17 CAR § 236-1907. Peer review oversight committee.

(a) The Arkansas State Board of Public Accountancy shall appoint a Peer Review Oversight Committee (PROC) for the purpose of:

(1) Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review standards;

(2) Reviewing the policies and procedures of sponsoring organizations as to their conformity with the peer review minimum standards; and

(3) Reporting to the board on the conclusions and recommendations reached as a result of performing functions in subdivisions (a)(1) and (a)(2) of this section.

(b)(1)(A) The PROC shall consist of three (3) members nominated by the chair and approved by the board, none of whom is a current member of the board.

(B) Subsequent committee members shall serve three (3) year terms.

(C) Compensation, if any, of the PROC members shall be set by the board, not to exceed one hundred fifty dollars ($150) per hour.

(D) Each member of the PROC must be active in (or retired from within the previous five (5) years) the practice of public accounting at the supervisory level or above in the accounting or auditing function while serving on the committee or any employee involved at a supervisory level or above in an audit function of a state or local government.

(E) The member or member's firm must be enrolled in an approved peer review program and have received a pass report on its most recently completed peer review.

(F) A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards for Performing and Reporting on Peer Reviews.

(2) No more than one (1) PROC member may be from the same firm.

(3) A PROC member may not concurrently serve or perform any enforcement-related work for regulatory or governmental bodies or professional organizations, including, but not limited to:

(A) AICPA ethics committee;

(B) AICPA Joint Trial Board; or

(C) State society professional ethics committee.

(4)(A) A PROC member may not participate in any discussion or have any vote with respect to a reviewed licensee when the committee member lacks independence or has a conflict of interest.

(B) The board may appoint alternate committee members to serve in these situations.

(c)(1) Information concerning a specific licensee or reviewer obtained by the PROC during oversight activities shall be confidential, and the licensee's or reviewer's identity shall not be reported to the board.

(2) PROC reports submitted to the board shall not contain information concerning specific:

(A) Licensees;

(B) Firms; or

(C) Reviewers.

(d) As determined by the board, the PROC shall make periodic recommendations to the board, but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.

(e) The PROC may:

(1) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with:

(A) The AICPA Standards for Performing and Reporting on Peer Reviews; or

(B) Other standards as approved by the board and the rules promulgated in this part by the board;

(2) Review remedial and corrective actions prescribed that address the deficiencies in the reviewed licensee's system of quality management policies and procedures;

(3) Monitor the prescribed remedial and corrective actions to determine compliance by the reviewed licensee;

(4) Observe the report acceptance process to determine that viewpoints of

acceptance body members are openly discussed; and

(5) Communicate to the board on a recurring basis:

(A) Problems experienced by the enrolled licensees in their systems of quality management as noted in the peer reviews conducted by the sponsoring organization;

(B) Problems experienced in the implementation of the peer review program; and

(C) A summary of the historical results of the peer review program.

(f) Committee members shall become disqualified to serve on the PROC if any of the provisions that qualify the committee member no longer exist or by majority vote of the board.