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Chapter Accy 9

PEER REVIEW

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Accy 9.01 Definitions.

As used in this chapter:

(1) “Board-approved review program” means a program approved by the board to perform a peer review of a firm licensed by the board.

(2) “Engagement review” means to review a firm that performs only services under SSARS or services under the SSAE not included in a system review. An engagement review is usually performed at a location other than the reviewed firm’s office. In an engagement review, the reviewers are required to review the financial statements and accompanying accountant’s report for compliance with professional standards, and determine whether the firm’s working paper documentation conforms to the requirements of the SSARS and SSAES that are applicable to these engagements in all material respects.

(3) “Peer review” means a process for a person who is licensed under this chapter to evaluate the professional competency of the members of a firm who are responsible for attest services provided by the firm or who sign or authorize another individual to sign accounting reports or financial statements on behalf of the firm.

(4) “Report review” means to review the financial statements submitted by the reviewed firm and the accountant’s report thereon, together with certain background information and representations provided by the reviewed firm, including the firm’s prior peer review report, and if applicable, letter of comment and letter of response. A report review does not include a review of the working papers prepared on the engagements submitted for review, tests of the firm’s administrative or personnel files, interviews of selected firm personnel, or other procedures performed in a system or engagement review. A report review does not provide the reviewer with a basis for expressing any form of assurance on the firm’s system of quality control for its accounting practice.

(5) “SAS” means statements on auditing standards issued by the auditing standards board of the American Institute of Certified Public Accountants.

(6) “SSAE” means the statements on standards for attestation engagements issued by the auditing standards board, the accounting and review services committee, and the consulting services executive committee of the American Institute of Certified Public Accountants.

(7) “SSARS” means the statements on standards for accounting and review services issued by the accounting and review services committee of the American Institute of Certified Public Accountants.

(8) “System review” means to review a firm that performs engagements under the SAS or examinations of prospective financial statements under the SSAE. System reviews are usually performed at the reviewed firm’s office. A system review is intended to provide the reviewer with a reasonable basis for expressing both of the following opinions during the period under review:

(a) The reviewed firm’s system of quality control for its accounting and auditing practice has been designed in accordance with applicable quality control standards.

(b) The reviewed firm’s quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming to professional standards.

History: CR 02–119: cr. Register July 2003 No. 571, eff. 8–1–03; CR 03–071: r. (4), **renum.** (5) to (9) to be (4) to (8) Register May 2004 No. 581, eff. 6–1–04.

Accy 9.02 Requirement for firm license renewal.

(1) After January 1, 2005, an application for renewal by a certified public accounting firm that provides or offers to provide attest services shall include a description of at least one peer review of the firm undergone through a peer review program approved by the board, or approved by a board that regulates certified public accountants in another state, within 3 years preceding the application for renewal. The description shall identify the board-approved peer review program, the outcome of the review and the year under review.

(2) A firm is exempt from the peer review requirements in this section if it does not offer or perform attest services as defined in s. 442.001 (1), Stats.

(3) A firm that has not offered or performed an attest service within the 3-year period preceding application for renewal shall notify the department at the time of renewal that it is exempt from the peer review requirements of this section because it has not offered or performed an attest service within the 3-year period. If a firm that has claimed the exemption in this section subsequently performs an attest service, it shall notify the board by letter that it is no longer exempt from the peer review requirement within 30 days after accepting the engagement for the attest service and that it agrees to undergo a peer review within 18 months after accepting the engagement.

Note: The following questions are intended to assist firms in determining whether a peer review is required for renewal. An affirmative response to any part of any question means that a peer review is required. Caution: This list is not exclusive. Refer to the standards if in doubt.

- Does your firm audit SEC clients, including employer-sponsored plans required to file a form 11-K with the SEC?
- Does your firm currently perform the following types of engagements?
 - Statements on Auditing Standards (SASs) – Audits?
 - Agreed-upon procedures?
 - Statements on Standards for Accounting and Review Services (SSARS)?
 - Reviews of financial statements?
 - Compilations of financial statements with disclosures?
 - Compilations of financial statements where “Selected Information—Substantially All Disclosures Required Are Not Included?”
 - Compilations of financial statements that omit substantially all disclosures?
 - Statements on Standards for Attestation Engagements (SSAE)?
 - Examinations of prospective financial statements under SAARS?
 - Compilations of prospective financial statements under SAARS?
 - Agreed-upon procedures of prospective financial statements?
 - Examinations of written assertions?
 - Reviews of written assertions?
 - Agreed-upon procedures of written assertions?
 - Engagements under Government Auditing Standards (Yellow Book)?

History: CR 02–119: cr. Register July 2003 No. 571, eff. 8–1–03.

Accy 9.03 Reports from board-approved review programs. Each board-approved peer review program shall report the following to the board by December 1 of each even-numbered year:

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(1) A list of the names, addresses and license numbers of all firms that have undergone peer review within the preceding 36 months.

(2) An evaluation of the effectiveness of the peer reviews.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.04 List of board-approved review programs. The board shall maintain a list of board-approved review programs which shall be available to the public.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.05 Board approval of reviewers. To be approved by the board as a board approved review program, a person seeking approval as a reviewer under a board-approved review program shall submit evidence as requested by the board showing that:

(1) The program complies with s. Accy 9.06.

(2) The person performing evaluations under the program is or consists of individuals licensed to practice as CPAs in this state who have undergone at least one peer review.

History: CR 02-119: cr. Register July 2003 No. 571, eff. 8-1-03.

Accy 9.06 Conducting a peer review. In conducting a peer review, a board-approved peer review program shall comply with requirements for performing system reviews, engagement reviews and report reviews established under the "Standards for Performing and Reporting on Peer Reviews" issued by the American Institute of Certified Public Accountants, effective January 1, 2001, specifically identified in paragraphs 25 - 71, and reproduced in Appendix A to this chapter.

Note: Paragraphs 25-71 of these standards are included as Appendix A to this chapter and are also available from the Internet at <http://www.aicpa.org/members/div/practmon/stdstitled1.htm>

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