

Deficiencies Commonly Made by Peer Reviewers

Reports:

1. Typos, misspellings, punctuation, and wording errors such as whole paragraphs and sentences omitted from reports.
2. The most current report language is not used; reviewers seem unaware of the changes until they receive a Team Captain Feedback Form or request for revision.
3. Writing of letter of comments is sometimes a “laundry list” of deficiencies without clear indication of what CAUSED the deficiency.
4. Poor wording, incomplete sentences, and grammatical errors in the letter of comments.
5. Repeat findings are often omitted in the letter of comments. Reviewers seem to have difficulty looking at things from a systemic perspective and determining repeat findings based on the system. They focus on specific deficiencies only.
6. Some reviewers indicate the “firm has improved” in the workpapers or in their conclusions and therefore appear to minimize the deficiencies noted in the letter of comments or try and explain away why nothing is “material”.
7. The wording regarding the report and documentation required in engagement reviews in the second paragraph has changed. Many reviewers are not using the most recent engagement review report wording related to required documentation.

Workpapers (Summary Review Memorandum and Team Captain Checklist):

1. The current forms, checklists and industry codes have been updated, but reviewers continue to use the old ones.
2. Failure to include appropriate team captain or team member experience in light of the firm’s expertise and/or industry specialization.
3. Inadequate risk assessment:
 - Does not address risk overall or identify their engagement selection description of risk.
 - Does not appropriately explain or elaborate on how they assessed inherent and control risk.
 - Conclusion is often omitted, and if there is one, it does not address the factors that influenced their conclusion.
4. Surprise engagement is either omitted or not always selected according to the standards (i.e. highest level of service).
5. One reviewer read the standards regarding the selection of surprise engagements that if there were fewer than 3 attest engagements, there didn’t need to be a surprise selection.

This criterion relates to application of Interpretation 1 for reviews done at a location other than the practitioner's office.

6. One reviewer created his own forms which were submitted with the Summary Review Memorandum. His intention was to explain or document his conclusions but these forms were used instead of the Summary Review Memorandum in many cases. They do not always assist in formulating the right conclusion in the circumstance.
7. MFC's are not issued when the reviewer considers something isolated or immaterial; MFC's lack professional references and sufficient explanatory comments to help the technical reviewer and committee understand the issues and conclusion.
8. The Reviewer's Checklist does not reference or itemize deficiencies in the prior review.
9. Careless completion of the Summary Review Memorandum – items listed on wrong lines or left blank.
10. If the firm is late or received an extension of time to complete the review, this is frequently not addressed or noted in the Summary Review Memorandum or Team Captain Checklist by the reviewer.
11. Summary of MFC's and Conclusion Form is frequently not used by reviewers.
12. Firm does not sign or indicate a response on MFC's.
13. Checklist items have the same date, yet the first few items clearly relate to getting background information on the firm, arranging the review, etc. A specific date should be used for each step in the checklist.
14. There has been no real issue with 101-3 lately. Firms and reviewers seem to understand it. The biggest issue is how to handle the lack of documentation depending on the type of review being done.
15. The AICPA has reduced the industry codes for engagements but most reviewers are not using the revised list. Only those industries which are represented by industry codes need to be identified in the firm's statistics. If the industry of the client isn't included in those codes, then there is not need to specifically identify them. These can be included in "other".

Items Noted in Oversight:

1. One checklist used for multiple engagements.
2. Review forms are incomplete or omitted.
3. Lack of knowledge of standards, Major items are missed due to lack of careful Review of engagements during the review.