

## AMENDMENT TO THE REGULATIONS OF THE COMMISSIONER OF EDUCATION

Pursuant to sections 207, 6504, 6507, 7401, and 7410 of the Education Law

1. Subdivision (f) of section of 70.10 the Regulation of the Commissioner of Education is amended to read as follows:

(f) Approval of team and review captains and review teams.

(1) Each approved sponsoring organization shall develop and provide a list of reviewers to the department. The list may be made publicly available on a website specified by the sponsoring organization. The department will monitor the list of approved reviewers for the peer review program.

(2) Each approved sponsoring organization shall develop and implement procedures to assure that each review team member:

(i) is licensed or otherwise authorized to practice public accountancy in any state;  
and

(ii) possesses knowledge of professional standards applicable to the attest practice or other specialized areas of practice to be reviewed, including recent experience in, and knowledge about, the rules and regulations appropriate to the industries of the engagements the individual will be reviewing.

(3) Each approved sponsoring organization shall develop and implement procedures to assure that each team or review captain:

(i) is licensed or otherwise authorized to practice public accountancy in any state;  
and

(ii) meets the following competencies prior to commencing a peer review:

(a)

(1) each team captain performing a peer review of a firm's system of quality [control] management over its attest services, shall within the last five years, have experience performing attest services on behalf of a firm as a sole proprietor, partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation;

(2) each review captain performing a peer review to evaluate that a firm's engagements were performed and reported in conformity with applicable professional standards, shall within the last five years, have experience performing attest services on behalf of a firm as a sole proprietor, partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation, manager or person with equivalent supervisory responsibilities;

(b) has completed an initial training acceptable to the department that is in accordance with the American Institute of Certified Public Accountants Standards for Performing and Reporting on Peer Reviews, or its equivalent as determined by the department. At a minimum, said training shall include:

(1) training relating to the performance of peer reviews if the team captain will be issuing a report expressing an opinion on the firm's system of quality control; or

(2) training relating to the performance of peer reviews if the review captain will be issuing a report that only evaluates engagements submitted for review without expressing an opinion on the firm's system of quality [control] management;

(c) subsequent to the team or review captain's completion of an introductory reviewer training course pursuant to clause (b) of this subparagraph and within each successive triennial period as a team or review captain, the team or review captain shall

complete training acceptable to the department relating to the performance of peer reviews; and

(d) possesses knowledge of professional standards applicable to the attest practice to be reviewed, including recent experience in, and knowledge about, the rules and regulations appropriate to the industries of the engagements the individual will be reviewing.

2. Subdivision (h) of section 70.10 of the Regulation of the Commissioner of Education is amended to read as follows:

(h) Effect of substandard reviews. Any firm that receives a peer review report indicating that the firm has failed to design a system of quality [control] management over its attest services or comply with its system of quality control over its attest services, or that receives a peer review report indicating that the firm has failed to perform and report on engagements in conformity with applicable professional standards in all material respects, may be referred by the PROC for disciplinary action under Education Law section 6510.