

**1105.4300 PEER REVIEW AS CONDITION FOR RENEWAL OF PERMIT.**

A. The board has established in parts 1105.4600 to 1105.5500 procedures to perform the following functions:

- (1) review financial statements and the reports of licensees on financial statements to assess compliance with applicable professional standards;
- (2) improve reporting practices of licensees through educational and rehabilitative measures;
- (3) refer to the complaint committee cases requiring further investigation;
- (4) verify that individuals in the firm responsible for supervising attest or compilation services and signing the accountant's report on financial statements on behalf of the firm meet the competency requirement set out in applicable professional standards;
- (5) verify that a licensee who issues compilation reports for the public other than through a CPA firm, who supervises the services or who signs the compilation report on the financial statements, meets the competency requirements set out in applicable professional standards; and
- (6) other functions necessary to carry out the peer review process.

B. A peer review oversight committee shall be approved by an affirmative vote of the board to monitor the report acceptance bodies designated by the board in part 1105.5300, item B, and report to the board whether their programs meet the requirements in this chapter and the act. The oversight committee must:

- (1) be composed of a minimum of five individuals appointed by the board for staggered terms. No individuals who are members or employees of the board or employees, directors, or officers of a report acceptance body designated in part 1105.5300 may serve on the committee. At least two of the individuals approved by the board shall be licensees at the time of their service on the committee. The chair of the committee must be a licensed CPA approved by the board to serve as the chair;
- (2) have full access to the peer review process that is subject to oversight;
- (3) annually provide the board with an assessment of the effectiveness of the report acceptance bodies designated in part 1105.5300, item B, and the peer review process by December 31;
- (4) maintain the confidentiality of information obtained during the peer review process except as provided in subitem (5);
- (5) obtain the information required by part 1105.5300, item D, by December 31 of each year. The committee must provide to the board the names of those licensees and firms that the committee obtained through part 1105.5300, item D. Further, the committee shall annually provide the board with the report it obtained in part 1105.5300, item D, relating to continuing professional

education sponsored by the report acceptance bodies and its evaluation of the report by August 1;  
and

(6) determine through its oversight of the report acceptance bodies that the verification specified in part 1105.4700, item C, was part of the peer review standards under which the reviews were conducted.

**Statutory Authority:** *MS s 197.4552; 326.18; 326A.02*

**History:** *27 SR 1425; 28 SR 1636; 30 SR 422; 38 SR 1367; 40 SR 953; 48 SR 349*

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