

June 15, 2015

American Institute of CPAs (AICPA)  
1211 Avenue of the Americas  
New York, NY 10036-8775  
USA

Via email: [prsupport@aicpa.org](mailto:prsupport@aicpa.org)

## **Practice Monitoring of the Future**

Dear Sir/Madam,

The International Federation of Accountants (IFAC) values the opportunity to comment on the AICPA's concept paper, [Evolving the CPA Profession's Peer Review Program for the Future](#) (the Paper).

Through its current membership of more than 175 professional accountancy organizations in 130 countries and jurisdictions, IFAC represents approximately 2.5 million accountants in public practice, industry and commerce, government, and education. As such, it aims to provide the perspective of the global accountancy profession.

IFAC strongly supports the AICPA's holistic effort to address audit quality, as detailed in its submission on the broader Enhancing Audit Quality initiative in 2014. IFAC applauds the AICPA on its peer review program initiative (the Concept), and the provocative, innovative approach taken in this forward-looking and more specific consultation.

Efforts to maintain and improve audit quality are fundamental to serving and protecting the public interest, and these efforts should not be restricted to limited or specific segments of the audit market, e.g. listed entities. The importance of high-quality auditing applies to all audits regardless of the size, complexity, or type of the entity being audited.

A critical way in which audit quality can be promoted and enhanced is through robust, effective, and efficient quality assurance and review, and formal independent inspection arrangements, as appropriate. IFAC believes that professional accountancy organizations (PAOs) play, and should continue to play, an important role in the regulation of profession. With this in mind, PAOs' practice and peer review programs are a crucial part of any such regulation.<sup>1</sup>

---

<sup>1</sup> IFAC's views on the involvement of professional accountancy organizations in the regulation of the accountancy profession are outlined in IFAC's Policy Position Paper 1, [Regulation of the Accountancy Profession](#).



The inclusive adoption of available, yet rapidly advancing, technology is immensely important. It ensures that peer review programs are as effective as possible and allows professionals to focus on the key strengths of judgement, independence, and competence. Many contemporary challenges faced in auditing stem from or are exacerbated by the environment of constant change and related complexities. As noted in the Paper, it is only fitting that the profession should adopt available technologies holistically toward the critical objective of audit quality. The AICPA's vision of how peer review programs could evolve is a pertinent, practical example of where this could be advanced.

With respect to the specific questions raised in the Paper, IFAC poses a challenge that—while addressed in the Paper—could warrant further emphasis in coming iterations of the Concept. The proposals clearly represent an evolution, and building the capacity and understanding of professionals and clients involved in the process will be as much of an imperative as the technology. The Paper states that “the vision for future phases is to gradually transition from fully voluntary to mandatory participation,” which we concur is highly appropriate. We would anticipate that managing the change involved will be paramount; in particular, training, communicating, and optimizing how the technology intuitively interacts with professionals—both reviewers and reviewees—and clients to facilitate their roles in audit quality.

Carrying the theme of a provocative vision, IFAC would add to the possible advantages that there may be scope for the Concept to be used to enable better collaboration with regulator audit inspection programs, with appropriate reframing and refinement for this purpose. Examining such possibilities in the tools and interactions contemplated in the Paper would clearly be a later phase, coming after the successful implementation of the Concept as currently envisaged.

IFAC strongly believes that the steps being taken by the AICPA will provide benefit and value beyond its jurisdiction, as a valuable contribution to the dialogue on audit quality relevant to the global profession. We would be pleased to assist the AICPA in such an initiative, including in promoting it more broadly and examining potential opportunities for other jurisdictions to utilize and leverage the work in the future.

Please do not hesitate to contact us should you wish to discuss any of the matters raised in this letter.

Regards,

A handwritten signature in black ink, appearing to read "Faye Choudhury", written over a light grey rectangular background.

Faye Choudhury  
Chief Executive Officer