



Proposed Peer Review Standards Update No. 2, *Reviewing A Firm’s System of Quality Management and Omnibus Technical Enhancements*

Respondent Comment Letter Template

The purpose of this template is to help respondents draft responses to the exposure draft *Proposed Peer Review Standards Update No. 2, Reviewing A Firm’s System of Quality Management and Omnibus Technical Enhancements*.

Guide for Respondents

The AICPA Peer Review Board (PRB) welcomes feedback from all interested parties on this proposal. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, when appropriate, make specific suggestions for any proposed changes to wording. If you agree with proposals in the exposure draft, it will be helpful for the PRB to be made aware of this view, as well.

Written comments on the exposure draft will become part of the public record of the AICPA and will be made available on the AICPA’s website. Please provide responses that are

- submitted as Microsoft Word or Adobe PDF documents by May 31, 2024, and are
- directed to Brad Coffey at PR_expdraft@aicpa.org.

This form is just for your convenience; it is not necessary to use this form or format in submitting your response. You are welcome to answer any or all questions. Again, comments are due by May 31, 2024.

To help the PRB understand your perspectives, please indicate each peer review stakeholder group that is applicable to you (select all that apply):

- Reviewed firm
- Peer reviewer
- Administering entity
- State board of accountancy
- Other (please explain)

Related to the proposed changes in consideration of the QM standards, please provide your views on the following:

1. Do you recommend any additional changes to strengthen the understandability and applicability of existing requirements or application and other explanatory material?

2. Do you recommend any specific changes to the peer review standards to account for one or more specific requirements in the QM standards?

3. Due to the iterative nature of the requirements in the QM standards, do you suggest any additional considerations to assist peer reviewers with evaluating various components of a firm's system at different points in the peer review year?

4. As proposed, the standards will continue to categorize matters identified by peer reviewers (for example, on matter for further consideration [MFC] forms or in a peer review report) as either design matters or compliance matters. Do you believe the board should consider additional revisions for more consistency with the SQMS, such as the following?
- a. Relabeling “compliance matters” to “operating effectiveness matters.”
 - b. Revising the Firm’s Responsibility section in the peer review report to state, *“The firm is responsible for designing, implementing, and operating a system of quality management to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects.”*
 - c. Revising the Peer Reviewer’s Responsibility section in the peer review report to state, *“Our responsibility is to express an opinion on the design, implementation, and operating effectiveness of the firm’s system of quality management based on our review.”*

5. Do you agree with the proposed change to require team captains to submit the quality management checklists as part of a reviewer's required document submission?

6. Do you believe any specific training or resources would be beneficial to firms, reviewers, or administering entities as it relates to evaluating a firm's system of quality management?

7. For respondents providing their views on behalf of state boards of accountancy, please identify and describe your state's specific laws or regulations, if any, that will require changes because of the transition from quality control standards to quality management standards.

8. Do you believe the peer review standards should include a definition of "root cause" or application and other explanatory material to provide users with additional considerations for concluding whether the severity and pervasiveness of a root cause may be systemic in nature?

Related to the proposed omnibus technical enhancements, please provide your views on the following:

9. Do you believe it is appropriate to permit reviewers that retire from the practice of public accounting to continue serving as a team member on peer reviews for an 18-month period after an individual's effective date of retirement? Additionally, please describe
- a. whether you agree with the proposed period of 18 months.
 - b. any other qualifications that you believe are appropriate for retired reviewers to meet in order to continue serving as team members for the 18-month period.
 - c. whether you are interested in utilizing the proposed 18-month period for succession planning or mentoring new peer reviewers.

10. Do you believe it is appropriate to extend the reviewer training requirement for relevant courses to be taken within 18 months prior to the commencement of a review? Should the 18-month period also apply to applicable training courses for technical reviewers or CPAs on Staff?

11. In addition to peer review documents already required to be submitted to AEs as described in paragraph .70 of section 210, do you agree with the proposed change to include the alternative practice structure (APS) checklists?

12. For respondents providing their views on behalf of state boards of accountancy, do you recommend any additional changes to strengthen the identification of firms' responsibilities regarding facilitated state board access, as described in section 300?

Related to the proposed effective date of PRSU No. 2, please provide your views on the following:

13. Do you agree with the proposed effective date for QM related changes to be effective for peer reviews with peer review years ending on or after December 31, 2025? For any suggested alternatives or anticipated challenges that stakeholders may face with this effective date, please provide your reasoning.

14. Do you agree with the proposed effective date for omnibus technical enhancements to be effective for peer reviews commencing on or after October 31, 2024? For any suggested alternatives or anticipated challenges that stakeholders may face with this effective date, please provide your reasoning.