

State of Arkansas  
91st General Assembly  
Regular Session, 2017

As Engrossed: H2/16/17  
**A Bill**

SENATE BILL 260

By: Senators D. Wallace, Caldwell, Irvin, Rice, B. Sample, G. Stubblefield

By: Representatives Warren, Brown, D. Douglas, Hillman, *Johnson*

### For An Act To Be Entitled

AN ACT TO REQUIRE A PEER REVIEW PROGRAM FOR PUBLIC ACCOUNTANCY LICENSEES; TO AMEND PROVISIONS CONCERNING THE PROFESSION OF PUBLIC ACCOUNTANCY; AND FOR OTHER PURPOSES.

### Subtitle

TO REQUIRE A PEER REVIEW PROGRAM FOR PUBLIC ACCOUNTANCY LICENSEES; AND TO AMEND PROVISIONS CONCERNING THE PROFESSION OF PUBLIC ACCOUNTANCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 17-12-401(b)(2), concerning professional partnerships, corporations, limited liability companies, and sole proprietorships of certified public accountants, is amended to read as follows:

(2) A firm that does not have an office in this state may perform services under § 17-12-103(a)(2)(B), § 17-12-103(a)(2)(E), or § 17-12-103(a)(6) for a client having its home office in this state and may use the title "CPA" or "CPA firm" without registering under this section only if the firm:

(A) Meets the applicable qualifications of this section and § 17-12-507; ~~and~~

(B) Performs the services through an individual with practice privileges under § 17-12-311-~~r~~; and



(C) Meets the peer review requirements under § 17-12-508.

SECTION 2. Arkansas Code § 17-12-507, concerning quality review of each practice unit, is amended to add additional subsections to read as follows:

(h) Effective January 1, 2019, licensees that are required to enroll in peer review under § 17-12-508 are exempt from the requirements of this section and the rules of the board implementing this section.

(i) The requirements of subdivisions (c)(1)(B)-(F) of this section expire on December 31, 2018.

SECTION 3. Arkansas Code Title 17, Chapter 12, Subchapter 5, is amended to add an additional section to read as follows:

17-12-508. Peer Review.

(a)(1) Beginning January 1, 2019, the Arkansas State Board of Public Accountancy shall by rule require licensees who perform attest services to enroll in an approved peer review program and have a peer review one (1) time every three (3) years.

(2) Licensees who perform compilation or preparation of financial statements as their highest level of service shall be excluded from the peer review requirement under this section.

(b) Peer reviews shall be conducted in accordance with standards that the board sets by rule.

(c) Licensees who fail to obtain peer review ratings required by the board or who otherwise fail to comply with peer review standards established or adopted by the board are subject to sanctions under § 17-12-602.

(d)(1) All financial statements, working papers, or other documents obtained from licensees or applicants for peer review shall be confidential and shall not be subject to public inspection except under an order of a court of competent jurisdiction.

(2)(A) The documents deemed confidential under subdivision (d)(1) of this section shall be exempt from disclosure under the Freedom of Information Act of 1967, § 25-19-101, et seq.

(B) Documents exempted under subdivision (d)(2)(A) of this section may be introduced as evidence in any relevant proceeding before the board.

*/s/D. Wallace*

**APPROVED: 02/28/2017**