

# REVIEWER ALERT



**June 2017**

This Reviewer Alert contains the following articles:

1. [What's New in the Peer Review Program Manual \(PRPM\) – June 2017 Update](#)
2. [Yellow Book Exposure Draft Released!](#)
3. [Governmental and Single Audit CPE Opportunities](#)
4. [Considerations for Audits of Broker-Dealers](#)
5. [Archived Peer Reviewer Q&A Webcast](#)
6. [Save the Date – Upcoming Peer Review Events](#)

## **What's New in the Peer Review Program Manual (PRPM) – June 2017 Update**

The following updates will be available by late June 2017 [on the peer review webpages](#), and in the Online Professional Library ([OPL](#)) to subscribers. PDF or excel documents will have a “June 2017” date on the top. The updates will be effective for reviews commencing on or after July 1, 2017.

Resulting from the May 2017 Peer Review Board Meeting (PRB), PRPM sections:

- 1000 *Peer Review Standards*, 2000 *Interpretations*, and 3300 *RAB Handbook* were updated to revise guidance when there is a failure to improve or correct deficiencies or significant deficiencies after consecutive corrective actions (agenda item 1.4).
- 4800 *Summary Review Memorandum*, 6100 *Instructions to Firms Having an Engagement Review* and 6300 *Review Captain Summary* were updated for revised nonconforming engagement reason codes (agenda item 1.5).

The following updates were approved at the May 2017 Peer Review Board Meeting, and will be incorporated into the PRPM at a later date:

- Changes effective for reviews commencing on or after August 1, 2017
  - 2000, *Peer Review Standards' Interpretation's (Interpretations)* 11-1, Peer Reviews to be Administered by the National Peer Review Committee (NPRC), to be updated to refine the criteria for a review to be administered by the NPRC (agenda item 1.3). Specific language is being finalized and will be posted to the PRPM in the July update.
- Changes effective upon implementation in PRIMA:
  - Revisions to guidance to clarify and streamline the process to nationally suspend reviewers for noncooperation for not timely submitting documentation to support experience codes on their resume (agenda item 1.7).

- Revision to guidance allowing for a national restriction to be imposed on a reviewer for failing to acknowledge a performance deficiency letter (agenda item 1.8).
- Revisions to the Reviewer Performance Feedback Form to clarify guidance related to reviewers' responsibility for writing peer review reports (agenda item 1.9).

[Back to Top](#)

### **Yellow Book Exposure Draft Released!**

The U.S. Government Accountability Office (GAO) released the 2017 Yellow Book Exposure Draft and would like to receive public comment on the proposed changes. Some of the key proposed changes to the Yellow Book include, but are not limited to:

- New format that differentiates requirements from application guidance
- Expanded independence requirements to state that any services performed by auditors related to financial statements, other than those defined as impairments, create significant threats to auditor's independence
- Revised CPE requirements to ensure greater auditor proficiency in Generally Accepted Government Auditing Standards (GAGAS)
- Revised peer review requirements
- Updated internal control requirements and guidance
- New requirements for reporting waste that is detected during an audit

The draft is available on GAO's website at [www.gao.gov/yellowbook](http://www.gao.gov/yellowbook). Comment letters can be submitted in writing to [YellowBookComments@gao.gov](mailto:YellowBookComments@gao.gov) through July 6, 2017, with projected final issuance in 2018.

[Back to Top](#)

### **Governmental and Single Audit CPE Opportunities**

The GAQC has recently announced rebroadcast opportunities for some of its most popular CPE Web events during its "summer fun" week from June 27 to June 30. The timing of the rebroadcasts will also benefit members with a June 30 CPE measurement period that need to earn a few more CPE credits.

For GAQC Members Only:

- June 27, 2017, 11am to 1pm ET: [Crucial First Steps: The Schedule of Expenditures of Federal Awards and Major Program Determination](#)
- June 27, 2017, 1pm to 3pm ET: [Uniform Guidance Considerations: Challenging Compliance Areas](#)
- June 28, 2017, 11am to 1pm ET: [GASB's Fair Value Standard: Accounting and Auditing Considerations](#)
- June 28, 2017, 1pm to 3pm ET: [GASB 75 OPEB Implementation: Accounting and Auditing Considerations](#)
- June 29, 2017, 11am to 1pm ET: [Commonly Asked Questions About the Uniform Guidance and Yellow Book](#)
- June 29, 2017, 1pm to 3pm ET: [Developing and Reporting Audit Findings](#)
- June 30, 2017, 11am to 1pm ET: [2017 State and Local Government Audit Planning Considerations](#)
- June 30, 2017, 1pm to 3pm ET: [GAQC Annual Update Webcast](#)

Please see the [GAQC Web site](#) for member registration information and discounted pricing, or if you are interested in learning more about membership.

[Back to Top](#)

### **Considerations for Audits of Broker-Dealers**

The Center for Audit Quality (CAQ) has released an alert that presents questions and considerations for auditors as they are planning broker-dealer audit and attestation engagements. The questions and considerations include items that are applicable to all audits of broker-dealers and items that may require further action only in certain circumstances.

Topics include:

- risk assessment procedures
- auditor communication requirements
- revenue recognition
- related party transactions
- auditing information produced by a service organization
- supplemental information accompanying the financial statements
- examination engagements
- review engagements

The appendices in the alert provide additional resources including reminders about PCAOB and SEC rules, links to PCAOB broker-dealer audit forums, and other resources. The CAQ alert can be found [here](#).

### **SEC Independence**

SEC independence violations continue to be an issue for firms that audit broker-dealers. See the CAQ alert appendices for more information.

As a reminder, PCAOB and SEC rules prohibit providing bookkeeping services to audit and attest clients, including preparing financial statements. Preparation includes hard copy and electronically binding financial statements. If a firm violates SEC independence rules, it is considered a nonconforming engagement. Refer to tips in this [KPMG article](#) that discusses a process auditors and clients can use to verify that the audit report is appropriately included in the final version of the financial statements.

[Back to Top](#)

### **Archived Peer Reviewer Q&A Webcast**

On May 11, members of the Peer Review Board held a two-hour webcast to address reviewers' questions and concerns. Questions addressed during the webcast included:

- Is Peer Review becoming more punitive?
- Are the Enhanced Oversight results reliable?
- Why is the PRB focused on engagements?
- Is the PRB targeting small firms?

Reviewers are encouraged to listen to the no-CPE archive of the event, which can be reached by registering [here](#).

[Back to Top](#)

## Save the Date – Upcoming Peer Review Events

Save the date for the following peer review events:

- [2017 Peer Review Conference](#) - August 14-16, 2017  
Join us at the Loews Vanderbilt in Nashville, Tennessee for this year's conference.
- [Peer Review Integrated Management Application \(PRIMA\) for Peer Reviewers and Enrolled Firms](#) – Wednesday, June 21, 2017 2-4pm ET  
Join us for a live demonstration of the Peer Review Integrated Management Application (PRIMA). Ciara Locklear, Manager of Peer Review Technology Initiatives, will walk you through the peer review process.

[Back to Top](#)