
Important Message to Firms Regarding Peer Review Compliance and Completeness

Over the past several months, a joint Department of Labor (DOL) and AICPA Peer Review Program (program) initiative identified numerous CPA firms associated with an ERISA plan audit omitted that practice area from their peer review, whether intentionally or unintentionally. In some of the cases, the exclusion of the engagements from the peer review was the failure of firm personnel to apply due professional care to ensure that the engagements were properly identified to the administering entity or the peer reviewer. In other cases, the firms did not understand the requirements and scope of the program.

Firms should understand the following to avoid the common errors:

- Limited scope benefit plan audits are considered audits performed under Statements on Auditing Standards (SAS) that should be included in the peer review scope.
- All engagements within the peer review scope should be properly identified based on level of service and industry. For example, if your firm performs the financial audit for an entity, and also performs other services for the same entity (such as the employee benefit plan audit or agreed upon procedures engagement), each of the engagements must be separately identified on the listing provided for the peer reviewer.
- All engagements that your firm performed or expects to perform during the period covered by the peer review should be included in the peer review scope. This includes engagements with periods ending during the peer review year that are not completed and issued until after the peer review year end.

These errors and omissions can and have led to consequences such as the recall of peer review reports and related acceptance and performance of replacement reviews.

The AICPA Peer Review Board (PRB) has taken steps to emphasize the importance for firms to provide complete and accurate information during the peer review process to mitigate errors and omissions. These steps include an explicit engagement completeness representation from firms, additional firm inquiries by the reviewer, and clarification that failure to provide an accurate representation of the firm's accounting and auditing practice is considered noncooperation with the program.

Noncooperation with the program may result in a hearing by the PRB to determine if the firm's enrollment in the program should be terminated. If a firm's enrollment is terminated related to errors or omissions, the responsible individual will also be referred to the AICPA Professional Ethics Division for investigation of a possible violation of the AICPA Code of Professional Conduct.

Firms subject to system reviews are required to discuss with the reviewer the process and related controls in place to determine completeness of the engagement listing population. In planning for the peer review, it is imperative that someone within the peer reviewed organization accountable for quality control of the firm take responsibility for the completeness and accuracy of the information provided to the administering entity and the peer reviewer. This responsibility includes accurate identification of individual engagements to allow the reviewer to make a proper selection.

The administering entity and AICPA staff may undertake additional measures to ensure the completeness of firms and engagements within the program. These steps may include comparison of information from publicly available sources. To avoid detrimental consequences, firms should take care to provide complete and accurate information for the peer review. If your firm has any question about which engagements should be included in the scope of a peer review, refer to the online [Q&A About the AICPA Peer Review Program](#). Your firm should also refer to the guidance provided by the program in [PRP Section 4100, Instructions to Firms Having a System Review](#), for the proper way to identify engagements by service level and industry.

In addition to the aforementioned resources, you may contact the firm's administering entity or the AICPA's Peer Review Hotline at prptechnical@aicpa.org or 919.402.4502, with additional questions. If your firm believes that there was an omission or misrepresentation about the firm's accounting and auditing practice on its most recent peer review, you are encouraged to contact the firm's administering entity immediately.