

REVIEWER ALERT



February 2017

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

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

Resulting from Recent Peer Review Board Meetings:

Updates from recent Peer Review Board (PRB) meetings, which are effective for reviews commencing on or after March 1, 2017, are:

- [Updates to 2000 Interpretation 31b-6 Related to Peer Reviewer Qualifications](#)
PRPM section 2000, *Peer Review Standards' Interpretations*, Interpretation 31b-6 will be updated as discussed at the PRB's [January 2017 open session](#) (Agenda Item 1.3). Specifically, a new paragraph will be added to address when a peer reviewer does not meet the qualifications in the interpretation but believes they possess current knowledge of professional standards applicable to the kind of practice to be reviewed.
- [Updates to 3100, 4100 and 4200 for Illustrations of Peer Review Reports and Firm Representation Letters When Peer Review Includes Audits Subject to GAS & Single Audit Act](#)
Illustrations of peer review reports and firm representation letters when a firm's system review includes engagements subject to Government Auditing Standards (GAS) and the Single Audit Act were provided in the [November 2016 Reviewer Alert](#) and discussed at the PRB's [November 2016 Open Session](#). At the January 2017 PRB meetings, final illustrations were approved. Although the primary source for peer review report and firm representation letter templates is still in PRP Section 1000 *Peer Review Standards' Appendixes B-Q*, these specialized illustrations will also be available in PRPM Sections:
 - 3100, *Supplemental Guidance*, under “Impact on Peer Review Results and Reporting”
 - 4100 *Instructions to Firms Having a System Review*, paragraph 30, and new Appendix D
 - 4200 *Instructions to Reviewers Performing System Reviews*, paragraphs 50 and 60, and new Appendix D

Conforming Updates:

Various updates to clarify or correct guidance or practice aids are effective immediately and were incorporated into PRPM Sections:

- 2000, *Peer Review Standards' Interpretations*
- 3300, *Report Acceptance Body Handbook*
- 4900, *Team Captain Checklist*
- 4800, *Summary Review Memorandum* (PDF & Excel versions)
- 24000's in OPL (the Toolkits)

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Which Version of the PRPM Guidance & Practice Aids Should I Use?

Consider the following when determining which version of Peer Review Program Manual (PRPM) guidance (including peer review reports and representation letters) and practice aids (including engagement checklists) to use when performing a peer review:

- New or revised guidance or practice aids are ordinarily effective for reviews commencing on or after a certain date.
 - For instance, if a review commenced on January 15, 2017, the team/review captain would use guidance and practice aids effective as of that date for all aspects of the peer review.
 - Alternatively, if a review commenced on December 15, 2016, the team/review captain would use guidance and practice aids effective as of that date, including the peer review report and representation letters. The PRPM update effective for reviews commencing on or after January 1, 2017 was not yet effective as of the commencement date of the review.
- New or revised guidance or practice aids are posted on our [peer review webpages](#) and in the Online Professional Library ([OPL](#)) for subscribers, in the month prior to the effective date, with the "month/year" they were posted on the top of each PDF or excel document.
 - For instance, the PRPM update posted on our peer review webpages and in OPL in December 2016 is effective for reviews commencing on or after January 1, 2017. Each PDF or excel document that was updated has a "December 2016" date on the top. Guidance or practice aids which were not updated at that time have have an older date on the top of the document, but are still in effect.
 - Exceptions to this "dating" approach are PRPM Sections:
 - 4500 and 4550, *Guidelines for Review of, and Testing Compliance with, Quality Control Policies and Procedures for a Sole Practitioner with No Personnel*
 - 4600 and 4650, *Guidelines for Review of, and Testing Compliance with, Quality Control Policies and Procedures for Firms with Two or More Personnel*
 - 4700, *Staff Interview Questionnaire*These sections were issued in mid-2016 dated "January 2017" with early implementation permitted. Since they are effective for reviews commencing on or after January 1, 2017, ordinarily, they would have been dated "December 2016." Since they were already in circulation, their dates were not changed from "January 2017" to "December 2016."
 - On the peer review webpages and in OPL, the tables of PRPM Sections (Tables of Effective Dates) provide the current and the previous effective dates of each PRPM section. For instance, they indicate "12/2016 (previously 6/2016)" for PRPM Section 1000, *Peer Review Standards* as the "Month Last Modified (Effective First of Subsequent

Month)", which means PRPM Section 1000 was last updated in December 2016 and is effective for reviews commencing on or after January 1, 2017.

- Guidance and practice aids for reviews commencing prior to 1/1/17 are available only in the "Archives" section on our [peer review webpages](#) (not in OPL).

Reviewers are expected to consider communications in Reviewer Alerts about new or revised guidance or practice aids, and consult either the peer review webpages or OPL, as applicable, for updates prior to commencing a review.

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SSARS No. 23 Omnibus Statement on Standards for Accounting and Review Services-2016

[SSARS No. 23](#) was issued in October 2016 and changes AR-C sections 60, 70, 80 and 90. Included within these changes are revisions to the accountant's reporting responsibilities in compilation and review engagements that are effective upon issuance. Specifically, these changes are to the wording of an accountant's report for a review and compilation engagement when supplementary information accompanies the financial statements. The relevant guidance is included in AR-C section 90, paragraphs .81-.82 and AR-C section 80, paragraphs .35-.36, considered conforming changes within the SSARS.

Illustrative reporting examples of these changes are included in the application guidance in .A132 and .A133 within AR-C section 90 and in .A41 and .A42 within AR-C section 80.

If a firm failed to update the language in the additional paragraph for review and compilation reports, it would generally **not** result in a deficiency or significant deficiency. The changes made by SSARS No. 23 in relation to supplementary information are considered further clarifications to existing requirements. Therefore, the following guidance is applicable; PRP Section 6200 Appendix E *Areas of Common Noncompliance With Applicable Professional Standards*;

List of Matters and Findings That Generally Would Not Result in a Deficiency Reports

- Omission of phrases or use of phrases not in conformity with the appropriate standards for the report issued

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Impact of PRIMA Transition on Peer Reviews in Process

PRIMA is currently targeted to go live on April 17, 2017 and will require working papers to be uploaded electronically for all peer reviews.

Here are some things you need to know to prepare for the transition:

- Working papers should be submitted to the appropriate Administering Entity (AE) by March 24, 2017, if possible. This will allow the AE sufficient time to process those working papers prior to PRIMA go-live.
- Working papers not received by the AE by March 24, 2017 may be required to be uploaded directly into PRIMA.

- Working papers that are ready to be submitted to the AE between March 24 and April 17 should be held by the reviewer and uploaded in PRIMA once the system is live.

Please keep this deadline in mind as you are completing reviews currently in process. Should our anticipated go-live date change, we will advise you of any revised deadlines.

We will send separate communications to enrolled firms and reviewers in the coming weeks to further explain the changes to the peer review process resulting from the implementation of this new system.

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