

## FREQUENTLY ASKED QUESTIONS

### AICPA National Peer Review Administrative Fee to Enhance Audit Quality

**Q. What is the national peer review administrative fee?**

**A.** The national peer review administrative fee will be billed annually by the AICPA to provide the investment required for a more robust Peer Review Program, the major component of the AICPA's [Enhancing Audit Quality initiative](#).

**Q. How will the national peer review administrative fee be used?**

**A.** The fee will be used to support the Peer Review Program's new and ongoing initiatives to drive audit quality, including, but not limited to:

- Enhanced oversight – surprise inspections of engagements previously reviewed by peer reviewers to identify instances where firms have failed to perform audit engagements in conformity with professional standards (in all material respects) and peer reviewers have failed to detect non-conformity.
- Additional training and remediation for firms and peer reviewers
- Initiatives to increase the likelihood that firms that should be enrolled in peer review are enrolled and that all engagements that should be included in peer review scope are included
- Investments in technology to facilitate, advance and modernize the Peer Review Program

**Q. Why is the AICPA focused on enhancing audit quality?**

**A.** In 2014, in light of the increasingly complex business environment, as well as peer review and enforcement findings, the AICPA initiated a comprehensive effort to consider auditing of private entities through multiple touch points, particularly where quality issues have emerged. The goal was to align the objectives of all AICPA audit-related efforts to enhance audit performance. The AICPA shared its ideas and plans in a discussion paper released in August 2014 and issued its [6-Point Plan to Improve Audits](#) in May 2015. The 6-Point Plan is a road map of current and future activities designed to enhance audit quality profession-wide at every step of the quality journey by:

- Attracting the best and brightest to the profession and preparing them for a career in auditing
- Developing and maintaining a robust CPA Exam that reflects the realities of real-world practice and assesses the competencies needed by newly licensed CPAs
- Developing, updating and communicating comprehensive standards to support quality behavior.
- Providing guidance and training to support competency
- Evolving the Peer Review Program to monitor practice more effectively, including detecting deficiencies and remediating firms, when necessary

**Q. What progress has the Peer Review Program made toward greater audit quality since issuing the 6-Point Plan?**

**A.** In 2016, numerous changes to the Peer Review Program became effective, including better issue detection and faster remediation for firms and peer reviewers, new peer reviewer qualifications and enhanced training for peer reviewers. In 2017, more changes will become effective, including changes to enhance the review of firms' quality control systems and changes to clarify both the peer review report and firms' representation letters.

However, since the Peer Review Program is based on a three-year cycle, significant improvements in audit quality will occur over time. The pilot of the Enhanced Oversight program revealed that subject matter experts identified deficiencies at a much high rate than the reviewers themselves (44% v. 8%). Recognizing the value of detecting issues and targeting remediation sooner, we will be continuing this program and doubling our efforts.

**Q. Which firms are being assessed the national peer review administrative fee?**

**A.** Firms that are subject to system reviews will be assessed the fee annually.

**Q. How much is the national peer review administrative fee?**

**A.** The fee varies based on the number of CPAs employed by a firm, as follows:

Number of CPAs	Cost Per Firm
Sole Practitioner	\$75
2-10	\$325
11-49	\$1,250
50-99	\$3,000
100-399	\$7,500
400-999	\$10,000
1,000+	\$15,000

**Q. When will the national peer review administrative fee invoices be sent to firms?**

**A.** The invoices will be sent annually; starting this year, the AICPA will send the invoices during the October/November timeframe.

**Q. When do the invoices need to be paid?**

**A.** Remittance will be due by May 1, 2017.

**Q. How can I get additional information on the national peer review administrative fee?**

**A.** If you have further questions or require additional information regarding the national peer review administrative fee, contact [prsupport@aicpa.org](mailto:prsupport@aicpa.org) or 919-402-4502.