December 2018

This Reviewer Alert contains the following articles:

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- Risk Assessment resources for your Peer Review clients
- Online Peer Reviewer Training Courses Are Available
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PRIMA Reviewer Ineligibility Checks

Some reviewers may notice an increase in communications due to enhanced automated verification of certain reviewer qualifications.

What has changed?
In August 2018, PRIMA began performing nightly reviewer ineligibility checks for the following reasons:

1. A reviewer is associated with one or more firms that have a pass with deficiencies or fail report rating.
2. A reviewer is associated with one or more firms that has not had its peer review accepted timely.
3. A reviewer has not updated his or her resume during the previous 12 months.
4. A reviewer’s AICPA membership has either lapsed, been terminated or has been suspended.
5. A reviewer is no longer practicing at a level of supervisor or above.
6. A reviewer has not spent the last five years in public accounting in the accounting and auditing function.
7. A reviewer is associated with a new firm that has not undergone peer review.
8. A reviewer is no longer licensed to practice as a CPA.
9. A reviewer who reviews SOC engagements has not spent the last five years of recent experience in the practice of public accounting with a minimum of 500 hours of SAS 70/SOC 1 and/or SysTrust/SOC 2 examinations.

What happens?
If a reviewer doesn’t appear to have one or more necessary qualifications to be an eligible reviewer, PRIMA creates an ineligibility case (IINE) for each ineligibility reason. For example, if
a reviewer has not updated his or her resume during the previous 12 months and is also associated with one or more firms that has not had its peer review accepted timely, PRIMA will create two ineligibility cases.

**What does Peer Review Staff do?**
Before concluding on whether a reviewer is ineligible, Peer Review staff will contact the reviewer to confirm the qualifications the reviewer may no longer possess. This outreach is performed via email and is documented in the IINE case(s) created by PRIMA. If the reviewer doesn't respond to outreach or doesn't (or can't) cure the ineligibility reason(s), staff will conclude that the reviewer is ineligible, and PRIMA will generate an ineligibility letter for each ineligibility reason.

**What are the consequences?**
If a reviewer is found to be ineligible, an ineligibility letter is mailed with proof of delivery. The letter informs the reviewer that he/she is ineligible to perform reviews and provides instructions about what steps to take with respect to peer reviews that have commenced, and reviews scheduled to be performed but have not commenced. An ineligibility letter also includes a listing of the reviewer’s active reviews (reviews that have commenced). Relevant administering entities are copied on the letter(s).

It is important to note that it may be considered an egregious act if a reviewer commences a peer review after receiving an ineligibility letter. Depending on the circumstances, the reviewer could be referred to the Peer Review Board for a removal hearing.

**Additional information**
The largest number of ineligibility cases are for reviewers who have not updated their resumes in the previous 12 months. Reviewers are encouraged to monitor when they last updated their resumes to ensure they do not exceed the 12-month window.

**Releasing ineligibility**
Ineligibility may be released after a reviewer has “cured” the reason(s) for ineligibility (for example, by logging into PRIMA and updating his/her resume) and notified AICPA Peer Review staff accordingly (see contact information below). Once Peer Review staff has confirmed that the ineligibility reason has been corrected, a release letter will be sent via PRIMA.

**How to contact Peer Review staff about ineligibility**
Reviewers with questions or ineligibility release requests can contact the peer review hotline at 919.402.4502, option 3 or send an email to PRPtechnical@aicpa.org.

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**2018 OMB Compliance Supplement: GAQC Resources Available**
The 2018 *Compliance Supplement* (Supplement), often referred to as a “skinny” supplement, is not a full update and was only modified for significant changes. For this reason, OMB is requiring auditors use the 2018 and 2017 Supplements together to perform single audits for fiscal years beginning after June 30, 2017. Reviewers are reminded to ensure firms are appropriately using the two Supplements together.
As a public service for auditors, GAQC has posted the 2018 Supplement broken down by section, excerpted from the full PDF file posted on the OMB Web site. In addition, GAQC has posted the various sections of the 2017 Supplement that will still need to be used for reference. A watermark has been included in the 2017 Supplement files that identifies sections that have been superseded or deleted by the 2018 Supplement. The marking is nonauthoritative and has been done to assist auditors in using the 2018 and 2017 Supplements together and improve efficiency.

Reviewers are encouraged to review the GAQC 2018 OMB Compliance Supplement page to access resources related to this topic and to share with firms, as applicable. Additionally, a no-CPE archive of the GAQC Web event, 2018 OMB Compliance Supplement and Single Audit Update, is available to the public.

Risk Assessment resources for your Peer Review clients
New additions to the risk assessment toolkit include an online course that may benefit your firm and your peer review clients. The course highlights the most common misperceptions leading to non-compliance with AU-C Sections 315 and 330. The course also identifies the most pervasive issues uncovered by the Peer Review team that you and your clients will want to avoid. In addition, your peer review clients may be interested in a new blog post that outlines tips to identify risks. Before auditors dive into their next audit, it is important that they gain an understanding of their audit client and their controls so that they can identify the client’s risks. With this information, the auditor can determine the appropriate audit procedures to perform.

Online Peer Reviewer Training Courses Are Available
We are pleased to announce updates for online peer review courses:

- Must-Select Update Course – Employee Benefit Plans (available early January 2019)
- Must-Select Update Course – Governmental
- Peer Review Update

Save the Date – 2019 Peer Review Conference and How To course
Need to meet your annual must-select or peer reviewer training requirement? Join us at the Marriott Washington Wardman Park in Washington, DC on August 5–7, 2019 for next year’s conference and How To course. You can also attend optional or general sessions online. (Check aicpa.org in May to register.)