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4701-13-01

**Fees for registration of public accounting firms; insurance;
renewal 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.~~
- ~~(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.~~
- ~~(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.~~
- ~~(4) The board may prorate the registration fee for the purpose of administering the firm registration and peer review rules.~~

(A) A public accounting firm shall pay an initial registration fee of ten dollars. The renewal fee for such firms shall be thirty dollars.

(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 by that date including evidence of an approved peer review not previously submitted to the board.
- (2) A public accounting firm that submits an approved peer review to the board subject to the completion of certain requirements acceptable to the peer review committee defined in rule 4701-13-03 of the Administrative Code will be issued a conditional firm registration. The conditional firm registration will expire thirty days after the requirements are due to be completed. A firm using a peer review acceptance letter containing a condition to obtain a firm registration shall provide to the board within thirty days of the condition due date verification of completion of all conditions. The condition date contained in the peer review acceptance letter may be continued by the executive director for purpose of maintaining the firm registration for good cause and pursuant to board approval.
- (3) 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 by that date.

(C) A public accounting firm that does not comply with the requirements in paragraph (B)(1), (B)(2), or (B)(3) 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 fee 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 eight hundred dollars on February first of the year following the firm's registration renewal deadline.~~

(1) A public accounting firm that does not perform engagements subject to peer review, with one to four Ohio permit holders or foreign certificate holders, shall pay a penalty fee of one hundred fifty dollars. The penalty fee will increase to three hundred dollars on December first of the year the firm's registration renewal is due.

(2) A public accounting firm that does not perform engagements subject to peer review, with five to nine Ohio permit holders or foreign certificate holders, shall pay a penalty fee of three hundred sixty dollars. The penalty fee will increase to seven hundred dollars on December first of the year the firm's registration renewal is due.

(3) A public accounting firm that does not perform engagements subject to peer review, with ten or more Ohio permit holders or foreign certificate holders, shall pay a penalty fee of nine hundred dollars. The penalty fee will increase to one thousand eight hundred dollars on December first of the year the firm's

registration renewal is due.

(4) A public accounting firm that perform engagements subject to peer review, with one to four Ohio permit holders or foreign certificate holders, 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 the firm's registration renewal is due.

(5) A public accounting firm that performs engagements subject to peer review, with five to nine Ohio permit holders or foreign certificate holders, shall pay a penalty fee of three hundred sixty dollars. The penalty fee will increase to seven hundred dollars on February first of the year the firm's registration renewal is due.

(6) A public accounting firm that performs engagements subject to peer review, with ten or more Ohio permit holders or foreign certificate holders, shall pay a penalty fee of nine hundred dollars. The penalty fee will increase to one thousand eight hundred dollars on February first of the year the firm's registration renewal is due.

(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.

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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.

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4701-13-03

Designated peer review committee.

- (A) The board designates the peer review acceptance committee of "The Ohio Society of Certified Public Accountants" and the "National Peer Review Committee of the American Institute of Certified Public Accountant" as the peer review committee authorized 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.

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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 any of the following:
- (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.

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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 conditional~~ registration to the firm that will be valid until the deadline for completion of remedial actions, ~~by the firm.~~ Any request for extension must be submitted in writing one month prior to the due date of the conditional registration, and be approved by the executive director, subject to board approval. 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) After the firm completes the required remedial actions, the board or its authorized 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 board or

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its authorized peer review program administrator and accepted by the board will qualify a public accounting firm for continued registration under this chapter.

~~(F)~~(G) 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.

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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)~~(B) A public accounting firm described in paragraph (A) of this rule that does not ~~assume or use the~~ advertise, hold out to the public, or use the title or designation "certified public accountant" or "public accountant" may voluntarily register with the board and obtain a firm registration.
- ~~(D)~~(C) 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.
- (D) 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.

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; including findings for further consideration (FFC) forms.
- (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:~~ responsibility of submitting all reports and supporting documentation to the board required by rule 4701-13-11 or the Administrative Code.

- ~~(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.~~

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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) An Attest accounting firm may request to change its firm registration to non-attest if at least one of the following criteria has been met:
- (1) The firm has not performed an engagement(s) subject to peer review requirements since the firm's last peer review. The firm may switch its status to non-attest by submitting a written request and a peer review exemption form to the board.
- (2) If the firm performed any engagement(s) subject to the peer review requirements since the firm's last peer review; then a peer review must be completed before the request will be granted.
- (H) If any public accounting firm subject to the peer review requirements is purchased or

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otherwise acquired by another public accounting firm, the firm acquiring the previous clients records will accept responsibility for those clients records subject to review, at the purchasing firms next scheduled peer review.

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

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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 the 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.

4701-13-11

Required submission of peer review reports.

- (A) Each public accounting firm that completes a peer review must submit to the Board within thirty days of a provisional and/or final acceptance of that peer review the Peer Review Compliance Reporting Form including all applicable attachments. Applicable attachments include: 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.~~ 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.~~ Corrective Action Letter (including Implementation Plan Letter)
 - (3) ~~A second consecutive modified (pass with deficiencies) peer review report that does not contain any deficiency 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.~~ Letter of Response
 - (4) Final Acceptance Letter
- (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.~~ If the firm's October 31st registration deadline is prior to the deadline in paragraph (A) then the public accounting firm that completes a peer review must submit the Peer review Compliance Reporting Form, including all applicable attachments, by the registration deadline.
- (C) A firm receiving a recall or modification of the firm's peer review acceptance letter provided to the board for the purpose of obtaining a firm registration shall provide notice and a copy of the recall or modification letter to the board within fourteen days of the date on the recall/modification letter. Failure to do so will result in a hearing before the board.
- ~~(D)~~ (A)(4) 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.