

17 CAR § 236-1309. Preissuance review procedures.

(a)(1) The preissuance reviewer (reviewer) shall be a CPA currently holding an active Arkansas license, who has undergone a quality review pursuant to 17 CAR § 236-1310 or a peer review pursuant to Subpart 19 within the past three (3) years with reports thereon determined to be acceptable, and approved by the Arkansas State Board of Public Accountancy prior to performing preissuance reviews for the subject accountant (respondent).

(2) Prior to performing any preissuance review services, the reviewer shall deliver a written confirmation to the board to provide a preissuance review of each compilation report prepared by the respondent for the period of the engagement.

(3) The respondent whose reports are being reviewed shall be solely responsible for any expense for the preissuance review.

(b)(1) The reviewer shall:

(A) Review, prior to release to respondent's client, each report as identified above to determine compliance with professional standards identified in 17 CAR § 236-701 et seq., or otherwise applicable to the particular type of report; and

(B) Authorize the release of a report only after making a written determination that the report complies with said standards.

(2) In the event a submitted report does not comply with said standards, the reviewer shall provide written comments or instructions for the respondent to revise the report in compliance with applicable professional standards.

(c)(1) The reviewer shall maintain a preissuance review file on each report review performed.

(2) The file shall contain:

(A) Each original report submitted to the reviewer;

(B) The reviewer's written comments or instructions in any form regarding necessary revisions for the report to comply with professional standards;

(C) Any revised report or reports; and

(D) The report or reports approved for release to the client.

(3) Reports reviewed and found acceptable with no change shall be clearly noted on the file report, "Accepted — No Change Required".

(d) The reviewer shall:

(1) Maintain the preissuance review files for a minimum of five (5) years after each preissuance review engagement is completed; and

(2) Make said records available to the board upon request.

(e)(1) The reviewer shall submit a written report to the board every ninety (90) days following the date of the reviewer's confirmation to the board.

(2) The report shall contain:

(A) A summary of the number of reports reviewed;

(B) The number of reports with no change required; and

(C) The number of reports requiring amendment.

(3) For reports requiring change, a copy of each original report submitted by the licensee, reviewer notations and/or comment sheet or sheets, and the revised and approved report or reports must accompany the report.

(f)(1) The reviewer may recommend in writing with accompanying supporting documentation that the respondent be released from continuing preissuance review.

(2) Should the board determine that the respondent appears to have demonstrated an ability to issue reports in compliance with applicable professional standards without the necessity of continuing preissuance review, it shall terminate the preissuance review but may require the respondent to participate in annual quality reviews for a specific or indefinite term.