

SUBCHAPTER 08M - STATE QUALITY REVIEW PROGRAM

SECTION .0100 - GENERAL SQR REQUIREMENTS

21 NCAC 08M .0101	PURPOSE
21 NCAC 08M .0102	REGISTRATION REQUIREMENTS
21 NCAC 08M .0103	PROHIBITION OF ABUSE
21 NCAC 08M .0104	CPA FIRMS DEEMED IN COMPLIANCE

History Note: Authority G.S. 93-12(7b); 93-12(8c)(e);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998; February 1, 1996; August 1, 1995; April 1, 1994;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS

- (a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program:
- (1) audits;
 - (2) reviews of financial statements;
 - (3) compilations of financial statements; or
 - (4) any engagement to be performed in accordance with the Statements on Standards for Attestation Engagements.
- (b) A CPA or CPA firm not providing any of the services listed in Paragraph (a) of this Rule is exempt from peer review until the issuance of the first report provided to a client. A CPA or CPA firm shall register with the peer review program as listed in Paragraph (d) of this Rule within 30 days of the issuance of the first report provided to a client.
- (c) A CPA, a new CPA firm, or a CPA firm exempt from peer review that starts providing any of the services in Paragraph (a) of this Rule shall furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within 18 months of the issuance of the first report provided to a client.
- (d) Participation in and completion of the AICPA Peer Review Program, or a program that substantially complies with the AICPA Standards for Performing and Reporting on Peer Reviews, shall be required. The AICPA Standards for Performing and Reporting on Peer Reviews are incorporated by reference, including subsequent amendments and editions. This document may be accessed at <https://us.aicpa.org/research/standards/peerreview> at no cost.
- (e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.
- (f) A CPA firm that does not have offices in North Carolina and that has provided any services as listed in G.S. 93-10(c)(3) to North Carolina clients shall participate in a peer review program.
- (g) Subsequent peer reviews of a CPA firm are due three years and six months from the year end of the 12-month period of the first peer review, unless granted an extension by the peer review program.
- (h) All CPA firms enrolled in the AICPA Peer Review Program shall also participate in the AICPA Facilitated State Board Access process.

History Note: Authority G.S. 93-10(c); 93-12(8c);
Eff. January 1, 2004;
Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08M .0106 COMPLIANCE

- (a) A CPA firm registered for peer review shall provide to the Board the following:
- (1) peer review due date;
 - (2) year end date;
 - (3) final Letter of Acceptance from peer review program within 60 days of the date of the letter; and
 - (4) a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance for all failed and second passed with deficiencies reports issued by a peer review program within 60 days of the date of the Final Letter of Acceptance.

(b) A peer review shall not be complete until the Final Letter of Acceptance is issued by the peer review program with the new due date.

(c) If a CPA firm fails to comply with Rule .0105(c), (d), or (g) of this Section, and continues to offer or render services, the Board may take disciplinary action against the CPA firm's members that may include a suspension of each members' CPA certificate for a period of not less than 30 days and a civil penalty up to one thousand dollars (\$1,000) as set forth in G.S. 93-12(b)(9).

History Note: Authority G.S. 93-12(7b); 93-12(8c);
Eff. January 1, 2004;
Amended Eff. February 1, 2011; January 1, 2006;
Readopted Eff. February 1, 2016.

21 NCAC 08M .0107 ETHICAL DUTIES OF REVIEWER

(a) A reviewer shall be independent with respect to the reviewed CPA firm and comply with the AICPA Standards for Performing and Reporting on Peer Reviews.

(b) Information concerning the participating CPA firm or its clients or personnel that is obtained as a consequence of the review is confidential and shall not be disclosed to anyone not involved in the peer review process.

History Note: Authority G.S. 93-12(7b); 93-12(8c);
Eff. January 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

SECTION .0200 - DUTIES OF THE REVIEWED FIRM

21 NCAC 08M .0201 SELECTION OF ENGAGEMENTS TO BE REVIEWED

21 NCAC 08M .0202 NOTICE TO CLIENTS

History Note: Authority G.S. 93-12(8c);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998; April 1, 1994;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0203 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08M .0204 CERTAIN OFFICES EXCUSED

History Note: Authority G.S. 93-12(8c);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0205 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08M .0206 SELECTION OF A REVIEW TEAM

21 NCAC 08M .0207 DUTY TO RESPOND TO QUESTIONS

History Note: Authority G.S. 93-12(8c);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996;
Repealed Eff. January 1, 2004.

SECTION .0300 - REVIEW TEAM: QUALIFICATIONS AND DUTIES

21 NCAC 08M .0301 QUALIFICATIONS OF REVIEWERS AND TEAM CAPTAINS

21 NCAC 08M .0302	INDEPENDENCE FROM A REVIEWED CPA FIRM
21 NCAC 08M .0303	CONFLICT OF INTEREST
21 NCAC 08M .0304	PERFORMING THE REVIEW - REVIEWER'S DUTIES
21 NCAC 08M .0305	CONFIDENTIALITY
21 NCAC 08M .0306	REPORTING REQUIREMENTS

History Note: Authority G.S. 93-12(8c);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996; August 1, 1995; June 1, 1994; April 1, 1994;
Repealed Eff. January 1, 2004.

SECTION .0400 - SQR ADVISORY COMMITTEE

21 NCAC 08M .0401	SQR ADVISORY COMMITTEE - MEMBERS AND DUTIES
21 NCAC 08M .0402	OBJECTIONS TO SQR ADVISORY COMMITTEE
21 NCAC 08M .0403	REVIEW OF PROTEST

History Note: Authority G.S. 93-12(2); 93-12(8c);
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996; August 1, 1995;
Repealed Eff. January 1, 2004.