

Reviewer alert

This special November 2022 edition contains the following articles:

- [AICPA's Proposed New Quality Control Material \(QCM\) Criteria Support Examinations of Guides and Tools](#)
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AICPA's Proposed New Quality Control Material (QCM) Criteria Support Examinations of Guides and Tools

The AICPA's Assurance Services Executive Committee (ASEC) issued an exposure draft (ED) titled, [Proposed Criteria for a Description of the Content of Quality Control Materials \(QCM\) and the Content of QCM Related to the Relevant Standards and Interpretive Guidance \(proposed QCM content criteria\)](#), that presents proposed criteria to evaluate quality control materials (QCM). Interested parties, including those interested in quality control and quality management issues, are encouraged to submit their comments to QCMcontentexam@aicpa-cima.com by December 15, 2022.

QCM are written or electronic manuals or tools, including industry- or subject matter-specific materials, intended to support a firm's system of quality control and promote consistency in performing quality engagements. Examples of QCM include a guide that assists a CPA firm in performing an audit of financial statements or a tool that calculates planning materiality.

The criteria will be used to evaluate QCM content in a new assertion-based examination to be performed under the Statements on Standards for Attestation Engagements (SSAEs). Although not required, a QCM provider, possibly a CPA firm, may engage a practitioner to examine its QCM content (examination) as it relates to the relevant standards and interpretive guidance. For additional assistance, practitioners may also use the upcoming AICPA Guide, *Reporting on an Examination of a Description of the Content of Quality Control Materials (QCM) and of the Content of QCM Related to the Relevant Standards and Interpretive Guidance*. The examination will help CPA firms that use QCM, and their peer reviewers, address the risks associated with the use of QCM and monitor their practices.

Paragraph .12 of QM section 10A, *A Firm's System of Quality Control*, states that the objective of a firm is to establish and maintain a system of quality control to provide it with reasonable assurance that (a) the firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) reports issued by the firm are appropriate in the circumstances. A CPA firm establishes policies and procedures to achieve that objective and to promote consistency in the quality of engagement performance. This is often accomplished through the adoption of QCM as an integral part of the firm's system of quality control. However, the use of QCM may result in risks for the firm.

Some firms have depended on QCM review results performed under the peer review standards to help address those risks. For various reasons, when the Peer Review Board approved the clarified peer review standards, the guidance associated with performing and reporting on QCM reviews was eliminated. QCM examinations will replace QCM reviews since the engagement will better align with

professional standards and the intended level of assurance if it is an examination engagement under the SSAEs.

The ED complements the [Statement on Quality Management Standards \(SQMS\) No. 1, A Firm's System of Quality Management](#) (QM section 10). The standard requires a firm to establish specified quality objectives, one of which is to obtain or develop, implement, maintain, and use appropriate intellectual resources to enable the operation of the firm's system of quality management and the consistent performance of quality engagements. To achieve the quality objective related to intellectual resources, the standard indicates that one matter a firm may consider when determining whether a resource is appropriate is the results of an attestation engagement performed by an independent third party. An examination of a description of QCM content (description) and QCM content is an example of such an engagement.

The article "How to evaluate Quality Control Materials (QCM) in Peer Reviews under the Clarified Peer Review Standards" in the [May 2022 Reviewer Alert](#) contains additional information useful to peer reviewers.

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What's new in the Peer Review Program Manual (PRPM) – October 2022

The October 2022 PRPM update is now available on the [Peer Review website](#) and in the Online Professional Library (OPL)¹ to subscribers. The update is effective for reviews commencing on or after November 1, 2022. Updated practice aids have an "October 2022" date at the top.

The update consists of:

- [PRP Section 20,700 Employee Benefit Plan Audit Engagement Checklist](#) revised primarily to reflect the AICPA Audit and Accounting Guide Employee Benefit Plans updated as of August 1, 2021 and to more fully integrate requirements of AU-C section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*.
- [New checklists for engagements performed in accordance with SSAE Nos. 21 and 22, as applicable:](#)
 - 20,900B Agreed-Upon Procedures Engagement Checklist
 - 21,000A Examination Attestation Engagement Checklist
 - 21,050A Review Attestation Engagement Checklist
 - 21,100A Reporting on Controls at a Service Organization Checklist (SOC 1® Reports)
- [PRP Section 21,300 Supplemental Checklist for Review of Agreed-Upon Procedures Related to the Securities Investor Protection Corporation \(SIPC\) Assessment Reconciliation for Broker Dealers](#) revised to add references to SIPC Member FAQs and AICPA illustrative reports and enhance reporting questions.

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

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

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¹ To access OPL, visit the purchases tab under your profile when you log into www.aicpa.org.

Register for the Upcoming Peer Reviewer Forum

Join us for the next edition of Peer Reviewer Forum on November 14, 2022 from 1-2pm ET. Among other items, Alan Long, former PRB and ASB member, will cover ways you can start helping your peer review clients get ready for the Quality Management standards!

Please email prptechnical@aicpa.org to let us know any other topics you'd like covered.

Register for the [Free \(no CPE\) Webcast](#) or the [Paid \(CPE\) Webcast](#). We look forward to "seeing" everyone!

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