

How to Hire a Quality Peer Reviewer: Your Guide to the Selection Process

Introduction

The AICPA Peer Review Program (Program) is dedicated to enhancing the quality of accounting, auditing and attestation services performed by AICPA members in public practice through practice monitoring. The goal of practice monitoring, and the program itself, is to promote quality in accounting and auditing services provided by the AICPA members and their CPA firms. This goal serves the public interest and enhances the significance of AICPA membership. Therefore, having a quality peer review and a quality peer reviewer is of utmost importance.

Firms enrolled in the Program are required to have a peer review of their accounting and auditing practice once every three years; this review covers a one-year period. The peer review is conducted by an independent evaluator, known as a peer reviewer. There are two different types of peer reviews. System Reviews focus on a firm's system of quality control while Engagement Reviews consider work performed on particular selected engagements. The nature, objectives, scope, limitations of and the procedures performed in peer reviews are described in the standards at aicpa.org/prsummary.

As part of the AICPA's commitment to quality, we are providing this resource to assist your firm in understanding the importance of:

- Having a quality peer review
- Hiring a quality peer reviewer
- Evaluating peer reviewer qualifications

Why is a Quality Peer Review Important?

Peer Review provides a mechanism for a firm to engage another firm to review its accounting and auditing practice, specifically its application of professional accounting, auditing and attestation standards. A quality peer review enables a firm to improve its processes and provides education and recommendations to correct any findings or deficiencies. All firms are required to have a documented system of quality control to ensure that they perform and report on engagements in accordance with applicable professional standards. The peer review process also helps firms comply with the [Statements on Quality Control Standards No. 8](#), which provides guidance on how a firm should establish and maintain its system of quality control.

A quality peer review will convey to your clients the honesty, professionalism and trustworthiness of your firm. Further, a quality peer review lends your firm insight that contributes to the quality and effectiveness of your practice. Lastly, a firm that has undergone a quality peer review sees tangible benefits such as:

- Greater confidence in firm practices and procedures
- Increased morale
- Efficiencies from shared best practices
- Better understanding of the quality control standards
- More effective audit procedures
- Identification of areas where the firm did not follow professional standards
- Identified issues that could deem a financial report materially misleading

Why is Hiring a Quality Reviewer Important?

The selection of a peer reviewer is a critical step to ensure your firm's peer review is efficient, cost-effective and adds value to your firm's quality control policies and procedures. Firms that approach this decision with due care are more likely to reap the full benefits from the process.

Selecting a peer reviewer is like finding a top quality employee. It takes time, persistence and careful consideration of qualifications. A firm should perform due diligence procedures when selecting and assessing its peer reviewer, much like the procedures performed when hiring and periodically evaluating a new employee. A firm should hire a reviewer who possesses:

- Skills in accounting, auditing and quality control matters,
- Experience in peer reviews,
- Knowledge of the peer review program, and
- A strong belief in improving firm quality.

A firm should find a reviewer whose firm's practice size and industry specializations are similar to its own. Additionally, the reviewer should have significant experience in all of the key areas in which the firm operates. A firm may find its best peer reviewers are those who are truly peers. Requests for proposals and telephone interviews with prospective reviewers are key procedures to help a firm find the right reviewer.

The quality of your firm's review is dependent on the reviewer. In the most optimal situations, a peer review's benefits may exceed its costs. A quality reviewer may make recommendations and give insight regarding improving your firm's quality control system and provide helpful suggestions for operating more efficiently or effectively. To maximize the effectiveness of your firm's review, communications and planning are key. This allows for review procedures to be performed appropriately and the review documents to be submitted timely.

How Can My Firm Evaluate Peer Reviewer Qualifications?

Peer reviewers complete a "resume" on the AICPA website. This resume contains information about the reviewer's firm, recent peer review training courses attended, the industries in which the individual has experience and the types of engagements

performed. The *AICPA Standards for Performing and Reporting on Peer Reviews* sets the minimum requirements that peer reviewers must possess, including experience, continuing professional education and peer review training. The AICPA has a [Peer Reviewer Database](#) and a [Firm-on-Firm Directory](#) for a firm to identify prospective reviewers. A firm can also consult CPAs with similar practices for reviewer recommendations.

Is The Reviewer A Peer?

Your firm may want to ask several questions of a prospective reviewer to determine if he or she is a peer and to obtain an overall level of comfort with the reviewer. Examples would include the reviewer's firm size, size of the firm's clients and the firm's knowledge in the industries your firm performs engagements. A more detailed list of questions is available [here](#).

What Should I Ask About Cost and Timing?

Your firm should begin its reviewer selection process well in advance of its peer review due date to allow time to select the right reviewer. Requests for scheduling information are sent to firms six to nine months before the review is due. Part of the scheduling information your firm must submit includes the reviewer's name.

Cost is a consideration in selecting a peer reviewer. Although minimizing costs is often important, firms should not use price as the only criterion when selecting a peer reviewer. Reviewers who charge a little more can help firms by offering suggestions that may lower the firm's expenses or increase productivity during the review process. Conversely, reviewers who promise to complete the engagement quickly may perform minimal procedures or cut corners that could reduce the value of the process and the quality of your review. If your firm hires a reviewer who takes short cuts, your firm may not receive appropriate feedback, creating a false sense of security that your firm has no room for improvement. This is why it is critical for your firm to take great care in questioning potential reviewers.

Your firm can improve the efficiency of the peer review, and therefore, limit your costs, by being prepared for the reviewer. Your firm should have the following items ready for your peer reviewer in a system review:

- The background/scheduling form completed for the administering entity
- Quality Control Document
- Results of last peer review
- Communications from regulatory agencies
- License information
- Monitoring documentation
- Administrative and personnel files
- Consultations on technical or ethical questions
- Engagement listing
- Engagement working papers

Items to have ready for the peer reviewer in an engagement review include:

- The background/scheduling form completed for the administering entity
- Results of last peer review
- Engagement summary
- Engagement working papers

Your firm should consider asking questions related to timing and cost such as, is the reviewer available when you need them to be and how does the reviewer charge (hourly or per review). Review a detailed list of questions [here](#).

How Do I Evaluate A Reviewer's Competency?

Asking questions about feedback a reviewer has received from the administering entity or results of oversights on the reviewer performed by the AICPA or the administering entity helps evaluate the technical qualifications of a prospective reviewer. See a detailed list of questions [here](#). How potential reviewers respond to those questions may indicate their willingness to perform a quality review.

Should I Ask For References?

Firms can ask potential reviewers for references. Access detailed questions [here](#). Your firm should be certain that the potential review team has a personal understanding of your firm's unique practice issues in order for them to perform the best job possible. An experienced reviewer offers valuable advice and can share efficiencies and best practices observed at other reviewed firms. As part of the selection process, your firm may want to ask what value-added insights the reviewer could offer in addition to the peer review. Firms that take greater care in the selection of their reviewer may also contract with them to perform other applicable services.

Firms may issue a Request for Proposal (RFP) to obtain information about the reviewer firm's accounting and auditing hours, specialization and peer review history. This proposal can also convey your firm's interest in other possible practice management or value-added type of engagements and any other information for reviewer consideration. After the RFP is received, your firm can conduct telephone interviews to learn more about each potential reviewer and to gauge the reviewer's expertise, communication skills and general past peer review experiences. View a sample of questions [here](#).

Additional Resources

The AICPA has numerous peer review resources available to firms and the public.

[Peer Review Standards](#)

[Peer Review Interpretations](#)

[Report Acceptance Body \(RAB\) Handbook](#)

[Peer Review FAQ](#)

[Enhancing Audit Quality Practice Aids](#)

[AICPA Peer Review Public File](#)

[Other Peer Review Resources for the Public](#)