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# Rules of Department of Economic Development

## Division 10—Missouri State Board of Accountancy Chapter 5—Peer Review

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**Title 4—DEPARTMENT OF  
ECONOMIC DEVELOPMENT**

**Division 10—Missouri State  
Board of Accountancy  
Chapter 5—Peer Review**

**4 CSR 10-5.010 General Purpose of Positive Enforcement Program and Definitions of Terms Used in the Rules**

(Rescinded July 23, 1987)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective July 11, 1986. Rescinded: Filed April 14, 1987, effective July 23, 1987.

**4 CSR 10-5.020 General Positive Enforcement Structure**

(Rescinded July 23, 1987)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective July 11, 1986. Rescinded: Filed April 14, 1987, effective July 23, 1987.

**4 CSR 10-5.030 Duties of Positive Enforcement Committee**

(Rescinded July 23, 1987)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective July 11, 1986. Rescinded: Filed April 14, 1987, effective July 23, 1987.

**4 CSR 10-5.040 Effective Dates and Requirements**

(Rescinded July 23, 1987)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective July 11, 1986. Rescinded: Filed April 14, 1987, effective July 23, 1987.

**4 CSR 10-5.050 Procedures**

(Rescinded July 23, 1987)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective July 11, 1986. Rescinded: Filed April 14, 1987, effective July 23, 1987.

**4 CSR 10-5.060 Compliance Requirements**

(Rescinded May 9, 1994)

*AUTHORITY:* section 326.110, RSMo 1986. Original rule filed April 1, 1986, effective

July 11, 1986. Rescinded: Filed Oct. 8, 1993, effective May 9, 1994.

**4 CSR 10-5.070 Peer Review Standards**

*PURPOSE:* This rule clarifies section 326.289.9, RSMo, which specifies the standards for peer review.

*PUBLISHER'S NOTE:* The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) The Missouri State Board of Accountancy (the board) specifies that the "Standards for Performing and Reporting on Peer Reviews," as promulgated by the American Institute of Certified Public Accountants (AICPA), which is incorporated by reference in this rule, or such other standards which are adopted, accepted, or recognized by the AICPA as meeting or exceeding the AICPA standards, shall satisfy the requirements of 326.289.9, RSMo. A printed copy or copy on CD-Rom, of the "Standards for Performing and Reporting on Peer Reviews," may also be obtained from the American Institute of Certified Public Accountants, PO Box 2209, Jersey City, NJ 07303-2209 or <http://www.aicpa.org>.

(2) The board may specify that a peer review program that is administered by a state board of accountancy, which is determined by the board to meet or exceed the AICPA standards, satisfies the requirements of 326.289.9, RSMo.

(3) To meet the standards for an approved peer review program, peer reviews shall occur at least once every three (3) years.

(4) Any peer review conducted within this state shall be through a firm that has a current, firm permit in this state.

(5) The term "approved peer review program" shall mean the Missouri Society of Certified Public Accountants (MSCPA) peer

review administration program, any approved AICPA peer review program, or a peer review administration program of a state board of accountancy which has been determined by the Missouri State Board of Accountancy to meet, or exceed, the AICPA Standards for Performing and Reporting on Peer Reviews.

*AUTHORITY:* sections 326.271 and 326.289.9, RSMo Supp. 2003.\* Original rule filed Nov. 3, 2003, effective June 30, 2004.

\*Original authority: 326.271, RSMo 2001, amended 2003 and 326.289, RSMo 2001, amended 2003.

**4 CSR 10-5.080 Firms Subject to Peer Review Requirements**

*PURPOSE:* This rule clarifies section 326.289.9, RSMo which specifies requirements for firms that are subject to peer review.

(1) As of January 1, 2004, any firm seeking renewal of its permit to practice public accounting, and which has been engaged to perform more than two (2) attest services in any calendar year, shall enroll in the Missouri Society of Certified Public Accountants (MSCPA) peer review administration program, or an approved peer review program as prescribed in 4 CSR 10-5.070. The firm must enroll in an approved peer review program within ninety (90) days after entering into an engagement for the third attest service in any calendar year. The firm shall be required to verify, on the application to renew an office, that it is enrolled in an approved peer review program.

(2) As of January 1, 2004, any out-of-state firm with a Missouri permit, that is not enrolled in a peer review program that satisfies the requirements of this chapter, and which has been engaged to perform more than two (2) attest services in any calendar year, shall enroll in the MSCPA peer review administration program, or an approved peer review program as prescribed in 4 CSR 10-5.070. The firm must enroll in an approved peer review program within ninety (90) days after entering into an engagement for the third attest service in any calendar year. The firm shall be required to verify, on the application to renew an office, that it is enrolled in an approved peer review program.

(3) As of January 1, 2008, any firm seeking renewal of its permit to practice public accounting, and which has performed one (1) or more attest engagements, reviews or com-



pilations, in any calendar year, shall enroll in the MSCPA peer review administration program, or an approved peer review program as prescribed in 4 CSR 10-5.070. The firm must enroll in an approved peer review program within ninety (90) days after entering into an engagement for its first attest, review, or compilation service. The firm shall be required to verify, on the application to renew an office, that it is enrolled in an approved peer review program.

*AUTHORITY: sections 326.271 and 326.289.9, RSMo Supp. 2003. Original rule filed Nov. 3, 2003, effective June 30, 2004.*

*\*Original authority: 326.271, RSMo 2001, amended 2003 and 326.289, RSMo 2001, amended 2003.*

#### **4 CSR 10-5.090 Peer Review Requirements for Renewal of a Firm Permit**

*PURPOSE: This rule clarifies the peer review requirements as a condition for renewal of a firm permit.*

(1) Any certified public accounting firm ("firm") required to have a current permit issued pursuant to Chapter 326, RSMo shall be enrolled in an approved peer review program as prescribed in 4 CSR 10-5.070.

(2) The firm shall verify that any member of the firm who is responsible for supervising attest or review services, or who signs, or authorizes someone to sign the firm's report on attest or review engagements on behalf of the firm, has met the competency requirements as prescribed in 4 CSR 10-2.061.

(3) For firms with multiple offices, the resident manager of each office located in the state of Missouri shall verify that the office follows the same quality control policies and procedures established by the firm that has been subjected to the peer review process. The resident manager of each office shall verify that any member of the firm who is responsible for supervising attest or review services, or who signs, or authorizes someone to sign the firm's report on attest or review engagements on behalf of the firm, has met the competency requirements as prescribed in 4 CSR 10-2.061. The verification from the resident manager shall be provided to the Peer Review Oversight Board (PROB) at least one hundred twenty (120) days prior to the date of the firm's annual renewal.

(4) For firms that are enrolled in an approved peer review program in another state to be eligible for the renewal of the firm permit,

the resident manager of each office located in Missouri shall verify that the office follows the same quality control policies and procedures established by the firm that has been subjected to the peer review process in the other state. The resident manager of each office shall verify that any member of the firm who is responsible for supervising attest or review services, or who signs, or authorizes someone to sign the firm's report on attest or review engagements on behalf of the firm, has met the competency requirements as prescribed in 4 CSR 10-2.061. The verification from the resident manager shall be provided to the PROB at least one hundred twenty (120) days prior to the date of the firm's annual renewal.

(5) Firms that are enrolled in an approved peer review program and are providing services in the state of Missouri, but not through an office located in Missouri, shall verify that the out-of-state office(s), through which the services are being provided, follows the same quality control policies and procedures established by the firm that has been subjected to the peer review process in the other state. The resident manager of each office shall verify that any member of the firm who is responsible for supervising attest or review services, or signs, or authorizes someone to sign the firm's report on attest or review engagements on behalf of the firm, has met the competency requirements as prescribed in 4 CSR 10-2.061. The verification from the resident manager of such office(s) shall be provided to the PROB at least one hundred twenty (120) days prior to the date of the firm's annual renewal.

*AUTHORITY: sections 326.271 and 326.289.9, RSMo Supp. 2003.\* Original rule filed Nov. 3, 2003, effective June 30, 2004.*

*\*Original authority: 326.271, RSMo 2001, amended 2003 and 326.289, RSMo 2001, amended 2003.*

#### **4 CSR 10-5.100 Administration**

*PURPOSE: This rule clarifies the requirements for the administration of the peer review process.*

(1) The Missouri Society of Certified Public Accountants (MSCPA) peer review administration program, or any approved American Institute for Certified Public Accountants (AICPA) peer review program, may serve as the provider for peer review administration for Missouri firms. Any schedule of charges for the administration of a firm's peer review within this state will be determined without

regard to membership in any organization, including MSCPA or AICPA.

(2) Upon request, from the Peer Review Oversight Board (PROB), the administrator shall provide a list containing the names of firms enrolled in, or terminated from, the peer review program. The list shall also include the firm names and addresses, the period covered by their most recently accepted peer review and the date of that peer review. The PROB, as defined in 4 CSR 10-5.110, may require additional information, or documentation, or individual peer reviews, or may review procedures, if they deem it necessary to ascertain the effectiveness of a peer review program that has been accepted by the PROB.

(3) Annually by June 1, the PROB shall provide the board a list of firms that are enrolled in an approved peer review program, a list of firms that have not provided the verification required by 4 CSR 10-5.090, and a list of firms terminated from the peer review program. These firms may be determined to be ineligible for renewal by the board.

(4) Firms determined to be ineligible for renewal for failure to be currently enrolled in an approved peer review program, and/or failure to provide the verifications required by 4 CSR 10-5.090 shall be notified by the board in writing of the reason(s) and shall be advised of its right to file a complaint with the Administrative Hearing Commission.

*AUTHORITY: sections 326.271 and 326.289.9, RSMo Supp. 2003.\* Original rule filed Nov. 3, 2003, effective June 30, 2004.*

*\*Original authority: 326.271, RSMo 2001, amended 2003 and 326.289, RSMo 2001, amended 2003.*

#### **4 CSR 10-5.110 Oversight**

*PURPOSE: This rule clarifies the requirements for the oversight of the peer review process.*

(1) The president of the board shall appoint a Peer Review Oversight Board (PROB) to ensure that firms comply with the peer review requirements for firm permit renewal. All appointments must be approved by a majority of the board. PROB members may be removed at any time by a majority vote of the board for cause. The PROB shall meet as necessary to ascertain that participating firms are successfully undergoing peer review, are providing the verification required by 4 CSR 10-5.090, and are eligible for renewal of their



firm permit. For the purposes of this rule, “undergoing peer review” shall mean enrolled in a peer review program that has been determined, by the PROB, to meet or exceed the standards of the American Institute of Certified Public Accountants (AICPA) peer review program which has been approved by the board. In addition a firm undergoing peer review shall have made the verifications required by 4 CSR 10-5.090.

(2) The PROB will consist of five (5) members who are Missouri licensed certified public accountants. Initially, the president of the board will appoint one (1) member for a one (1)-year term beginning July 1, 2003 and ending June 30, 2004, two (2) members for a two (2)-year term beginning July 1, 2003 and ending June 30, 2005, and two (2) members for a three (3)-year term beginning July 1, 2003 and ending June 30, 2006. Thereafter, the president of the board will appoint members for a three (3)-year term, however no member shall serve more than ten (10) consecutive years. Annually, the president of the board will appoint a chairman of the PROB from the members of the PROB.

(3) Members of the PROB shall:

(A) Have a current, unrestricted license to practice in the state of Missouri;

(B) Not be a current member of the board;

(C) Have a minimum of five (5) years experience at a supervisory level in the accounting and auditing function of the firm, which was/is enrolled in an approved peer review program; and

(D) Resign from the PROB if the member’s firm receives anything other than an unmodified report on its most recently accepted review.

(4) Members of the PROB may bill the board for actual expenses incurred while serving, as approved by the executive director of the board.

(5) The peer review standards, requirements, administration, and oversight set forth in 4 CSR 10-5.070 through 4 CSR 10-5.110 shall not be applicable to any peer review proceedings conducted pursuant to section 326.310.3, RSMo unless the board so authorizes on a case-by-case determination.

(6) In conducting a peer review pursuant to section 326.310.3, RSMo the board shall have complete oversight of and access to peer review process and report.

(7) The provisions of this rule are declared severable. If any provision of this rule is held invalid by a court of competent jurisdiction,

the remaining provisions of this rule shall remain in full force and effect, unless otherwise determined by a court of competent jurisdiction to be invalid.

*AUTHORITY: sections 326.265, 326.271 and 326.289.9, RSMo Supp. 2003.\* Original rule filed Nov. 3, 2003, effective June 30, 2004.*

*\*Original authority: 326.265, RSMo 2001; 326.271, RSMo 2001, amended 2003; and 326.289, RSMo 2001, amended 2003.*