

Reviewer Focus

Welcome to the December 2014 edition of **Reviewer Focus**. We designed this communication to focus your attention on current issues to assist you in more effectively performing your peer reviews and enhancing the quality of the work performed by your peer review clients. The information contained herein has **not** been approved by the AICPA Peer Review Board and thus does not constitute other guidance as defined in the *AICPA Standards for Performing and Reporting on Peer Reviews*.

This edition of Reviewer Focus contains five articles:

1. [Listing your firm on AICPA's Firm on Firm Directory](#)
2. [January 2015 AICPA Peer Review Program Manual Update](#)
3. [Supplement to Attest Engagement Profiles](#)
4. [PCAOB and SEC Independence Violations](#)
5. [Save the Dates – Upcoming Webcast Rebroadcast and Conference](#)

Listing your Firm on AICPA's Firm on Firm Directory

To have your firm listed on the AICPA's [Firm on Firm Directory](#), log in to [PRISM](#), click on the "My Firm" tab and click the "Firm on Firm Interest Form" link to update the branch and contact information for your firm.

January 2015 AICPA Peer Review Program Manual Update

By early January, you will be able to download the revised *AICPA Peer Review Program Manual Update 00-10 (Jan 2015) (Manual)* from the **In the Spotlight** section on the [Peer Review Interest area page](#), as well as the [2015 Peer Review Program Manual page](#) or the [2015 Team and Review Captain Checklists page](#).

Peer reviewers should adhere to the revised guidance, forms, and checklists for peer reviews commencing on or after January 1, 2015.

The manual has been conformed to recently approved guidance as described in the following Peer Review Alerts:

- [14-06](#) (November 2014) "Revisions to Consecutive Non-Passing Report Guidance"
- [14-05](#) (October 2014)
 - "Revisions to Noncooperation and Recall Guidance"
 - "Firm and Individual Licenses"
- [14-04](#) (August 2014) "Revision to Peer Review Guidance for Engagement Reviews"
- [14-03](#) (June 2014) "Revisions to Recall Guidance"

The manual also reflects changes to the Review Captain Summary (PRP Section 6300) and Quality Control Questionnaires (PRP Section 4300-4600) as described in Alert [14-05](#) related to "Firm and Individual Licenses".

Engagement checklists have not been revised, with the exception of:

- The elimination of checklists with the suffix "A" signifying that they are for financial statements with periods ending before December 15, 2012

However, there were two changes related to engagement checklists which were not finalized before our production deadlines. They are not included in the Manual, however will be posted

to the AICPA Peer Review Program website when finalized. See separate communications for effective dates and links.

- Addition of an “Attest Engagement Profile Supplement” for reviews commencing on or after January 1, 2015 (see article below)
- Updated PRP Section 22,160 “Supplemental Checklist for Review of Broker-Dealer Audit Engagements” (to coincide with audit guide updates) for reviews commencing on or after February 1, 2015 (see January 2015 communications when available)

Further details on the changes made to the Manual can be found in the Release Notes, which will also be available by early January.

Peer reviewers should adhere to the revised guidance, forms, and checklists for peer reviews commencing on or after January 1, 2015.

Supplement to Attest Engagement Profiles

Independence as it relates to nonattest services provided to audit clients was identified earlier this year as an [emerging risk](#) area warranting a more robust peer review response. To facilitate that response, a supplemental engagement profile has been developed.

The Attest Engagement Profile Supplement focuses on the independence assessment of peer reviewed firms, paying particular attention to the evaluation of sufficiency of the client’s skills, knowledge and experience to oversee nonattest services provided to their clients. The Supplement, effective for peer reviews commencing on or after January 1, 2015, will be posted to the AICPA Peer Review Program website when finalized and included in the next (April 2015) manual revision. The Supplement should be completed for all engagements selected for review that require independence, as set forth in the AICPA Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARSs), and Statements on Standards for Attestation Engagements (SSAEs). It should not be completed for engagements selected for review that require independence in accordance with *Government Auditing Standards* (Yellow Book) or other regulatory independence rules or engagements that do not require independence.

PCAOB and SEC Independence Violations

The Public Company Accounting Oversight Board (PCAOB) recently issued disciplinary orders against seven firms for violating the PCAOB’s independence rules when auditing broker-dealers. The orders can be found [here](#). The independence violations involved the preparation of the financial statements and notes to the financial statements for the broker-dealer engagements.

The Securities and Exchange Commission (SEC) also issued sanctions for eight audit firms for violating auditor independence rules when they prepared the financial statements of brokerage firms that were their audit clients. The sanctions can be found [here](#).

The SEC handed out sanctions to the eight audit firms with fines totaling \$140,000 for violating the auditor independence rules. The PCAOB disciplined the seven different firms with fines of \$2,500 each for preparing financial statements or portions of statements for audit clients. The SEC and PCAOB announced the actions in conjunction with a national conference of the American Institute of Certified Public Accountants to cover emerging auditing and financial reporting issues.

For auditors of broker-dealers who violate the SEC's independence rules, the PCAOB has indicated that they will continue to refer the auditors to the PCAOB's enforcement division.

SEC Rule 2-01(c)(4)(i) indicates that an accountant is not independent if, at any point during the audit and professional engagement period, the accountant provides non-audit services to an audit client. Non-audit services include maintaining or preparing the audit client's accounting records, preparing the client's financial statements, or preparing or originating source data underlying the audit client's financial statements.

As a reminder, auditors should not provide typing and word processing services or financial statement templates that are not publicly available to broker-dealer clients.

The AICPA Stockbrokerage and Investment Banking Expert Panel issued a summary of certain auditing, attestation, and independence standards applicable to the audit and attestation engagements for certain entities registered either with the SEC, Commodity Future Trading Commission, or both, for fiscal years ending on or after June 1, 2014. The summary can be found [here](#).

Save the Dates – Upcoming Webcast Rebroadcast and Conference

December 18, 2014 2-4pm EDT Sufficiency of Audit Evidence – A Peer Review Focus

Back by popular demand; join us for a rebroadcast on *Sufficiency of Audit Evidence – A Peer Review Focus* on Thursday, December 18, from 2-4pm ET. Lyn Graham will focus on internal controls, risk assessment (including linkage to financial statement assertions), and sampling. [Register](#) to attend the rebroadcast for CPE credit.

2015 Peer Review Conference

The AICPA Peer Review Team will host our annual conference from August 3-4, 2015, with optional sessions on August 2, in New Orleans, Louisiana. Please join us in New Orleans! Check out our [conference webpage](#) for more details.