

To: Quality Standards Changes
Subject: Thursday, July 8, 2021 12:22:06 PM
Date:

I am a peer reviewer of small firms that do have quality challenges, particularly in the audit area.

I suggest the AICPA adopt more specific audit quality standards that are easier for small firms to understand and follow. Audit education is insufficient. I would be in favor of a cpe core package requirement for auditing prior to accepting audit engagements.

The proposed prohibition of self-inspection would serve to improve quality. The proposed EQCR being done by those not involved in the engagements reviewed is also a good idea when it comes to quality.

The problem with both of those changes is the cost element to small firms.

I have a few suggestions to counter this issue:

Make it easy for small firms to join associations for shared cost of review services.

Maybe the AICPA can develop EQCR checklists for different types to engagements.

I am calling for coordination of this outside review with the peer review program, so the peer review process is faster and easier

Look at ways to save the reduce the cost of small firm peer reviews, given the fact that the most challenging engagements would have already been reviewed by someone outside the firm. Maybe the adoption of peer review checklists as a standardized part of the outsourced review, with the checklists to be provided to the firm to share with their peer reviewer. Maybe EQCR checklists can be updated to a database for use by the peer reviewer.

Adopt standardized criteria that are easier for firms to use in the decision-making process of what engagements merit an engagement quality control review. I don't think outside EQCR is necessary for a simple repeat audit of a non-specialized industry. Peer review can be relied upon to catch most problems with these engagements.

Yours truly,

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