

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

*As Engrossed: H2/16/17*

# A Bill

SENATE BILL 260

5 By: Senators D. Wallace, Caldwell, Irvin, Rice, B. Sample, G. Stubblefield, *B. Johnson*  
6 By: Representatives Warren, Brown, D. Douglas, Hillman  
7

## For An Act To Be Entitled

9 AN ACT TO REQUIRE A PEER REVIEW PROGRAM FOR PUBLIC  
10 ACCOUNTANCY LICENSEES; TO AMEND PROVISIONS CONCERNING  
11 THE PROFESSION OF PUBLIC ACCOUNTANCY; AND FOR OTHER  
12 PURPOSES.  
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## Subtitle

15 TO REQUIRE A PEER REVIEW PROGRAM FOR  
16 PUBLIC ACCOUNTANCY LICENSEES; AND TO  
17 AMEND PROVISIONS CONCERNING THE  
18 PROFESSION OF PUBLIC ACCOUNTANCY.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 17-12-401(b)(2), concerning professional  
25 partnerships, corporations, limited liability companies, and sole  
26 proprietorships of certified public accountants, is amended to read as  
27 follows:

28 (2) A firm that does not have an office in this state may  
29 perform services under § 17-12-103(a)(2)(B), § 17-12-103(a)(2)(E), or § 17-  
30 12-103(a)(6) for a client having its home office in this state and may use  
31 the title "CPA" or "CPA firm" without registering under this section only if  
32 the firm:

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

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



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

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

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

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

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

13 17-12-508. Peer Review.

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

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

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

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

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

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

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

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*/s/D. Wallace*