

CHAPTER 4701-13
FIRM REGISTRATION AND PEER REVIEW PROGRAM

4701-13-01 Fees for registration of public accounting firms; insurance; deadlines.

(A) The registration fee for a public accounting firm shall be assessed as follows:

- (1) A public accounting firm with one to four Ohio permit holders or foreign certificate holders shall pay an initial registration fee of ten dollars. The renewal fee for such firms shall be thirty dollars, plus five dollars for each office maintained by the firm.
- (2) A public accounting firm with five to nine Ohio permit holders or foreign certificate holders shall pay an initial registration fee of ten dollars. The renewal fee for such firms shall be thirty dollars, plus five dollars for each office maintained by the firm.
- (3) A public accounting firm with ten or more Ohio permit holders or foreign certificate holders shall pay an initial registration fee of ten dollars. The renewal fee for such firms shall be thirty dollars, plus five dollars for each additional office maintained by the firm.
- (4) The board may prorate the firm registration fee for the purpose of administering the firm registration and peer review rules.

(B) The renewal deadlines for registration of public accounting firms are as follows:

- (1) A public accounting firm that performs engagements subject to peer review must renew its firm registration by October thirty-first of the year assigned by the board to the firm for renewal. The firm must submit to the board all required firm registration renewal documentation, including evidence of an approved peer review not previously submitted to the board, by that date.
- (2) A public accounting firm that does not perform any engagement subject to peer review, and that uses the designation "certified public accountant," the abbreviation "CPA," "public accountant," or the abbreviation "PA" must renew its firm registration by July thirty-first of the year assigned by the board to the firm for renewal. The firm must submit to the board all required firm registration renewal documentation to the board by that date.

(C) A public accounting firm that does not comply with the requirements in paragraph (B)(1) or (B)(2) of this rule shall be considered in violation of division (A)(11) of section 4701.16 of the Revised Code and may be subject to disciplinary action in accordance with division (B) of that section. In addition, the firm shall be assessed a penalty fee based upon the number of licensees in the firm. The amount of the penalty shall be determined as follows:

- (1) A public accounting firm with one to four Ohio permit holders or foreign certificate holders, described in paragraph (A)(1) of this rule, shall pay a penalty fee of one hundred fifty dollars. The penalty fee will increase to three hundred dollars on February first of the year following the firm's registration renewal deadline.
- (2) A public accounting firm with five to nine Ohio permit holders or foreign certificate holders, described in paragraph (A)(2) of this rule, shall pay a penalty fee of three hundred sixty dollars. The penalty fee will increase to seven hundred twenty dollars on February first of the year following the firm's registration renewal deadline.
- (3) A public accounting firm with ten or more Ohio permit holders or foreign certificate holders, described in paragraph (A)(3) of this rule, shall pay a penalty fee of nine hundred dollars. The penalty fee will increase to one thousand nine hundred dollars on February first of the year following the firm's registration renewal deadline.

(D) Each public accounting firm in Ohio not organized as a proprietorship or general partnership shall provide written evidence satisfactory in form and substance to the board and shall provide a certification satisfactory in form and substance to the board as part of its triennial registration that it has purchased and will maintain in effect until its next registration professional liability insurance as follows:

- (1) Public accounting firms with two to four partners, shareholders, members or other Ohio permit holders or foreign certificate holders shall purchase and maintain no less than two hundred fifty thousand dollars of professional liability insurance.
- (2) Public accounting firms with five to nine partners, shareholders, members or other Ohio permit holders or foreign certificate holders shall purchase and maintain no less than five hundred thousand dollars of professional liability insurance.
- (3) Public accounting firms with ten or more partners, shareholders, members or other Ohio permit holders or foreign certificate holders shall purchase and maintain no less than one million dollars of professional liability insurance.

HISTORY: Effective Dates 7/5/84, 11/5/92, 6/3/93, 12/10/93, 9/19/94, 8/5/99, 7/31/03, 10/22/04, 1/3/07, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.03

Rule amplifies: RC 4701.04

119.032 review date: 7/16/2014

4701-13-02 Authorized peer review program administrator.

(A) The board designates "The Ohio Society of Certified Public Accountants" as its agent and authorized peer review program administrator pursuant to division (G) of section 4701.04 of the Revised Code.

(B) "The Ohio Society of Certified Public Accountants" may charge a fee to firms required to participate in the peer review program in order to cover costs of program administration. The board shall approve this fee annually.

HISTORY: Effective Dates 7/31/03, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

Rule amplifies: RC 4701.04

119.032 review date: 7/16/2014

4701-13-03 Designated peer review committee.

(A) The board designates the peer review acceptance committee of "The Ohio Society of Certified Public Accountants" as its peer review committee pursuant to division (G)(1) of section 4701.04 of the Revised Code.

(B) A registered firm may use a peer review report acceptance letter approved by the peer review committee defined in paragraph (A) of this rule to fulfill the peer review requirement for firm registration mandated by section 4701.04 of the Revised Code.

HISTORY: Effective Dates 7/31/03, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

Rule amplifies: RC 4701.04

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4701-13-04 Purpose of peer review. (Rescinded 7/16/09)

4701-13-05 Firm registration and peer review definitions.

(A) The following words and terms, when used in this chapter, shall have the following meanings:

(B) Professional liability insurance – means

(1) Commercially available professional liability insurance or a professional liability insurance program;

(2) A deposit in trust or in bank escrow of cash, bank certificates of deposit, or United States treasury obligations;

(3) A bank letter of credit or insurance company bond.

(C) Peer review sponsoring organization – means any organization approved by the board that meets the peer review standards specified in rule 4701-13-06 of the Administrative Code.

HISTORY: Effective Dates 11/5/92, 9/19/94, 8/5/99, 7/31/03, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

Rule amplifies: RC 4701.04, 4701.14

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4701-13-06 Peer review program standards.

- (A) The board hereby adopts "Standards for Performing and Reporting on Peer Reviews" promulgated by the "American Institute of Certified Public Accountants" and published on that organization's website (www.aicpa.org) as its minimum standards for peer review of public accounting firms. No public accounting firm shall be required to become a member of any peer review sponsoring organization.
- (B) Peer review sponsoring organizations shall include the "American Institute of Certified Public Accountants" peer review program, "The Ohio Society of Certified Public Accountants" peer review program, and other such organizations which register with and are approved by the board based upon their adherence to the peer review standards defined in paragraph (A) of this rule.
- (C) The firm or entity selected to conduct a peer review for any public accounting firm not currently enrolled in an approved peer review program must be approved to conduct the peer review by the board or its authorized peer review program administrator.
- (D) Any peer review completed in accordance with the standards defined in paragraph (A) of this rule must be submitted to the board or its authorized peer review program administrator for approval. The board or its authorized peer review program administrator shall issue an acceptance letter to the public accounting firm for which a peer review was performed if the designated peer review committee, defined in rule 4701-13-03 of the Administrative Code, approves the firm's peer review.
- (E) Based upon the peer review outcome as stated in the acceptance letter, the board or its authorized peer review program administrator may impose remedial actions, including specified continuing education courses that the public accounting firm must complete as a condition for continued registration under this chapter. The board may issue a temporary registration to the firm that will be valid until the deadline for completion of remedial actions by the firm. The board must approve any extensions to the deadline for completion of remedial actions. After the firm completes the required remedial actions, the peer review program administrator will issue a final acceptance letter to the firm approving the peer review. Only the final acceptance letter, issued by the peer review program administrator and accepted by the board will qualify a public accounting firm for continued registration under this chapter.
- (F) The board may take disciplinary action against a public accounting firm that does not comply with any remedial action mandated in accordance with paragraph (E) of this rule.

HISTORY: Effective Dates 11/5/92, 4/28/94, 1/1/99, 8/5/99, 7/31/03, 8/25/05, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

Rule amplifies: RC 4701.04

119.032 review date: 7/16/2014

4701-13-07 Firm registration options.

- (A) A public accounting firm that does not perform any services which result in the issuance of an attest report is exempt from the peer review requirements and may register with the board as a firm not subject to peer review.
- (B) A public accounting firm that begins providing services which result in the issuance of an attest report must notify the board of this fact within ninety days, and it shall register with the board as a peer review firm pursuant to section 4701.04 of the Revised Code.
- (C) A public accounting firm described in paragraph (A) of this rule that does not assume or use the title or designation "certified public accountant" or "public accountant" may voluntarily register with the board and obtain a firm registration.
- (D) A public accounting firm described in paragraph (A) of this Rule that assumes or uses the title or designation "certified public accountant" or "public accountant" must register with the board and obtain a firm registration.

HISTORY: Effective Dates 11/5/92, 1/1/99, 8/5/99, 7/31/03, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

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4701-13-08 Retention of documents relating to peer reviews.

(A) Each public accounting firm subject to peer review shall maintain in files all documentation necessary to establish that each peer review performed by a qualified peer reviewing firm conformed to the peer review standards defined in paragraph (A) of rule 4701-13-06 of the Administrative Code. The documentation maintained by the public accounting firm should include the following:

- (1) Documentation of reviewing firm qualifications;
- (2) Copies of all peer review reports;
- (3) All comment letters related to the peer review;
- (4) All correspondence that indicates the public accounting firm's concurrence or non concurrence with the results of the peer review; and
- (5) All proposed remedial actions and all information relevant to those remedial actions, including the implementation of the remedial actions.

(B) The documents described in paragraph (A) of this rule shall be retained in the office of the public accounting firm for a period of time corresponding to the retention period of the relevant sponsoring organization and shall be made available upon request to the board. The public accounting firm receiving the review shall have the following responsibilities:

- (1) Submitting all reports and supporting documentation to the board required by rule 4701-13-11 of the Administrative Code, and
- (2) Notifying its reviewing firm to destroy documents related to the peer review in accordance with division (L) of section 4701.04 of the Revised Code.

HISTORY: Effective Dates 11/5/92, 8/5/99, 7/31/03, 7/16/09

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Rule amplifies: RC 4701.04

119.032 review date: 7/16/2014

4701-13-09 Change of firm registration status.

(A) A public accounting firm that changes its name shall notify the board within ninety days of the effective date of the change.

(B) If two or more public accounting firms subject to the peer review requirements are merged by any legal means, then the surviving public accounting firm shall retain the latest firm registration deadline of the former public accounting firms.

(C) If two or more public accounting firms are merged by any legal means and not all of the public accounting firms are subject to the peer review requirements, then the surviving public accounting firm shall be subject to the peer review requirements and retain the latest firm registration deadline of any former public accounting firm subject to peer review, except that twelve months must elapse between the time of the merger and the new public accounting firm's registration deadline.

(D) If two or more public accounting firms are merged by any legal means and none of the former public accounting firms are subject to the peer review requirements, then the new public accounting firm must renew its firm registration within eighteen months of the date of initial registration with the board.

(E) If a public accounting firm subject to the peer review requirements is divided, then each new public accounting firm shall be subject to the peer review requirements and retain the firm registration deadline of the former public accounting firm, except that at least twelve months must elapse before the new public accounting firms must renew their firm registrations.

(F) If a public accounting firm is dissolved and subsequently reestablished as a different public accounting firm with substantially similar ownership, then the successor public accounting firm will retain the predecessor public accounting firm's firm registration renewal deadline.

(G) The board may change a firm's registration renewal deadline for just cause.

HISTORY: Effective Dates 11/5/92, 8/5/99, 7/31/03, 7/16/09

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Rule amplifies: RC 4701.04

119.032 review date: 7/16/2014

4701-13-10 Peer review deficiencies; hearings.

(A) The board may rely on the peer review acceptance letter issued by the peer review committee, defined in rule 4701-13-03 of the Administrative Code, and related peer review supporting documentation as prima facie evidence in any disciplinary hearing involving a public accounting firm arising under division (H) of section 4701.04 of the Revised Code held in accordance with Chapter 119 of the Revised Code.

(B) If a board review at a disciplinary hearing determines that the peer review documentation described in paragraph (A) of this rule contains one or more violations of the professional standards defined in Chapter 4701-9 of the Administrative Code, the board may take appropriate disciplinary action against the public accounting firm under division (A)(4) of section 4701.16 of the Revised Code.

HISTORY: Effective Dates 8/11/03, 7/16/09

Rule promulgated under: RC 119.03

Rule authorized by: RC 4701.04

Rule amplifies: RC 4701.04

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4701-13-11 Required submission of peer review reports.

(A) Each public accounting firm that receives any of the following peer review reports must submit the report to the board by the deadline specified in paragraph (B) of this rule, along with any applicable letters of comment, letters of response, and peer review acceptance letter:

(1) An adverse (fail) peer review report.

(2) A modified (pass with deficiencies) peer review or report review that contains a deficiency or deficiencies concerning the professional standards in Chapter 4701-9 of the Administrative Code deemed by the peer review committee defined in rule 4701-13-03 of the Administrative Code to be significant and continuing from the firm's previous peer review or report review.

(3) A second consecutive modified (pass with deficiencies) peer review or report review that does not contain any deficiency or deficiencies concerning the professional standards in Chapter 4701-9 of the Administrative Code deemed by the peer review committee defined in rule 4701-13-03 of the Administrative Code to be significant and continuing from the firm's previous peer review or report review.

(B) The firm must submit the report, along with any applicable letters of comment, letters of response, and peer review acceptance letter to the board no later than thirty days after the firm receives a peer review acceptance letter issued by the peer review committee defined in rule 4701-13-03 of the Administrative Code.

(C) Failure to comply with the provisions of this rule shall be a violation of division (A)(4) of section 4701.16 of the Revised Code.

HISTORY: Effective Dates 10/22/04, 7/31/08

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Rule amplifies: RC 4701.04

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