

OVERVIEW OF THE PEER REVIEW PROCESS

Important Dates

There are three important dates connected with your firm's Peer Review:

1. Your **Year-End Date** (the end date of the 12 months subject to review)
2. Your Peer Review **Due Date**
3. Your Peer Review **Commencement Date**

Your firm's **year-end date** is based on the **date of the firm's year ends of their engagement for the initial review**. The **due date** is 18 months from the date enrolled in the Program or should have enrolled, whichever is earlier for the initial review. The Peer Review covers a current period of one year.

Subsequent **Peer Review Due Dates** are three years and six months from the peer review year end. Your **Commencement Date** is the date you and your reviewer agree to begin work on your review and must be far enough in advance of the due date to ensure that **all** peer review documents required **are received prior to the due date**.

Example:

ABC firm's enrollment application is accepted on May 31, 2008. The initial due date is November 2009. The Commencement Date should be approximately 1 to 2 months prior to the due date depending on the complexity of your review and your reviewer's schedule.

An extension to your due date may be granted for *extraordinary circumstances*. Such a *request must be in writing and include a detailed description of the extenuating circumstances necessitating the request for an extension*, and an alternate due date. If an extension is granted, you will be notified in writing. If your review due date falls during the tax season, you are encouraged to schedule your review early. A tax season due date is not a viable reason to grant an extension.

Scheduling Your Review

Approximately five to six months prior to your due date, SCACPA sends the managing partner a "scheduling notice" requesting pertinent information about your firm. You are also asked to engage a reviewer to perform your Peer Review. You should not delay the selection of a reviewer as their schedules fill quickly. Once you and your reviewer set the **commencement date**, it is recorded and is the basis for determining compliance with the Peer Review Process. Remember, **all peer review documents must be received in the SCACPA office by your due date**.

Your responses to the questions on the form "Information Required for Scheduling Peer Reviews," will determine the type of review your firm is required to undergo. Two types of reviews are performed; System and Engagement (more fully described under the section "Types of Reviews").

Review Results

Engagement and System Reviews may result in the following three types of reports:

- (1) Pass
- (2) Pass with deficiencies
- (3) Fail

Review Acceptance

After SCACPA receives all the required Peer Review documents from your reviewer and your firm, your review is assigned to a Technical Reviewer for examination to determine if the reviewer's conclusions and findings are consistent with the peer review standards. When a System or Engagement review results in a "pass with deficiencies" or "fail" report, the Technical Reviewer may recommend follow-up or remedial actions. All System and Engagement reviews are then presented to the Peer Review Committee, which evaluates the review documents, the reviewer's findings, and the Technical Reviewers recommendations. The Committee may make the following determinations:

- 1) Accept the reviewer's report as written and issue an Acceptance Letter
- 2) Accept the report subject to completion of required follow-up(s) or remedial action(s) and upon satisfactory completion, issue an Acceptance/Completion Letter.
- 3) Require your firm to have an accelerated review.

Follow-up

The Peer Review Committee will monitor the progress of your firm to implement any required changes or remedial actions. The most common follow-up actions for system reviews are the submission of your firm's next inspection (or monitoring) report and attendance of continuing professional education. If your firm has a number of serious deficiencies, the Peer Review Committee may ask the reviewer to revisit your firm or request that your firm undergo a pre-issuance review. The most common follow-up actions for engagement reviews are submission of a subsequent period's financial statements or the attendance of continuing professional education.

It is the responsibility of the firm to submit the results of the peer review to the SC Board of Accountancy.