What’s new in the Peer Review Program Manual (PRPM) – May 2023 update

The May 2023 PRPM update will be available on the Peer Review website and in the Online Professional Library (OPL)¹ to subscribers by the end of May. The update is effective for reviews commencing on or after June 1, 2023. Updated practice aids have an “May 2023” date at the top.

The update consists of:

- **Clarified AICPA Standards for Performing and Reporting on Peer Reviews** (clarified standards) updated for Peer Review Standards Update (PRSU) No. 1, Omnibus Enhancements and Technical Corrections. Revisions were made for clarification and technical accuracy and are described in more detail in the PRSU.

- Updates to most audit engagement checklists and their profiles, all SSARS engagement checklists, and the financial reporting and disclosure checklist for certain accounting and auditing standards updates²; to address exposure to or holdings in digital assets³; and to inquire whether it appeared the client received federal funding, including COVID-19 funding, based on inquiry of the accountant or review of engagement files, and whether appropriate procedures were performed to determine if a single audit or other engagement under Government Auditing Standards was required.⁴

- 21,150A Reporting on Controls at a Service Organization Checklist (SOC 2® Reports) added to reflect SSAE No. 21 and the updated AICPA Guide (see May 2023 Reviewer’s alert SOC 2 Peer Review Checklist Updated for additional details).

- For alternative practice structures (APS) created through outside investments, 5100 Supplemental Guidelines for Review and Testing of Quality Control Policies and Procedures for Non-CPA Owned Entities Closely Aligned With a CPA Firm was expanded to include required procedures and considerations around the quality control changes and risks associated with APS that are created through outside investments by private equity, wealth management or similar type firms. The PRI will be updated in its next release to ask firms to provide information about outside investments and APS.

- 4800 SRM new questions related to:
  - Emerging accounting areas (such as digital assets)⁵ or those having a large impact on the profession (such as alternative practice structures)

¹ To access OPL, visit the purchases tab under your profile when you log in to www.aicpa-cima.com.

² Each checklist indicates the guidance it has been updated through. Some checklists are pending future additional updates.

³ The audit engagement checklists now also include a reference to the practice aid titled “Accounting for and auditing of digital assets” that may be a helpful resource to reviewers who have selected engagements where the entity under audit has material holdings, transactions, or involvement in the digital assets ecosystem.

⁴ For additional information, see articles titled, “Are Your Peer Review Clients Performing New Yellow Book Services?” and “Yellow Book Engagements Subject to Selection” in the May 2022 Reviewer alert.

⁵ The PRI will be updated in its next release to ask firms to provide information about digital assets.
- Re-evaluation of control risk in response to any identified matters, findings, deficiencies, or significant deficiencies based on review of engagements or tests of compliance with the firm’s quality control policies and procedures.
- Conforming changes
  - **Conforming changes** to the:
    - 4900 Team Captain Checklist
    - 4950 Technical Reviewer’s Checklist for System Reviews
    - 6300 Review Captain Checklist
    - 6950 Technical Reviewer’s Checklist for Engagement Reviews
    - SSARS Profile
    - SSAE Profile
    - Practice Management Toolkits:
      - 24,190 Illustrative Representation Letter – System Review
      - 24,300 Illustrative Examples of the Reviewer’s Report – System Reviews
      - 25,240 Illustrative Representation Letter – Engagement Reviews
  - Elimination of 2011 Yellow Book versions of 4,400; 22,110 and 22120, and renumbering of the 2018 Yellow Book versions to eliminate the suffix A.

**Reminder:** Use the [Table of PRPM Sections](#) to determine the current version dates for any practice aid, and use the most current version of a practice aid that is available as of a peer review’s commencement date.

**Next PRPM update:** The next update is currently scheduled for Fall 2023.