

University of Mississippi

eGrove

Association Sections, Divisions, Boards, Teams

American Institute of Certified Public Accountants (AICPA) Historical Collection

1989

AICPA consulting review program: Helping you to prepare for peer review or quality review

American Institute of Certified Public Accountants. Quality Review Division

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_assoc



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants. Quality Review Division, "AICPA consulting review program: Helping you to prepare for peer review or quality review" (1989). *Association Sections, Divisions, Boards, Teams*. 34.

https://egrove.olemiss.edu/aicpa_assoc/34

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Association Sections, Divisions, Boards, Teams by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

ABOUT THE PRIVATE COMPANIES PRACTICE SECTION

The Private Companies Practice Section (PCPS) is part of the AICPA Division for CPA Firms, a voluntary organization of CPA firms dedicated to maintaining the highest standards of quality in accounting and auditing practices. More than 3,600 firms across the country were members of the Division at the end of 1988. Membership is open to all CPA firms.

The Division has two sections: the SECPS and the PCPS. The former is for firms whose clients include publicly traded companies, and the PCPS is for firms whose clients include privately held companies. The PCPS was organized specifically to meet the needs of smaller firms, and to make their voices heard within the AICPA and among those who set standards and practices for the profession.

Peer Review

The cornerstone of the Division is its peer review programs. Peer review is a rigorous evaluation of a member firm's accounting and auditing practice, carried out by other CPAs under the auspices of the Division. Peer review provides assurance to the public that each member firm maintains a quality control system appropriate for its practice, and that it complies with that system.

Peer reviews are carried out following proven, comprehensive standards and guidelines. Members of the Division must be reviewed every three years. The results—including any required corrective actions—are available to the public, which adds significantly to the credibility of the programs.

For more information about the Consulting Review Program, please contact your state CPA society or:

Quality Review Division
American Institute of CPAs
1211 Avenue of the Americas
New York, NY 10036-8775
(212) 575-6650

AICPA CONSULTING REVIEW PROGRAM

Helping You to
Prepare for
Peer Review
or
Quality Review



*A Service Developed by the
Private Companies Practice Section
AICPA Division for CPA Firms for
All AICPA Members in Public Practice*

DEC 14 1988

CONSULTING REVIEWS

Are you ready for peer review or quality review?

How effective are your firm's quality controls?

The Consulting Review Program was established in 1985 by the Private Companies Practice Section (PCPS) of the AICPA Division for CPA Firms to help you answer these questions. A consulting review is a logical way to help you prepare for an independent peer review or quality review.

Specifically, the program is:

- Low-cost—And PCPS may subsidize some of that cost
- Easy to arrange—No unnecessary paperwork
- Risk-free—The results are completely confidential

Consulting Reviews Are Available to All CPA Firms

Although the PCPS established the consulting review program, membership in the PCPS is not required for participation. Any firm can request a review at any time.

The staff of the AICPA Quality Review Division or of a participating state CPA society carefully selects all reviewers, who are chosen for their experience with firms of your size and/or type of practice. Firms being reviewed can choose to have a reviewer from the same geographical area or from another region.

Consulting Reviews Help You Evaluate Your Quality Controls

The Plan to Restructure Professional Standards adopted by AICPA members in 1988 includes a requirement that all firms with an auditing or accounting practice participate in an approved practice-monitoring program. That requirement phases in gradually between 1989 and 1993. The proven peer review programs of the PCPS and of the SEC Practice Section (SECPS) and quality reviews under the new Quality Review Program meet this requirement.

Consulting reviews are an excellent way to prepare for all practice-monitoring programs because they help you make an objective evaluation of your quality controls. Hundreds of reviews have been conducted successfully since this program began.

A THREE STEP PROCESS

What's involved in a consulting review?

Three simple but effective steps.

Arrangements

In keeping with the philosophy of the program, arranging the review is easy. You will simply provide some background information, complete a brief quality control questionnaire, select for review a few engagements covering each of the types of services that the firm provides—audits, reviews and compilations—and make the related reports and working papers available to the reviewer. Key individuals in the firm, including the staff responsible for the engagements selected, are asked to be available to meet with the reviewer. And you'll be asked to sign an engagement letter.

Review Procedures

The review usually takes only one day to complete. The reviewer first obtains a general understanding of the firm's quality control system by reviewing the quality control questionnaire you completed and by interviewing appropriate personnel.

The reviewer then reads the financial statements and reports related to some of the selected engagements, using an engagement questionnaire designed to evaluate whether the statements appear to conform with generally accepted accounting principles. The reviewer also evaluates the firm's working papers and any standardized forms or checklists to see if they appear to be appropriate and adequate.

The Results

The reviewer holds an exit conference with all key personnel of the firm at the end of the review. At this time, the reviewer provides oral comments on the firm's quality control system and makes suggestions for improvements.

All questionnaires and any other written materials developed during the review are given to the firm in order to maintain the strict confidentiality of the program. The firm also receives a one-page form to evaluate the program, which is filled out and mailed directly to the AICPA.

COMMON QUESTIONS ABOUT CONSULTING REVIEWS

How much preparation is required?

Very little. You'll complete a brief quality control questionnaire, submit it to the reviewer, select certain engagements for review, and ask key firm personnel to be available to meet with the reviewer. That's it.

How much will it cost?

For firms with up to 20 professionals, the review usually costs no more than \$500 plus out-of-pocket expenses. The cost will be somewhat greater for larger firms. Half the fee, up to \$250, can be applied to the cost of the firm's first peer review if it joins the PCPS.

Will the reviewer look at engagements?

Yes. They evaluate several audits, reviews and compilations, and expect to see work performed by different supervisory personnel.

What will the firm receive?

The reviewer gives the firm an oral report. All written materials developed during the review—checklists, questionnaires, notes etc.—are given to the firm.