

## Peer Review Reminders

Are you interested in becoming a peer reviewer?

Check out the [How to Become a Peer Reviewer](#) web page for details! You may also email [BecomeAREviewer@aicpa.org](mailto:BecomeAREviewer@aicpa.org) for more information.

### Expanded Reviewer Search

The clarified standards, effective May 2022, removed the requirement that most procedures for system reviews had to be performed at the reviewed firm's office. Widen your search and find a reviewer anywhere! In August 2023, the AICPA added the ability to filter results to include reviewers who said yes to the two questions below:

1. Are you willing to accept new peer review clients? If yes, please provide additional details below.
2. Is there any information relevant to your qualifications as a peer reviewer or outside consultant that you would like to include? Examples could include availability and types of reviews you are willing to perform, service on committees, certificates earned, travel restrictions, etc.

We believe the expanded reviewer search will help firms pinpoint available reviewers around the country.

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## Are you looking for governmental audit quality tools?

If you haven't used the AICPA Peer Review Program engagement checklists to help ensure governmental audit quality, there is no better time to start! While the checklists are primarily for reviewers, you can double-check an engagement for compliance with professional standards and with pre-issuance reviews or engagement quality control reviews. The checklists may also assist you with internal inspections or root-cause analysis.

Key checklists of interest to governmental auditors include:

**Section 4,400**—*Supplemental Guidelines for Review of Quality Control Policies and Procedures for Engagements Performed in Accordance With Government Auditing Standards (Yellow Book)*

**Section 20,500**—*Governmental Audit Engagement Checklist*

**Section 20,600**—*Not-for-Profit Audit Engagement Checklist*

**Section 22,080**—*Supplemental Checklist for Review of Audits of For-Profit Housing and Urban Development Engagements*

**Section 22,100—Parts A and B—UG**—*Supplemental Checklists for Review of Single Audit Engagements*

**Section 22,110**—*Supplemental Checklist for Review of Audit Engagements Performed in Accordance With Government Auditing Standards (Yellow Book)*

**Section 22,120**—*Supplemental Checklist for Review of Attestation Engagements and Reviews of Financial Statements Performed in Accordance With Government Auditing Standards (Yellow Book)*

Be sure to check out the [AICPA peer review checklists](#)!



## AICPA TQA Issued on GASB Accounting Changes and Error Corrections

The AICPA issued [TQA 6950.25](#), *Auditor Opinion Unit Considerations When a Fund Was Previously Reported as Major*, relevant to GASB Statement No. 100, *Accounting Changes and Error Corrections*. It provides auditors nonauthoritative guidance on the audit opinion unit implications of the new financial statement column required to be presented when a fund is reported as major last year and as nonmajor this year.

## The Accounting and Review Services Committee Proposes to Clarify the Applicability of AR-C section 70 to Financial Statements Prepared as Part of a Consulting Services Engagement

In October 2014, the Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services (SSARS) No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification*. One of the most significant impacts of SSARS No. 21 was the introduction of AR-C section 70, *Preparation of Financial Statements* and the non-reporting and unrestricted preparation engagement.

When SSARS No. 21 was issued, the intent was that AR-C section 70 would be required to be applied only when the accountant was *engaged* to prepare financial statements. The section did not preclude voluntary application. The intent was that the accountant would not be required to, but also not precluded from, applying AR-C section 70 when the preparation of financial statements was a by-product of another service. The frequent examples provided at the time the standard was issued were financial statements prepared as part of a business valuation engagement or in conjunction with the preparation of an entity's tax return.

While relevant when the standard was issued, client advisory services (CAS), which include controllership and CFO services, have been an area of significant growth over the years since the issuance of SSARS No. 21. In many of these engagements, the outside accountant assumes management-level responsibilities that may run all the way to functioning as the client's outsourced CFO. If the accountant prepares financial statements as part of such services, those financial statements are a by-product of the broader engagement and therefore, while not precluded from applying AR-C section 70, the accountant is not required to subject the financial statement preparation portion of the engagement to AR-C section 70.

There is currently significant diversity in practice because, while many accountants consider the financial statement preparation to be a by-product of the larger CAS engagement, other accountants have considered the financial statement preparation to be a separate service. The accountants who consider the financial statement preparation to be a by-product of the larger CAS engagement perform the complete service under the consulting services standard (CS Section 100, *Consulting Services: Definitions and Standards*). Those accountants that consider the financial statement preparation as a separate service perform that part of the engagement in accordance with AR-C section 70 and the rest of the engagement in accordance with CS section 100. The ARSC and AICPA Audit & Attest Standards staff have concluded that either pathway is acceptable – however, if the accountant chooses, or believes they are required, to apply AR-C section 70, there are additional requirements that the accountant would have to comply with that an in-house CPA or an accountant who performed the full engagement as a consulting services engagement would not. Those additional requirements primarily relate to the AICPA's quality management standards and the potential for peer review.

ARSC and the AICPA staff have determined there is no perceivable harm to users of the financial statements if the full engagement is performed in accordance with CS section 100 because financial statement preparation is not an attest service and under either scenario the accountant is required to follow the AICPA Code of Professional Conduct. The proposed amendment clarifies that while the accountant is not precluded from applying AR-C section 70, the accountant may perform the engagement in accordance with CS section 100.

The exposure draft of the SSARS is available [here](#). ARSC requests that respondents submit their comments [electronically](#). The comment period deadline is December 20, 2024.

### Not-For-Profit Resources

[What to know to avoid deficient not-for-profit audits](#)

Most recent peer review insights suggest that insufficient or inadequate documentation was the most common problem in not-for-profit audits, but better planning could prevent deficiencies.

[Illustrative financial statements and Form 990 for a small nongovernmental not-for-profit with multiple revenue streams](#)

These illustrative financial statements and Form 990 provide an example of a small not-for-profit including financial statements in pdf and word, an excel worksheet and cash flow tool.

## Resources from the AICPA's Enhancing Audit Quality (EAQ) initiative

### Quality Management

The effective date of the new quality management standards continues to quickly approach. Recall that a firm's system of quality management must be operational by December 15, 2025; therefore, firms will need to have identified and understood their firm's individual risks and have implemented the appropriate risk responses. Additionally, SQMS No. 1 requires firm leadership to evaluate whether the firm is meeting its quality objectives, with the first evaluation due by December 15, 2026.



The AICPA has refreshed the [quality management area](#) of its website in order to allow you to easily locate the most useful tools and resources to help you along on your journey. Be sure to take advantage of the AICPA resources on implementing the Statements on Quality Management Standards, including:

- A free AICPA interactive practice aid, which comes in two versions. One for [sole practitioners](#) and one for [small- and medium-sized firms](#). A free companion risk-and-response library tool is also available.
- A free AICPA checklist, "[Ready for the new quality management standards?](#)" to help identify key steps and helpful resources to implementing the quality management standards by their effective date.
- A free AICPA comparison of changes, "[Quality Management Standards: What's Changing and What You Should Be Doing Now](#)"

to map SQCS No. 8 to SQMS No. 1.

- Free [AICPA executive summaries and "At-a Glance" documents](#) for each of the standards in the quality management suite.

Further, the [Journal of Accountancy](#) has a series of articles covering various aspects for consideration when implementing your quality management system.

### Risk Assessment

The [Journal of Accountancy November flipbook edition](#) contains an in-depth article highlighting the ways that practitioners can scale the procedures of Statement of Auditing Standards No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, for less complex entities. The article details several scenarios where your procedures may be different at a less-complex entity and how you can apply those procedures while still fulfilling the requirements set forth in the standard.

### A&A Focus Broadcast Series Continues

Our monthly one CPE hour A&A Focus broadcasts are going strong. These events are free for AICPA members.

Each month, we highlight news and topics critical to accounting, auditing and assurance practitioners, provide member-only resources, and curate additional information.

With your registration, you will also receive our monthly recap via email. Our newsletter provides you with more information on the topics discussed, related resources and a look ahead to the next event.

Visit [aicpa-cima.com/AAFocus](https://aicpa-cima.com/AAFocus) for more information and to register, as well as gain access to non-CPE replays of past events and highlighted resources.

Attendance is free for AICPA members, and you only have to register for one event. Your single registration will grant you access to all remaining broadcasts.

- December 11, 2024 – 1-2pm ET
- January 8, 2025 – 1-2pm ET
- February 5, 2025 – 1-2pm ET
- March 5, 2025 – 1-2pm ET
- April 2, 2025 – 1-2pm ET
- May 7, 2025 – 1-2pm ET

