September 2020 (revised October 2020)

Dear Peer Reviewers,

This edition of the Reviewer alert contains the articles below:

September Peer Review Board Meeting Update
Call for Feedback on Quality Control Materials (QCM) Examination Project
New Enhancing Audit Quality Resources!
Quick Hits – (revised October 2020)

September Peer Review Board Meeting Update
On September 2, the Peer Review Board (PRB) met and discussed the following topics:

Revisions to Interpretation No. 8-1 Related to Performing System Reviews at a Location Other Than the Reviewed Firm’s Office
Interpretation No. 8-1 was revised to state that the requirement to perform a majority of procedures in a System Review at the reviewed firm’s office was suspended for reviews commencing on or before June 30, 2021. However, the reviewer should consider the impact of performing system review procedures remotely on the peer review risk assessment and document those considerations in the Summary Review Memorandum.

Other Miscellaneous Updates
Additionally, updates were provided related to:

- The project to create guidance for examination engagements of quality control materials (QCM) and to remove QCM review guidance from the peer review program manual
- Task force initiatives, including:
  - An update on the project to clarify peer review program guidance
  - Oversight activities such as enhanced oversights remaining on hold
- The Enhancing Audit Quality (EAQ) initiative, including the 2021 themes
- COVID related matters, such as the announcement that EAQ administrative fees will not increase in 2021

See the agenda materials for select additional information.
Meeting Highlights
Summaries of other items discussed are included in the meeting highlights, which will be available soon on the AICPA’s peer review web page. Any questions regarding the meeting highlights can be directed to Peer Review Staff.

Call for Feedback on Quality Control Materials (QCM) Examination Project
The QCM task force is working on a project to transition traditional Quality Control Material (QCM) Reviews to examinations of QCM performed under the Statements on Standards for Attestation Engagements (SSAEs) (QCM Examination). If you are interested in quality control initiatives, develop QCM for your firm or would otherwise be interested in hearing more about this project, email QCMexam@aicpa.org.

QCM Reviews are currently performed under peer review guidance. They are neither a review performed under SSARS, nor a review performed under the SSAEs. It is believed that the engagement would be better aligned with professional standards and the level of assurance it is meant to provide if it was an examination engagement under the SSAEs.

Some practitioners are already performing QCM examinations and attaching the criteria for the engagement to their report. The criteria are critical since they form the standards or benchmarks against which the practitioner evaluates the QCM. The SSAEs require that criteria be suitable and available. The QCM task force, in conjunction with the Assurance Service Executive Committee (ASEC), is developing a set of suitable criteria that will be exposed for comment and then made publicly available. The QCM task force is also working with the Auditing Standards Board (ASB) to develop a guide to assist practitioners in performing and reporting on QCM examinations.

See the October 2019 Reviewer alert for additional information on QCM Reviews and QCM Examinations, and the related guidance for peer reviewers.

New Enhancing Audit Quality Resources!
FASB’s new revenue recognition standard, ASC 606, is one of the biggest changes to accounting standards in decades. We’ve launched a suite of revenue recognition resources to help auditors understand ASC 606 and how to audit clients under the new standard, as well as how to provide guidance to them without impairing their independence.

Prepare yourself and the firms you review for audit engagements by registering for this webcast, where AICPA Chief Auditor Bob Dohrer, former FASB staff member Mike Cheng and others discuss common challenges relative to auditing rev rec and how to avoid them.

Team Captains – Are you seeing issues related to ASC 606 implementation in your reviews? Please provide descriptions of what you’re seeing in the Team Captain additional comments section of your MFCs to help us learn and address where challenges exist.
COVID-19 resources for auditors

We’ve created a COVID-19 Audit & Assurance toolkit with resources that will help guide you through new challenges so you can provide high-quality audit and assurance services. You can also access COVID-19 accounting and reporting resources to help you with financial reporting considerations in this new environment.

Quick Hits

What’s New in the Peer Review Program Manual (PRPM) – October 2020 Update

The October 2020 PRPM Update is available on the peer review web pages and in the Online Professional Library (OPL) to subscribers. PDF or excel documents have an “October 2020” date on the top. This update is effective for reviews commencing on or after November 1, 2020. The update reflects:

- Decisions from the September 2020 Peer Review Board (PRB) meeting
- Updates to engagement, supplemental and other checklists (see webpages and OPL for specifics). This includes:
  - Updates to most audit checklists
  - New checklists for the Government Auditing Standards (Yellow Book) 2018 Revision
  - Updates of all SSARS and SSAE checklists to apply to either a System Review or Engagement Review (see below).
  - Changes to SSARS and SSAE Profiles: One “SSARS Profile” was developed to apply to all SSARS engagements, and one “SSAE Profile” was developed to apply to all SSAE engagements. 20200P, 20250P, 20300P, 20900P, 20900A-P, 21000P and 21050P files were eliminated.
- A new “Risk Assessment Tool” which replaces the existing PRP 24150 tool in the System Review Practice Management Toolkit.
- Conforming changes

Engagement Reviews – Engagement Review checklists have been replaced by updated engagement checklists that apply to both System and Engagement Reviews (see above). Therefore:

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<td>23400</td>
<td>AUPs</td>
<td>20900 or 20900A, as applicable</td>
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<td>23500</td>
<td>Review Attestations</td>
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In conjunction with these changes, PRP 6100 “Instructions to Firms Having an Engagement Review” Appendix B “Engagement Questionnaire”, (also known as 24260) and any references to it (including in PRP 6300 “Review Captain Summary”), have been eliminated. Profiles are now in the engagement checklists and available as separate files, as in System Reviews. The
review captain will request completed SSARS and/or SSAE Profiles (see above) from the reviewed firm for each engagement selected.

Deferral of SAS 134-140 - Since the effective dates of SASs 134-140 have been deferred for one year due to the coronavirus pandemic, related updates to checklists have been deferred to, at the latest, our Fall 2021 update. If a peer reviewer identifies noncompliance related to early implementation of these standards, it should be documented in the “Explanation of “No” Answers and Other Comments” Section of the applicable checklist, and correlated to the most appropriate question number(s) already in the applicable checklist. Contact the AICPA Accounting and Auditing Technical Hotline at 877.242.7212 for questions on implementing the new standards and contact the AICPA Peer Review Technical Hotline at 919.402.4502 with questions related to peer review implications.

Reminders -
- Checklist updates are only made when needed, for instance due to a professional standard update that is expected to impact upcoming peer reviews, or to incorporate enhancements. Not all checklists are updated with each PRPM update.
- Early implementation of updated checklists and practice aids is permitted at the peer reviewer's discretion.

Next PRPM Update:
The next update is currently scheduled for April 2021.

PRIMA Home Page Redesign
Effective September 7, 2020, what you see when you log in to PRIMA was revamped to be more user friendly. There are no changes to the existing functionality; just an updated design. Over time, individual cases will also be redesigned. A video detailing the changes can be viewed in the Help article Navigating Reviewer Home Screen in PRIMA - Video.

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