

FREQUENTLY ASKED QUESTIONS

AICPA National Peer Review Administrative Fee to Enhance Audit Quality

Q. What is the national peer review administrative fee?

A. The national peer review administrative fee is billed annually by the AICPA to provide the investment required for a more robust Peer Review Program, a major component of the AICPA's [Enhancing Audit Quality initiative](#).

Q. How will the national peer review administrative fee be used?

A. The fee will be used to support the Peer Review Program's new and ongoing initiatives to drive audit quality, including, but not limited to:

- Developing tools and resources for firms, auditees and other stakeholders to support quality improvement where it's most needed
- The Enhanced Oversight Program: Surprise inspections of engagements previously reviewed by peer reviewers to identify instances where firms have failed to perform audit engagements in conformity with professional standards (in all material respects) and peer reviewers have failed to detect this non-conformity
- Additional training and remediation for firms and peer reviewers
- Initiatives to increase the likelihood that firms that should be enrolled in Peer Review are enrolled and that all engagements that should be included in Peer Review scope are included
- Investments in technology to facilitate, advance and modernize the Peer Review Program

Q. Why is the AICPA focused on enhancing audit quality?

A. In 2014, in light of the increasingly complex business environment, as well as Peer Review and enforcement findings, the AICPA initiated a comprehensive effort to consider auditing of private entities through multiple touchpoints, particularly where quality issues have emerged. The goal was to align the objectives of all AICPA audit-related efforts to enhance audit performance. The AICPA shared its ideas and plans in a discussion paper released in August 2014 and issued its [6-Point Plan to Improve Audits](#) in May 2015. The 6-Point Plan is a roadmap of current and future activities designed to enhance audit quality profession-wide at every step of the quality journey by:

- Attracting the best and brightest to the profession and preparing them for a career in auditing
- Developing and maintaining a robust CPA Exam that reflects the realities of real-world practice and assesses the competencies needed by newly licensed CPAs
- Developing, updating and communicating comprehensive standards to support quality behavior.
- Providing guidance and training to support competency
- Evolving the Peer Review Program to monitor practice more effectively, including detecting deficiencies and remediating firms when necessary

Q. What progress has the Peer Review Program made toward greater audit quality since issuing the 6-Point Plan?

A. In 2016, numerous changes to the Peer Review Program became effective, including more effective remediation for firms and peer reviewers, new peer reviewer qualifications and enhanced training for peer reviewers. In 2017, more changes became effective, including changes to enhance the review of firms' quality control systems and changes to clarify both the peer review report and firms' representation letters.

These reforms have been working. Peer reviewers are more effectively identifying quality issues so that firms can get the help they need to improve their performance: The rate of non-conformity with professional standards peer reviewers detected on must-select engagements has more than tripled since the Enhanced Oversight Program pilot in 2015. As Peer Review continues to move through its three-year cycle and reviewers continue to improve their detection of quality issues, more firms will get the necessary feedback to enhance their performance, leading to elevated quality over time.

To learn more about the progress EAQ has made in 2017, download the [2017 Highlights and Progress Report](#).

Q. Which firms are subject to the national peer review administrative fee?

A. Firms that perform engagements requiring the firm to undergo a system review are required to pay the fee for each year in which they perform such engagements.

Q. How much is the national peer review administrative fee?

A. The fee varies based on the number of CPAs employed by a firm, as follows:

Number of CPAs	Cost Per Firm
Sole Practitioner	\$78
2-10	\$335
11-49	\$1,300
50-99	\$3,200
100-399	\$8,000
400-999	\$10,700
1,000+	\$16,000

Q. When do the invoices need to be paid?

A. Remittance for the fee to support Program improvements for the period of August 1, 2017 to July 31, 2018 is due November 30, 2017. Please note that the schedule is different from last year. Remittance for the 2016 fee would have been due November 30, 2016. However, as it was the first year of the fee, we extended the due date to May 1, 2017.

Q. How can I get additional information on the national peer review administrative fee?

A. If you have further questions or require additional information, contact prsupport@aicpa.org or 919-402-4502.