



Louisiana Legislative Auditor *Audit Risk Alert*

Baton Rouge Office
Phone No. (225) 339-3800
Fax No. (225) 339-3870

AUDIT RISK ALERT # 4

DATE: November 6, 2017 (updated December 8, 2020 per [Audit Risk Alert No. 32](#))

(On July 14, 2022, the Peer Review Authorization Form was revised for conforming changes in the AICPA's *Standards for Performing and Reporting on Peer Reviews (Clarified) (PRC)* (effective for peer reviews commencing on or after May 1, 2022). See [Audit Risk Alert No. 47](#) for further information).

SUBJECT: Peer Review Authorization Form

Each CPA firm on the Louisiana Legislative Auditor's (LLA's) approved list must provide a copy of its most recent peer review to LLA. The process and due dates for submitting peer review documents may be found in the [Louisiana Governmental Audit Guide, Section 400-1020](#). This section also discusses the type of information that LLA requires when a firm's peer review is delayed past these due dates.

The AICPA's [Standards for Performing and Reporting On Peer Reviews](#), Section .146, limits the type of information that a peer review administering entity may share with a third party (like LLA) regarding an in-process peer review:

- The firm's name and address
- The firm's enrollment in the program
- The date of acceptance and the period covered by the firm's most recently accepted peer review
- If applicable, whether the firm's enrollment in the program has been dropped or terminated

An interpretation of Section .146 (.146-3) allows the peer review administering entity to share certain other objective information with a third party, with the authorization of the firm:

- The date the review is or was scheduled to take place
- The name of the reviewing firm, team captain or review captain
- If the fieldwork on the peer review has commenced
- The date the exit conference was expected to or did occur
- A copy of any extension approval letters
- Whether the peer review working papers have been received by the administering entity
- Whether a must select engagement was included in the scope as required by the standards
- If a technical review is in process

- Whether the review has been presented to a RAB
- The date the review is expected to be presented to a RAB
- If an overdue letter has been issued and the reason for the letter has not been addressed. Third parties should be specific regarding the reason for the overdue letter that they are inquiring about such as overdue letters for failure to submit scheduling information.

In order to facilitate communication between LLA and the various peer review administering entities regarding the peer reviews of CPA firms on LLA's approved list, a new policy has been incorporated into [section 400-1020 of the *Louisiana Governmental Audit Guide*](#) that requires each firm to provide LLA with an annual authorization form that allows LLA to obtain the expanded objective information described above directly from the firm's peer review administering entity.

This [form](#) is available in the *Louisiana Governmental Audit Guide* in the Practice Aids section. Each CPA firm on LLA's approved list must complete and submit the form to LLA annually, no later than January 31 of each year. A firm with multiple locations only needs to submit one form annually, to cover all offices of the firm.

Please complete the [form](#) and return it, no later than **January 31, 2018**, to Tanya Forbes at tforbes@lla.la.gov

Note: Starting in 2021, CPA firms are only required to submit the authorization form once every three years. See [Audit Risk Alert No. 32](#).

We thank you for your cooperation in this matter. If you have any questions, please contact Gayle Fransen at gfransen@lla.la.gov or (225) 339-3874.