

## AICPA PEER REVIEW PROGRAM STANDARDS RECAP

This is not an all inclusive list of the revisions to the AICPA Peer Review Program (Program) Standards for Performing and Reporting on Peer Reviews (Standards) effective January 1, 2005. The revised Standards, Interpretations and additional guidance should be consulted for all the revisions to the Standards. They can be found at: [http://www.aicpa.org/members/div/practmon/2005\\_stds\\_notes.htm](http://www.aicpa.org/members/div/practmon/2005_stds_notes.htm)

### Revisions in the Standards that affect:

#### Firms:

- Written representation letter required on all peer reviews.
- Timing of Peer Reviews
  - Firms that previously had an engagement or report review and are engaged to perform an engagement requiring a system review are required to:
    - notify administering entity upon issuance of engagement requiring a system review
    - undergo a system review within 18 months from the year-end of an engagement requiring a system review.
- Must make available to the reviewer communications relating to allegations or investigations of deficiencies in the conduct of an accounting, audit or attestation engagement performed and reported on by the firm.

#### System reviews:

- Changes in engagement selection:
  - Initial selection should be provided to the reviewed firm no earlier than two weeks before the commencement;
  - One engagement (at the firm's highest level of service) should be provided to the firm once the review commences and not in advance.
- Team captain should be physically present at the exit conference, unless the review is performed at a location other than the practitioner's office.
- System Reports revisions (see examples in appendices)
  - If a letter of comments is issued, the report includes a paragraph indicating the issuance of the letter and the comments were not considered to be of sufficient significance to affect the report opinion.
  - Modified and adverse reports include a description of the deficiencies and recommendations.
  - Identifies scope limitations by industry and level of service
  - Identifies substandard engagements by industry and level of service
- Letter of comments is prepared only if the matters were not of such significance to cause the report to be modified or adverse.
- Letter of response should respond to deficiencies and comments identified in the report and letter of comments, if applicable.
- Interpretation No. 1 was modified to allow only sole practitioners, (with no professional staff) that performs a total of three or less engagements covered by the SASs, Government Auditing Standards or examinations of prospective financial statements under the SSAEs to participate in a system review at another location

#### Engagement reviews:

- The report should include deficiencies and identify substandard engagements by industry and level of service.
- Letter of comments should not be issued when a modified report is issued where all of the deficiencies are matters causing the report to be modified or when an adverse report is issued, as all deficiencies and recommendations should be contained in the report.
- Letter of response should respond to deficiencies and comments identified in the report and letter of comments, if applicable.

#### Report reviews:

- Significant comments and matters must be identified/separated from non-significant comments and matters within the report.

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### Revisions in the Standards that affect:

#### Administering Entities:

- System, engagement reviews and report reviews that require committee consideration must be presented to a report acceptance body within 120 days of receipt of the report, letter of comments and letter of response from the reviewed firm.
- Report reviews that do not require committee consideration must be accepted within 45 days of receipt of the report from the reviewed firm.
- Elimination of System Review CARTs

#### Administering Entity Peer Review Committees:

- Committee members charged with the responsibility of accepting reviews must participate in a reviewer training course.
- A majority of the committee members and the chairperson charged with the responsibility for acceptance of reviews, and administering the Program, should possess the qualifications required of a system review team captain
- On system and engagement reviews, the committee must ensure that all firms within their jurisdiction have timely peer reviews and track the timing of the completion of corrective actions.
- Ensure that reviews are presented to a report acceptance body in a timely manner.

#### Peer reviewers:

- Must complete a peer review training course when the function of reviewer goes beyond reviewing engagements.
- All firms that the member is associated with should have received an unmodified report on the review of its system of quality control or an unmodified report on its engagement review for its most recent peer review that was accepted within the last three years and six months.
- All members of the system review team must be approved by the administering entity prior to the commencement of the review.

#### Technical reviewers:

- Must participate in at least one peer review each year.
- Within the three year period preceding commencement of the technical review, complete one or more training courses applicable to the type of peer review evaluated and that meet the team captain/reviewer training requirements.