

Reviewer alert

May 2018

This edition of the Reviewer alert contains the following articles:

- [What's new in the Peer Review Program Manual \(PRPM\) – May 2018 update](#)
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What's new in the Peer Review Program Manual (PRPM) – May 2018 update

April Updates:

The following updates were available by late April 2018 on the [peer review webpages](#) and in the Online Professional Library ([OPL](#)) to subscribers. PDF or excel documents have an “April 2018” date on the top. Checklist updates will be effective for reviews commencing on or after June 1, 2018, with early implementation encouraged. PRIMA updates will be effective upon implementation in PRIMA.

Checklist Updates

Several checklists have been updated for new professional standards and other enhancements such as:

- SSAE 18 Attestation Standards: Clarification and Recodification
- FASB ASC 606 - Revenue from Contracts with Customers
- SAS 132 – The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern
- PCAOB Reorganized Auditing Standards.
- AICPA guides
- Enhanced ethics questions related to non-attest services

Checklists updated are:

- 20400 General Audit Engagement Checklist
- 20600 Not-for-Profit Audit Engagement Checklist
- SSAE suite:
 - 20800 Supplemental Checklist for Review of Prospective Financial Statement Engagements
 - 21050 Review Attestation Engagement Checklist
 - 23500 Engagement Reviews – Review Attestation Engagement Checklist
- 21200 Public Company Accounting Oversight Board (PCAOB) Audit Engagement Checklist*
- 21300 (formerly 22160 SEC-Registered Broker-Dealer Audit and Attest Engagements Checklist*)
- 22090 Supplemental Checklist for Review of Personal Financial Statement Engagements

- 22130 Supplemental Checklist for Review of Audit Engagements of State and Local Governments Participating in Pension Plans
- 22300 and 23600 Financial Reporting and Disclosure Checklist (System Reviews and Engagement Reviews)

* Due to the extent of updates, this checklist will be available by late May 2018 on the peer review webpages and in OPL for subscribers. PDF or excel documents will have a “May 2018” date on the top. Updates will be effective for reviews commencing on or after June 1, 2018.

Related to PRIMA

In conjunction with recent PRIMA enhancements, updates were made to PRP Section 2000, Standards’ Interpretation 63-3 to remove:

- school districts from the list of must-cover engagements
- the requirement for firms to indicate the top three industries when none exceed 10% of total A&A hours

as approved at the [August 2017 PRB Meeting](#) (agenda item 1.5B & C) and reported in the [September 2017 Reviewer Alert](#). A related conforming change to PRP 4100 Instructions for Firms Having a System Review was also made.

March Updates:

The following updates were available in March 2018 on the [peer review webpages](#) and in the Online Professional Library ([OPL](#)) to subscribers:

Resulting from the [February 2018 Peer Review Board \(PRB\) meeting](#), PRPM section:

- 3300, *Report Acceptance Body (RAB) Handbook*:
 - [Familiarity Threats](#) (Agenda item 1.3 and 1.3E) – Chapter 1-VII, Example Familiarity Threat Policies and Procedures, has been added, which provides examples of familiarity threats, and related safeguards.
 - [RAB Rotation Policy](#) (Agenda item 1.3 and 1.3F) – Chapter 3-IID, the RAB rotation policy requirement, has been removed, since administering entities will be required to develop policies and procedures designed to mitigate the familiarity threat, and report on compliance with that and other benchmarks via their Plan of Administration.
 - [Releasing Reviewer Ineligibility](#) (Agenda item 1.4) – Chapter 8, IIB has been updated to make the process to reinstate a reviewer’s eligibility more efficient.

The RAB Handbook has a “March 2018” date on the top. The updates were effective for reviews commencing on or after April 1, 2018.

Correction:

[December 2017 PDF documents have been reposted to the peer review webpages and content updated in OPL with corrections to 1000, *Peer Review Standards*, Appendix B, Considerations and Illustrations of Firm Representations, and related toolkit documents, to add “by regulatory, monitoring, or enforcement bodies” to the illustrations tailored for significant matters for System and Engagement Reviews.](#)

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Professional Ethics Executive Committee (PEEC) – Proposed revised interpretation

On March 15, 2018, the Professional Ethics Executive Committee (PEEC) issued an [exposure draft](#) of a proposed revision to the Code of Professional Conduct’s “Information Systems Design, Implementation, or Integration” interpretation (ET sec. 1.295.145). Comments on the exposure draft are requested by June 15, 2018.

The proposal states that PEEC continues to believe that providing non-attest services related to an attest client's information systems presents management participation and self-review threats to independence. The proposal also identifies several non-attest services, such as designing or developing an attest client's financial information system or customizing an attest client's commercial off-the-shelf financial information system software solution, that would result in threats to independence that are not at an acceptable level and independence would be impaired. In addition, the proposal identifies several non-attest services that an auditor may, under certain conditions, perform for an attest client while keeping threats to independence at an acceptable level. PEEC also proposed changing the title of the interpretation to "Information System Services."

Peer Review staff will assess what, if any, impact the final adopted revision will have on the materials in the Peer Review Program Manual.

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Guide to Audit Data Analytics (ADA) and free mapping tool

The AICPA has published a new guide entitled "*Guide to Audit Data Analytics*," which has been developed to introduce auditors who are not familiar with audit data analytics (ADAs) to basic concepts underlying their use and illustrate examples of how they might be used in practice. This guide is intended to encourage auditors to voluntarily make more use of technology-based ADAs, which will make the audit more efficient and enhance audit quality. *Guide to Audit Data Analytics* will help auditors decide whether — and, if so, how — to use ADAs throughout the financial statement audit by covering the following areas:

- Using ADAs in performing risk assessment procedures and in procedures to assist when forming an overall conclusion
- Using ADAs in performing substantive analytical procedures
- Using ADAs in performing tests of details

You should be aware of the ADA guide and discuss it with your peer review clients. For more information, please see [ADA guide](#) on the AICPA website.

Another resource to share with your clients is a free new mapping tool, which provides a direct link for nearly 100 audit procedures, covering areas like risk assessment, journal entries, accounts receivable, inventory, intangibles, accounts payable, income taxes and more. Get more details in an *AICPA Insights* [article](#) or check out the [ADA mapping tool](#).

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Save the Date – Peer Review conference and how to course

Need to meet your annual must-select or reviewer requirement? Join us at the Minneapolis Marriott City Center in Minneapolis, Minnesota for this year's conference and How To course. You can also attend optional or general sessions online.

[2018 Peer Review conference](#): July 30 – August 1, 2018

[Becoming an AICPA Peer Review team or review captain: Case-study applications](#): July 30, 2018

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