

17 CAR § 236-1310. Quality review process.

(a) Licensees who issued compilation reports as their highest level of report issuance shall submit a Practice Review survey form along with their most recent compilation reports issued since their last Practice Review or initial licensure by the Arkansas State Board of Public Accountancy for:

- (1) Compilations with disclosures; and
- (2) Compilations without disclosures.

(b)(1) Each compilation report will be assigned to a member of the quality review (QR) team.

(2)(A) After reviewing the report for adherence to the applicable standards, the QR Reviewer will determine whether the report should be classified as a pass, pass with deficiencies, or fail.

(B) "Pass" means that the report contains no deficiencies or only minor deficiencies.

(C) "Pass with deficiencies" means that the report contains more serious deficiencies, such as departures from the technical reporting or accounting standards set forth in Subpart 7 of this part, but of the type that will not render the statement materially inaccurate or misleading.

(D)(i) "Fail" means that the report is materially inaccurate or misleading.

(ii) Such a report:

- (a) Violates one (1) or more significant reporting standards;
- (b) Seriously departs from Generally Accepted Accounting

Principles; or

(c) Does not include material disclosures necessary for a fair presentation.

(E) "Deficiency" means a failure to comply with any provision in the Professional Standards identified in 17 CAR § 236-701 et seq.

(3) For pass with deficiencies and fail classifications, the reviewer will provide a statement of reasons for the classification.

(c)(1) Team captains will review the classification for each compilation report as

well as the reasons given for the classification, if applicable.

(2) The team captain may make appropriate changes to the classification of the report after consultation with the reviewer.

(d)(1) The QR Consultant will review the classification for each compilation report as well as the reasons given for the classification, if applicable.

(2) The consultant may make appropriate changes to the classification of the report after consultation with the reviewer and the team captain.

(e)(1) The licensee will be notified in writing of the QR classification of each report.

(2) Notice of fail reports will instruct the licensee to reply to the board in writing informing the board whether or not they agree with the classification.

(3)(A) No response is necessary for a "pass" or "pass with deficiencies" classification, and the QR will be closed.

(B)(i) If the licensee who has received a pass with deficiencies classification disagrees, he or she may submit additional documentation to the board within thirty (30) days.

(ii) The consultant will reconsider the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee and will affirm the classification of, or reclassify, the licensee's report.