

Dear [Name]:

CPAs have long been considered one of the most trusted professions by the public, and a commitment to quality is key to maintaining that trust. In light of this, the AICPA supports firms' quality improvement through its Enhancing Audit Quality initiative (EAQ), launched in 2014.

Reinforcing standards compliance through the Peer Review Program (Program) is at the heart of EAQ. To foster improvements and provide additional resources, in 2016, the AICPA began assessing an annual national peer review administrative fee on firms that are subject to system reviews. **The invoice for the fee to support Program improvements for the period of August 1, 2018 to July 31, 2019 is attached and will be due December 15, 2018.**

The fee is in addition to any fee charged by the administering entity (i.e., the National Peer Review Committee or a state CPA society), is assessed fairly across firms of all sizes and is calculated based on the number of CPAs in the firm. See the attached FAQ for more details.

The national peer review administrative fee enables the AICPA to make meaningful progress in promoting enhanced audit quality. Examples of progress to date include the following:

- Root cause analysis has identified the misconceptions driving the most common quality challenges in practice
- Free toolkits addressing those misconceptions have been visited over 30,000 times (aicpa.org/pcps/quality, aicpa.org/documentation and aicpa.org/riskassessment)
- Reviewers now detect three times the level of non-conformity as they detected when EAQ began, thereby assisting firms in improving their practice (you can't improve if you are unaware you are doing something wrong)
- After taking mandatory remediation, firms who received pass with deficiency or fail peer review reports improved their subsequent peer review report rating 79% of the time
- The percentage of firms not properly enrolled in Peer Review has been significantly reduced

You can learn more about what EAQ has accomplished this year by viewing the 2018 Mid-Year Progress Report at aicpa.org/EAQhighlights.

Through EAQ, the AICPA is guiding the profession through continuous quality improvement that will lead to enhanced performance over time.

Sincerely,



Susan S. Coffey, CPA, CGMA
AICPA Executive Vice President — Public Practice

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 (Program), a major component of the AICPA's [Enhancing Audit Quality \(EAQ\) initiative](#).

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

A. The fee will be used to support the Program's 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 Program

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

A. Audited information provides valuable insights to businesses, investors and the community. The EAQ initiative, launched in 2014, supports the CPA profession's commitment to performing high-quality audits. EAQ uses a holistic, data-driven approach to detect quality trends and develop related resources and education for auditors, auditees and other stakeholders.

Q. What progress has the Program made toward greater audit quality since the launch of the EAQ initiative?

A. Numerous reforms have been enacted to increase the Program's effectiveness, including:

- More effective remediation for peer reviewers
- New peer reviewer qualifications, including enhanced training requirements
- More robust reviews of firms' quality control systems
- More effective remediation for firms, and increased accountability in instances of non-cooperation

- Clarifications to the peer review report and firms' representation letters

These reforms have been working. When the EAQ initiative began in 2014, peer reviewers were catching 18% of all the non-conformity that exists in practice. Today, that number has more than tripled to 63%. 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, see the [2018 Mid-Year Progress Report](#).

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

- A.** All firms enrolled in the Program 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	\$80
2-10	\$350
11-49	\$1,350
50-99	\$3,300
100-399	\$8,250
400-999	\$11,000
1,000+	\$16,500

Q. When do the invoices need to be paid?

- A.** Remittance for the fee to support Program improvements for the period of August 1, 2018 to July 31, 2019 is due December 15, 2018.

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.