

Enhanced Oversight Frequently Asked Questions

What is the Objective of an Enhanced Oversight?

Launched in 2014 by the Peer Review Board (PRB), the objective of the enhanced oversight program is to enhance the effectiveness of firm and peer reviewer performance by providing insights from expert practitioners. Enhanced oversight and other improvements to the Peer Review Program (Program) comprise one element of the AICPA's [Enhancing Audit Quality](#) (EAQ).

How Does the Enhanced Oversight Program Evaluate Firm and Peer Reviewer Performance?

The enhanced oversight program evaluates firm and peer reviewer performance solely through the evaluation of an individual engagement by a subject matter expert (SME). When SME findings and conclusions differ from the reviewer's, such differences are communicated to the reviewer and the Report Acceptance Body (RAB) for its use when considering the acceptance of the firm's peer review.

Who are the SMEs?

The Subject Matter Experts (SME) are individuals from firms who perform 50 or more engagements in a must-select category, current and former members of audit quality center expert panels, current and former PRB members, and other individuals approved by the Oversight Task Force (OTF).

Are the SMEs Peer Reviewers?

The majority of the SMEs are not peer reviewers. The SMEs evaluate whether the engagement selected for oversight was performed in accordance with professional standards in all material respects. The SME does not evaluate the peer reviewer's compliance with the *AICPA Standards for Performing and Reporting on Peer Review (Standards)*.

What Procedures Does the SME Perform?

The SME reviews the one engagement selected for oversight and identifies any material departures from professional standards. The SME will not comment on the peer review results.

How Does the SME Determine Which Items Are Material Departures From Professional Standards?

The SME uses the instructions in the peer review checklists as well as professional judgment. The SME will work with AICPA Staff to determine if items are material departures from professional standards.

What Happens if the Peer Reviewer or Reviewed Firm Disagrees with the Oversight Results?

AICPA Staff will work with the peer reviewer, the firm and the SME to resolve the disagreement. If the disagreement cannot be resolved, the disagreement will be referred to the Administering Entity of the firm to consider the disagreement. The Administering Entity will follow the disagreement process from the RAB Handbook.



If the SME Identifies Any Non-Material Departures from Professional Standards, Will the Notify the Firm?

The SMEs are instructed to list non-material departures from professional standards in a separate document. This listing is provided to the team captain at the end of the oversight process to pass along to the firm.

How Will the Enhanced Oversight Affect the Peer Review Results?

Evaluation of overall peer review results is not part of the oversight process. Since the SME considers only one engagement, it is possible that the reviewer's conclusions and the resulting peer review report are appropriate. The RAB, when it believes appropriate, provides feedback to the reviewer. The PRB believes this process, including the informal exchange of information between the SME, the peer reviewer and the reviewed firm, is an important element to assure the efficacy of the Program.

What Authority Does the AICPA Have to Request Working Papers?

The review of the submitted engagement working papers and financial statements will be conducted in compliance with the confidentiality requirements set forth by the AICPA in Rule 301, *Confidential Client Information* (AICPA, *Professional Standards*, vol. 2, ET sec. 301), of the Code of Professional Conduct.