

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY
ADMINISTRATIVE CODECHAPTER 30-X-8
PEER REVIEW PROGRAM

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30-X-8-.01 Purpose.

There is hereby established a peer review program, the purpose of which is to ensure quality work, to monitor compliance with applicable accounting and auditing standards generally recognized in the profession, and to facilitate enforcement of State law and Board rules. The program emphasizes education and rehabilitation rather than disciplinary action.

Author: Alabama Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed June 24, 1987. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.

30-X-8-.02 Definitions.

As used in this chapter, the following words or phrases have the ascribed meanings:

(a) FY or Fiscal Year. The fiscal year of the State of Alabama, which coincides with this Board's license period, ending September 30 of the denominated year.

(b) Permit. A permit to practice public accountancy issued to a registered public accountant or certified public accountant, or a permit to engage in the practice of public accountancy issued to a practice unit.

(c) Practice Unit. Any firm or entity legally constituted under the laws of the State of Alabama and duly registered with a current permit; and each person certified or registered

as a public accountant and holding a current permit who is not a member or employee of any registered firm.

(d) Program. The peer review program.

(e) Peer Review Report. The report prepared by the Reviewer and submitted to the Practice Unit for Fiscal Year during which the review was completed, which report shall include the Reviewer's report, the Reviewer's letter of comment to the Practice Unit, and the Practice Unit's letter of response to the Reviewer.

(f) Reviewer. Any individual who meets standards of the Board and has been designated by the Board as approved to conduct reviews of Practice Units under the Program.

Author: Alabama Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed June 24, 1987. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.

30-X-8-.03 Peer Review Required.

(1) Participation in the Program and compliance with all rules of the Program and administrative guidelines issued pursuant to the Program are required of all Practice Units who perform accounting and auditing engagements for the public, including but not limited to audits, reviews, compilations, forecasts, or projections.

(2) It is the responsibility of each Practice Unit to secure a review of its practice by a Reviewer no less often than every third Fiscal Year.

(3) The Board must be notified each year by the Practice Unit for the subsequent three fiscal year period immediately following the fiscal year during which the review was conducted that a review has been completed.

(4) Each Practice Unit initially shall notify the Board a Peer Review Report has been completed along with its application for renewal of its Permit for either FY 1994, FY 1995 or FY 1996 in accordance with the schedule issued by the Board. Any Practice Unit, which has not obtained its initial Peer Review Report by December 31, 1996, shall not be renewed for FY 1997, and shall otherwise be subject to disciplinary action in accordance with State law and these rules.

(5) Following the initial notification, each Practice Unit shall notify the Board that a Peer Review has been completed by submission of a copy of the System Review Report of Engagement Review Report depending on the level of engagement, and the peer

review report acceptance letter from the administering entity along with its application for renewal of its Permit not less than each third Fiscal Year. Any Practice Unit which has not obtained a Peer Review by December 31 following the end of the third fiscal year since its last submission shall not be renewed for the current fiscal year, and shall otherwise be subject to disciplinary action in accordance with State law and these rules.

(6) Any individual permit holder who performs compilation services for the public other than through a CPA or PA firm must notify the Board that a Peer Review has been completed by submission of a copy of the System Review Report of Engagement Review Report depending on the level of engagement, peer review report acceptance letter from the administering entity along with its application for renewal of their Permit not less than each third Fiscal Year. Any such individual permit holder described herein, which has not obtained a Peer Review by December 31 following the end of the third fiscal year since its last submission shall not be renewed for the current fiscal year, and shall otherwise be subject to disciplinary action in accordance with State law and these rules.

Author: Alabama Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed June 24, 1987. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004. **Amended:** Filed November 16, 2017; effective December 31, 2017.

30-X-8-.04 Exemptions And Exceptions.

(1) A new Practice Unit as determined by the Board shall secure its initial peer review within eighteen (18) months of issuance of the initial Permit.

(2) A Practice Unit which does not perform any services for the public as set out in 30-X-8-.03 of this section is exempt from peer review and shall annually notify the Board as to this status. A Practice Unit which begins providing these services must have a review within eighteen (18) months of the date the services were first provided.

(3) The Board may upon application and for good cause shown grant a hardship extension of time for submission of a Peer Review Report.

Author: Alabama Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed June 24, 1987. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.

30-X-8-.05 Peer Review Reports.

(1) The Board recognizes and accepts Reviewers approved by, and Peer Reviews administered by the following programs of the American Institute of Certified Public Accountants, Inc.:

(a) Center for Public Company Audit Firms (Center)

(b) Peer Review Program

(2) The Board shall consider applications from other organizations or individuals and shall approve those it deems qualified to administer peer reviews.

(3) The Board hereby adopts the "Standards for Performing and Reporting on Peer Reviews" promulgated by the American Institute of Certified Public Accountants, Inc., as its minimum standards for peer review of Practice Units.

Author: Alabama Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed June 24, 1987. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.

30-X-8-.06 Review By Board.

The Board may by resolution establish a Peer Review Oversight Committee to administer the program and perform other functions as directed by the Board. The Board staff and Oversight Committee, if established, may review any Peer Review Reports. The Board may take one or more of the following actions:

(a) Accept the report as submitted.

(b) The Board may require one or more representatives of the Practice Unit to appear before the Board.

(c) The Board may require the Practice Unit or members of the Practice Unit to take appropriate remedial measures including, but not limited to, additional specific education and acquisition of or obtaining access to specified library or practice materials.

(d) The Board may require an accelerated schedule of peer review.

(e) The Board may enter into a consent agreement with the Practice Unit.

(f) The Board may initiate an investigation and schedule a disciplinary hearing pursuant to §34-1-12.

Author: Alabama Board of Public Accountancy.

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: Filed September 11, 1992. **Amended:** Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.

30-X-8-.07 Effective Date.

This chapter, as amended, became effective October 1, 1993.

Author: Alabama State Board of Public Accountancy

Statutory Authority: Code of Ala. 1975, §§34-1-3, 34-1-10.

History: New Rule: Filed September 29, 1993; effective November 3, 1993. **Amended:** Filed May 18, 2004; effective June 22, 2004.