requirement is currently suspended (for reviews commencing on or before June 30, 2021) given the ongoing pandemic.

The scope of the peer review does not encompass other segments of a CPA practice, such as tax services or management advisory services, except to the extent they are associated with financial statements, such as reviews of tax provisions and accruals

contained in financial statements.

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What is an Engagement Review?

The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects.

Enrolled firms that only perform services under SSARs or services under the SSAEs that do not require System Reviews are eligible to have Engagement Reviews.

An Engagement Review consists of reading the financial statements or information submitted by the reviewed firm and the accountant's report thereon, together with the applicable documentation required by professional standards.

An Engagement Review does not provide the review captain with a basis for expressing any form of assurance on the firm's system of quality control for its accounting practice. However, firms eligible for an Engagement Review may elect to have a System Review.

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How can I find out more about the peer review process?

The [AICPA Peer Review website](#) contains links to resources for peer reviewers, CPA firms and the public.

In addition, several sections of the [AICPA Peer Review Program Manual](#) are available online at no charge.

Refer to [Appendix B](#) for links to available resources.

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Will information obtained and reported about my peer review be confidential?

A peer review should be conducted in compliance with the confidentiality requirements set forth in the [AICPA Code of Professional Conduct](#). Information concerning the reviewed firm or any of its clients or personnel that is obtained as a consequence of the review is confidential. Peer reviewers may not disclose such information to anyone who is not involved in performing the review or administering the Program or use such information in any way not related to meeting the objectives of the Program. Also, no reviewer(s) will have contact with clients of your firm.

The *Standards* provide for the following information to be disclosed about a firm's peer

review:

- a. The firm's name and address
- b. The firm's enrollment in the Program
- c. The date of acceptance and the period covered by the firm's most recently accepted peer review
- d. If applicable, whether the firm's enrollment in the Program has been dropped or terminated

Neither the Administering Entity (AE) nor the AICPA shall make the results of the review available to the public, except as authorized or permitted by the firm under the following conditions:

- A firm may be a voluntary member of one of the AICPA's audit quality centers or sections that has a membership requirement such that certain peer review documents be open to public inspection.
- A firm may elect not to opt out of the program's process for voluntary disclosure of peer review results to SBOAs where the firm's main office is located.
- A firm may voluntarily instruct their AE to make the peer review results or other relevant peer review information available to certain other SBOAs.

In such cases, the reviewed firm can allow their peer review results or certain peer review documents to be made available to the public or to specific entities, such as a SBOA.

In certain instances, these documents may be found in the AICPA's [Public File](#), which also contains peer review documents of firms that are PCPS members or those that voluntarily request to have their peer review documents publicly available.

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What is Facilitated State Board Access and how might it affect access to information about my firm's peer review?

FSBA is a process the AICPA created to help keep up with the evolving changes in the business and regulatory environments and to address the demand for greater peer review transparency. This process is intended to create a nationally uniform system through which CPA firms can satisfy state board or licensing body peer review information submission requirements, increase transparency and retain control over their peer review results. The AICPA and CPA state societies are working together to allow this process to become the primary means by which all SBOAs obtain peer review results. Over time, this process will help to make submission of your firm's peer review information easier. Depending on your state's requirements, laws and regulations, your firm may have the option to opt out of this process. Contact your AE for information regarding FSBA requirements and the submission process for your SBOA.

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APPENDIX A

System Review or Engagement Review Determination

(Applies to engagements that are not subject to PCAOB permanent inspection)

If an enrolled firm performs these types of engagements as its highest level of service, the firm would be required to have:	System Review	Engagement Review
Statements on Auditing Standards (SAS)		
Engagements	X	
Government Auditing Standards (GAS)		
Financial Audits	X	
Attestation Engagements (Examination, Review or Agreed-upon procedures under GAS)	X	
Performance Audits	X	
Statements on Standards for Attestation Engagements (SSAEs)		
Examination Engagements	X	
Reviews		X
Agreed-upon procedures Engagements		X
Public Company Accounting Oversight Board (PCAOB) Standards		
Audits of non-SEC issuers	X	
Attestation of non-SEC issuers	X	
Statements on Standards for Accounting and Review Services (SSARSs)		
Reviews of financial statements		X
Compilations of financial statements		X
Preparation of financial statements		X

If a firm is required to have a System Review, all the engagements listed above would be subject to selection for review, ordinarily based on periods ending during the year under review, except for financial forecasts or projections and agreed upon procedures. Financial forecasts or projections and agreed upon procedures with report dates during the year under review would be subject to selection.

For enrollment information for firms that only perform preparation of financial statement engagements in accordance with AR-C Section 70, please see the [Peer Review Enrollment Requirements](#).

If a firm performs or reports on engagements under International Standards, refer to Interpretations 6-7 and 6-8.

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APPENDIX B

Resources, Publications and Important Website Links

Resources and Tools

AICPA Peer Review Program Manual (Manual)

This Manual provides up-to-date standards, policies, procedures, checklists and programs for use when arranging, administering and carrying out a peer review. You can choose to purchase a subscription to the entire [Manual](#). Alternatively, some sections of the Manual are available online at no charge at:

aicpa.org/interestareas/peerreview/resources/peerreviewprogrammanual.html

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Quality Control Standards

Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice is intended to help practitioners better understand and apply Statements on Quality Control Standard (SQCS) No. 8, which was effective beginning January 1, 2012. That standard is included in appendix of the Practice Aids. The Practice Aids incorporate policies and procedures that a firm should consider including in its system of quality control to be responsive to the issuance of SQCS No. 8. The Practice Aids are available for download: aicpa.org/qc4me

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Hiring A Quality Peer Reviewer

How to Hire a Quality Peer Reviewer: Your Guide to the Selection Process is intended to help firms understand the importance of having a quality peer review, hiring a quality peer reviewer and evaluating reviewer qualifications. *Questions to Consider When Vetting Prospective Peer Reviewers* includes questions to ask regarding whether the reviewer is a peer, timing and cost, evaluating competency, asking for references and interviewing reviewers. These resources are available for download on the AICPA's [website](#).

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Important AICPA Website Links

The AICPA website is: aicpa.org

Find information regarding the Program: aicpa.org/interestareas/peerreview.html

Find the Peer Review Program Standards, Interpretations and other relevant guidance: aicpa.org/research/standards/peerreview/pages.default.aspx

Find Peer Reviewer Training Courses:

aicpa.org/interestareas/peerreview/cpeandevents/pages/default.aspx

AICPA Peer Review Staff Contact Information:

aicpa.org/InterestAreas/PeerReview/Community/Links/Pages/sources1.aspx

AICPA Peer Review Program Administering Entity Contact Information: ai

aicpa.org/interestareas/peerreview/community/links/pradministeringentities.html

AICPA Peer Reviewer Database and Public File: peerreview.aicpa.org

AICPA Newsletters: aicpa.org/publications/newsletters.html

Newly Released Ethics Rulings and Interpretations:

aicpa.org/InterestAreas/CenterForAuditQuality/Resources/CAQAuditLibrary/Pages/Ethics%20and%20Independence.aspx

Government Audit Quality Center: aicpa.org/interestareas/governmentalauditquality.html

Employee Benefit Plan Audit Quality Center:

aicpa.org/interestareas/employeebenefitplanauditquality.html

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Other Important Website Links

General Accounting Standards Board: gasb.org

Federal Accounting Standards Advisory Board: fasab.gov

Government Auditing Standards (Yellow Book): gao.gov/yellowbook/overview

Office of Management and Budget (Grants Management): whitehouse.gov/omb/

Information on State Boards/Societies:

aicpa.org/advocacy/state/statecontactinfo.html

Public Company Accounting Oversight Board: pcaobus.org

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