Build & Strengthen Your Firm’s Peer Review Practice

- Generate Internal Commitment to and Support for Performance of Peer Reviews
- Strategies and Tactics Your Firm Can Undertake
- Answers to Questions Your Prospects May Have

FiCPA
Florida Institute of Certified Public Accountants
Become An AICPA Peer Reviewer!

If you are considering starting a peer review practice, there has never been a better time to do so! There is a declining number of qualified peer reviewers in the AICPA Peer Review Program. Despite this, the market demand for these services has never been higher, with more than 30,000 firms participating in the Peer Review Program. The Florida Institute of CPAs and the AICPA are committed to increasing the pool of reviewers and assisting them to ensure success. For information on how to qualify as a reviewer, please visit the AICPA website to review a summary of the qualification requirements found in the AICPA Peer Review Program Standards and AICPA Peer Review Program Standards Interpretations, and to review details on Training/Mentoring programs, or contact us.

The AICPA has developed a Peer Review Practitioner’s Tool Kit as part of the initiatives it is undertaking to enhance the Peer Review Program. The Tool Kit provides suggestions, information and samples that both new and experienced peer reviewers can use to help them in promoting their peer review services and develop their practice. The Practitioner’s Tool Kit consists of five components - the first three listed below are included within this brochure, and the last two are available upon request. Please consider utilizing the Practitioner’s Tool Kit to propel your practice forward!

• **Marketing the Sale of Peer Review Services To Decision Makers Inside Your Firm** - This internal positioning guide provides answers to several anticipated questions that decision makers inside your firm may have about developing a peer review practice, and is designed to help you generate internal commitment to, and support for, a peer review practice.

• **External Marketing and Sales Ideas To Begin and Grow Your Peer Review Practice** - This section provides potential marketing/sales strategies and tactics that can be implemented to help grow your peer review practice.

• **Prospective Peer Review Clients Questions and Answers** - You can find answers to several questions that your peer review prospects may have in this section.
• **Pipeline Tool** – This electronic spreadsheet provides a mechanism to help in tracking and following-up with potential prospects, especially given the long “lead cycle” between reviews. Please visit the AICPA website for more information.

• **Introduction Letter To Prospective Firms** – This sample letter provides a guideline for reaching out and informing your network of CPA colleagues and prospects about your peer review practice, and asks them for consideration when their firm engages a peer reviewer. Please visit the AICPA website for more information.
Marketing the Sale of Peer Review Services to Decisions Makers Inside Your Firm

Consider using this general guideline information to generate internal commitment to, and support for, rendering peer review services at your firm. Evaluate each question and develop tailored responses based on your firm and the decision-makers with whom you work.

What Benefits Do We Receive Because of Our Peer Review Practice?
Our peer review practice brings us revenue growth because of the practice and profitability in delivering these services. Other benefits include:

• As peer reviewers, we are seen as experts in our field and gain increased respect from colleagues
• Firms can achieve A&A practice goals and enhance the quality of A&A practices with our help
• A deeper understanding of A&A standards and how they are implemented by other firms
• This work enables us to identify best practices of other firms, which we can apply, when applicable, to our firm
• Practice knowledge can be broadened through the process, which sharpens our skills and reinforces our strengths
• Referrals may be received for additional consulting services for performing reviews
• The effectiveness of our profession’s self-regulatory efforts is enhanced and this contributes to the overall audit quality within our profession
• Our reach within the CPA networking community can be extended

What Type of Peer Review Services Can Our Firm Offer?
There are two types of peer reviews: system reviews and engagement reviews. The type of peer review that is conducted for each client is determined by the type of services provided by the firm. About 30,000 firms are likely to have a system or engagement review over the next few years.

What Is a System Review?
A system review includes determining whether the firm’s system of quality control for its accounting and auditing practice is designed and compliant with industry standards. It provides the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards, including SQCS No. 8, in all material respects. System reviews are for firms that perform
engagements under the Statement on Auditing Standards (SASs,) the Government Auditing Standards (Yellow Book) or examinations of prospective financial information under the Statement on Standards for Attestation Engagements (SSAEs) or audits of non-SEC issuers performed pursuant to the standards of the PCAOB.

System reviews are expected from approximately 14,000 firms over the next three years. The scope of the peer review does not encompass other segments of a CPA practice, such as tax services or management advisory services, except to the extent they are associated with financial statements, such as reviews of tax provisions and accruals contained in financial statements.

In a system review, reviewers study and evaluate a CPA firm’s quality-control policies and procedures in effect during the peer review year. This includes interviewing firm personnel and examining administrative files. To evaluate the effectiveness of the system and the degree of compliance with the system, reviewers test a reasonable cross-section of the firm’s engagements. They focus on high-risk engagements in addition to significant risk areas where the possibility exists of engagements being performed and/or reported on that are not in accordance with professional standards in all material respects. The majority of the procedures in a system review should be performed at the reviewed firm’s office.

**What Is an Engagement Review?**

Engagement reviews are for firms that are not required to have a system review and only perform services under SSARS or services under the SSAEs not included in system reviews. The objective of an engagement review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects. An engagement review consists of reading the financial statements or information submitted by the reviewed firm and the accountant’s report thereon, together with certain background information and representations and, except for compilation engagements performed under SSARS, the applicable documentation required by professional standards.

This type of review does not cover the firm’s system of quality control, so the reviewer cannot express an opinion on the firm’s compliance with its own quality control policies and procedures or compliance with AICPA quality control standards. Engagement reviews should improve the quality of engagements and should protect the public that uses and relies on those reports, without imposing additional burden on reviewed firms. More than 14,000 firms are likely to have an engagement review over the next three years.
Can We Build a Profitable Practice in Peer Review, Commanding Standard Rates, or Are These Services Discounted?
Evidence suggests that while there is a declining and aging population of qualified peer reviewers in the AICPA Peer Review Program, the market for these services has not declined. This creates a high demand for peer review services. Based on demand and needed expertise to deliver quality review services, we believe we can command standard rates. The AICPA is undertaking efforts like this toolkit to help peer reviewers’ position their services and grow a successful practice.

What Kind of Human Resources Do We Need To Deliver Peer Review Services?
We have to allocate our most experienced auditors to deliver this service and only a partner can serve as a team captain on peer reviews. Resources we allocate will help improve our overall audit practice and help develop the expertise of our current auditors and refine our audit systems. Peer Review also will provide an excellent training opportunity for our entry-level audit personnel. Additionally, as we perform peer reviews our senior-level staff learn how to conduct internal inspections of our firm.

What Is the Seasonality of Providing This Service? How Does Delivering Peer Reviews Align With the Rest of Our Firm’s Service Mix?
Most firms do not have the resources to undergo a peer review during the traditional CPA firm audit and tax busy seasons. As a result, this service line ought to provide us with service opportunities in our slower periods. Examine the firm’s current service mix and seasonality to formulate how it aligns with available peer review services.

Who Are Our Firm’s Competitors For This Service and How Competitive Is the Market For Peer Review?
Contact the FICPA to obtain a list of peer reviewers in your area. Draft a competitive analysis to determine the market for this service in your area.

Is There a Market For These Services in Our Firm’s Area?
There is a high demand for peer review services in the market because of the declining and aging population of qualified peer reviewers available. If we are willing to travel to conduct reviews, it further expands our potential.

How Will Our Firm Market These Services?
Many marketing options are available to begin and grow this service line, as evidenced by the suggestions on the next page.
External Marketing and Sales Ideas to Begin and Grow Your Peer Review Practice

Committee-Appointed Review Team (CART) Engagement Reviews
Since CART reviews are available in Florida, let the FICPA know you are interested in performing some.

Contact Other Peer Reviewers
Express your interest in being a team member on a review. Demand for reviewers is growing, so your outreach will be well-received.

Ask Others How They Market Themselves
Contact a committee member in your area and talk to them about how they’ve developed their peer review practice.

Talk To Your Staff
Educate your staff about the peer review service line and who your target audiences are for these services. Ask them to look for opportunities.
Market Your Availability as Peer Reviewer

- Post online (and update at least once each year) your AICPA Peer Reviewer Resume. Once posted, you and your firm will be listed in the searchable AICPA database.
- The FICPA publishes a directory of peer reviewers annually, so ensure your firm is listed.
- Advertise in local magazines and newsletters.
- Add peer review to the list of services your firm offers in all of your marketing materials (Web site, brochures, newsletters, etc.).
- Develop and distribute a flier or brochure that describes your firm’s peer review services.
- Advise other CPAs you perform peer reviews; consider sending the FICPA sample “email/introductory letter” (available from the FICPA Peer Review Department) to colleagues about your availability to help when the time comes. The FICPA provides a list of the CPAs in your target area for a small fee.
- Request referrals from colleagues and firms you’ve reviewed.
- Attend CPA firm networking events, including those hosted by the FICPA and the AICPA.
• Present information about peer review at your firm’s CPE events, positioning your firm as the expert in this area.
• Write articles for Florida CPA Today and other CPA publications on the subject of audit quality and peer review.

Schedule and Track Follow-Up Calls, E-Mails and Letters To Prospect Firms. Use the “Pipeline Tool” (available at www.aicpa.org or through the FICPA) To Track the Next Review Dates and Areas of Interest For Prospect Firms.

Create an Introductory/Information Packet using the sample “Introduction Letter” (available at www.aicpa.org or through the FICPA). Send To Firms Who May Be Interested in Peer Review Services.

Send Thank You Letters To Firms Who Engage You For Peer Review Services.

Send a Preparation Document To Firms Outlining What Is Needed To Prepare For Their Review.

Market the Benefits a Firm Receives as a Result of Their Peer Review, and Be Sure They Derive These Benefits:
• Using their results as a marketing tool
• Gaining necessary insight to improve their quality control policies and procedures
• Comparing their firm to others to benchmark the quality of their policies and procedures
• Learning about other firms’ best practices
Prospective Peer Review Clients Questions And Answers

In light of the growth of mandatory peer review, by way of AICPA membership bylaws, some state’s licensure requirements, and some state’s society membership requirements, these ready answers to likely questions will facilitate service line growth. Ask your peer review prospects questions so you can better understand their practice and highlight your strengths and abilities in light of their unique needs.

What Is the Value of Peer Review To My Firm?
When your firm participates in the AICPA Peer Review Program, you derive these benefits:

- Strengthened quality control
- Improved processes
- Enhanced understanding of recent professional pronouncement and awareness of those under consideration
- Demonstrable evidence of your firm’s quality
- Reduction in recurring issues
- Awareness of deficiencies needing correction
- Potential for using a clean report as a marketing tool to demonstrate the firm’s commitment to quality
- Learning best practices from reviewer’s experience working with other firms
- Benchmark information to compare your firm against similar firms

What Criteria Should I Use When Selecting Our Firm’s Peer Reviewer?
Evaluate your peer reviewer based on their cultural fit with you and your firm. You want to like and trust your reviewer and feel you can build a long-term relationship with them.

Most peer reviewers will not score “perfectly” in all of these categories. You’ll need to evaluate each reviewer based on criteria that is most important to your firm and select the best match.

Consider the peer reviewer/review team’s level of audit experience and expertise based on:

- Years of auditing
- Number and type of audit engagements they’ve managed
- Industries they’ve audited
- Types of audits they’ve conducted
- Years as peer reviewer
- Number and type of firms peer reviewed
- Types of engagements and industries served by peer review clients
- Types of teaching, speaking or article writing they may do related to auditing or peer review
- Ability to supply references
With Those Criteria in Mind, Why Would I Choose Your Firm To Conduct My Firm’s Peer Review?

Peer reviewers must develop a response to this question by listing:

• Years of auditing experience
• Number and type of audit engagements managed
• Industries audited
• Types of audits conducted
• Years as a peer reviewer
• Number and type of firms peer reviewed (if any)
• Types of engagements and industries served by your peer review clients (if applicable)
• Peer review engagement management process or description in place
• Types of teaching, speaking or article writing you may do related to auditing or peer review (if applicable)
• Ability to supply references (if applicable – if you haven’t yet conducted any reviews, you may want to supply client references who can speak to your audit expertise)
• Firm’s culture and audit philosophy

Why Should We Pay Your Standard Rate For These Services?

Given the depth of expertise required to conduct an efficient, productive and quality-enhancing peer review, we are unable to discount our rates for our peer reviewers. They are our best auditors. Understanding the market shortage for talented auditors, our firm has made the decision to dedicate resources to deliver peer review services, but our business model dictates we charge our standard rates to have our best people working with your firm.

Resources

1. www.aicpa.org/InterestAreas/PeerReview/Community/Pages/PeerReviewer.aspx
2. www.aicpa.org/InterestAreas/PeerReview/Resources/PractitionersToolkit/Pages/default.aspx
www.aicpa.org/InterestAreas/PeerReview/Pages/PeerReviewHome.aspx
www.ficpa.org/Content/Members/PeerReview.aspx

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