

## May 2015 Peer Review Update

This May 2015 Peer Review Update contains the Peer Review Alert 15-02 and the May 2015 Reviewer Focus. Click a link below to go directly to the article.

### Peer Review Alert 15-02

- [Revisions to Educational Framework](#)
- [Revision to Peer Review Guidance for SSARS No. 21 and Areas of Common Noncompliance With Applicable Professional Standards](#)

### May 2015 Reviewer Focus

- [Recent Guidance on Disclosures of Uncertain Tax Positions](#)
- [AICPA Peer Review Program Manual Update](#)
- [Save the Dates – Webinars and Conference](#)

### Revisions to Educational Framework

On May 5, 2015, the Peer Review Board (Board) approved revisions to both the initial and ongoing training requirements for team and review captains. Additionally, the Board approved new training requirements for reviewers of certain must-select engagements. These requirements are effective for reviews commencing on or after May 1, 2016.

Individuals seeking to become initially qualified as a team captain or as a review captain must first complete an online peer reviewer curriculum, a series of on-demand modules offered through [www.cpa2biz.com](http://www.cpa2biz.com). The modules within the curriculum must be taken sequentially, with each module containing a competency assessment that must be passed prior to the completion of the next module in the series. After the online peer review curriculum has been completed, the individual will be allowed to attend a practical application case study, which is also required. This course will be an 8-hour live seminar course offered through the state societies.

Current team captains and review captains must attend an annual peer review update course that will include a summary of peer review guidance changes as well as how the latest developments in A&A standards impact peer review. The course will be offered on-demand and will be available through [www.cpa2biz.com](http://www.cpa2biz.com). This course, which will be updated annually, will also include a competency assessment. Current team captains and review captains may also attend the annual Peer Review Conference in lieu of completing the annual peer review update course.

Reviewers of certain must-select engagements will be required to attend an annual course offered by the AICPA on the industry they intend to review. These courses will focus on any peer review guidance changes specific to these industries as well as how any changes to A&A guidance impact peer review performance. The courses will be offered on-demand and will be available through [www.cpa2biz.com](http://www.cpa2biz.com). These courses will be updated annually and will include a competency assessment. Reviewers of these must-select engagements may also attend the annual industry updates preceding the General Session of the Peer Review Conference in lieu of completing the annual industry specific courses. Firms are also reminded of Interpretation No. 31g-2 which states that reviewers may undergo training which includes the same elements as, and is as comprehensive as, the must-select training required by the Board.

The peer review training webpage on AICPA.org will be updated to provide further information on the training requirement revisions.

### **Revision to Peer Review Guidance for SSARS No. 21 and Areas of Common Noncompliance With Applicable Professional Standards**

On May 5, 2015, the Peer Review Board (Board) approved revisions to Appendix E, *Areas of Common Noncompliance with Applicable Professional Standards*, of PRP Manual Section 6200, *Instructions to Reviewers Performing Engagement Reviews*. These revisions address how areas of common noncompliance with SSARS No. 21, *Statement on Standards for Accounting and Review Services: Clarification and Recodification* should be assessed. SSARS No. 21 is effective for engagements on financial statements for periods ending on or after December 15, 2015, with early implementation permitted. The new SSARS clarifies and revises the standards for reviews, compilations and engagements to prepare financial statements in addition to revising the standards for accountants in public practice who prepare financial statements for their clients.

The changes to PRP Section 6200 Appendix E, presented at the May 5, 2015 Board meeting, are effective for peer reviews commencing on or after May 5, 2015.

# ***Reviewer Focus***

Welcome to the May 2015 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 three articles:

- [Recent Guidance on Disclosures of Uncertain Tax Positions](#)
- [AICPA Peer Review Program Manual Update](#)
- [Save the Dates – Webinars and Conference](#)

## **Recent Guidance on Disclosures of Uncertain Tax Positions**

Peer reviewers should consider recent [guidance](#) that clarifies that a nonpublic entity is required to disclose a description of tax years that remain subject to examination (“open tax years”) *only* when the entity has uncertain tax positions (i.e. material unrecognized tax benefits).

A previous AICPA non-authoritative Technical Question and Answer had required nonpublic entities to disclose the open tax years *regardless* of whether they had any uncertain tax positions.

This topic is addressed in PRPM sections 22,300 and 23,600 Financial Reporting and Disclosure Checklists for system and engagement reviews in 2 questions:

- FD107 asks whether the disclosure of open tax years is adequate. If the entity does not have uncertain tax positions, this question will now be answered “n/a”
- FD549 asks whether unrecognized tax benefits are disclosed. If the answer is “yes” or “no”, a reviewer should expect a “yes” answer to FD107. If the answer is “n/a”, a reviewer would expect an “n/a” answer to FD107 as well.

This topic is addressed similarly in question EB416 of PRPM section 20,700 Employee Benefit Plan Audit Engagement Checklist. As written, the questions do not require updating. However, the questions may be clarified in a future PRPM update.

## **AICPA Peer Review Program Manual Update**

By late May, the revised *AICPA Peer Review Program Manual Update 00-11 (May 2015)* (Manual) will be available to you in three formats, as we transition to a new delivery platform:

- If you are a subscriber, you will have received:
  - your CD-ROM/loose-leaf binder
  - an email regarding your access to the Manual on the AICPA’s Online Professional Library (OPL)
- If you are an AICPA member, you can download the Manual from the peer review [webpages](#)

The CD-ROM/loose-leaf binder will be the last binder released. Future updates will be released on OPL. They will also be released on the webpages with a one month lag until we determine what sections of the Manual will remain on the webpages going forward.

Additional information on this transition was available in the [April Reviewer Focus](#) which linked to "[Launch of Peer Review Program Manual Content in the Online Professional Library.](#)"

### **Save the Dates – Upcoming Webinars, Peer Review Conference and How To Course Enhancing Audit Quality (EAQ) Update – May 20, 2015 11:00am EDT**

Join Jim Brackens, AICPA VP Ethics and Practice Quality, as he outlines the U.S. CPA profession's answer to quality financial statement audits of private companies, employee benefit plans and governmental entities. Learn about the six-point plan and how the AICPA is responding to your feedback on last year's EAQ Discussion Paper. This free event outlines steps already taken and plans for the future. Register [here](#).

### **Peer Review Update – June 3, 2015 2-4:00pm EDT**

Discover valuable information essential to all peer reviewers as it will cover changes in guidance made during the last year. Our speakers will be Anita Ford (Chair of the Peer Review Board), Tom Parry (Chair of the Peer Review Board's Standards Task Force) and James Brackens (AICPA VP, Ethics & Practice Quality). You'll hear a high level overview of changes to Standards and Guidance that have occurred in the last year. You'll also get an update on the short- and long- term enhancements to audit quality. Register [here](#). This webinar will be eligible for peer reviewer training. Even if you've already met the training requirement, you should plan to attend this important webinar.

### **Upcoming Surviving the Deep Dive – A Closer Look at the Peer Review Focus Areas July 7, 2015 2-4:00pm EDT**

The AICPA Peer Review Program will host this webinar covering specifics on:

- Independence as it relates to nonattest services provided to attest clients
- Sufficiency of audit evidence, particularly:
  - Risk assessment,
  - Internal controls, and
  - Sampling.

This webinar will equip firms to navigate the peer review focus areas and assist you with your understanding of the new peer review checklist questions specific to these areas. The webcast will provide CPE and will be eligible for peer reviewer training. More information, including how to register, will be provided soon.

### **Drive your Competitive Edge with Audit Quality – Free Webcast July 30, 2015 1-3pm EDT**

[Register](#) for this free CPE webcast for firms and promote it to your peer review clients. This webcast will map your route to making your firm's audit practice more profitable by focusing on quality and identifying and addressing risks in your practice. Further, hear tips on how to demonstrate audit quality and how to articulate it as a competitive edge to clients. In addition to CPE credit, you will receive a toolkit of practical resources to ignite your firm's pathway to effectively and efficiently providing quality services and showcasing the firm's value.

### **2015 Peer Review Conference and How-To Course**

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 for what is sure to be another exciting installment of our annual conference. [Register](#) for the Peer Review Conference.

### **How-To Course – August 3-4, 2015 in New Orleans, LA**

Co-sponsored by the Society of Louisiana CPAs, the AICPA is hosting its annual "How To Conduct a Review Under the AICPA Practice-Monitoring Program" course at the Peer Review

Conference in New Orleans, Louisiana on August 3-4, 2015. Potential reviewers can network and meet with experienced peer reviewers during meals, breaks and at the reception. Send the [registration](#) link to someone in your firm or another potential reviewer.