

**RULES
OF
THE DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF REGULATORY BOARDS
TENNESSEE STATE BOARD OF ACCOUNTANCY**

**CHAPTER 0020-06
PEER REVIEW PROGRAM**

TABLE OF CONTENTS

0020-06-.01	Definitions	0020-06-.05	Sponsoring Organizations, Programs, and Standards
0020-06-.02	Purpose	0020-06-.06	Repealed
0020-06-.03	Peer Review Oversight Committee	0020-06-.07	Peer Review Submission
0020-06-.04	Basic Requirements		

0020-06-.01 DEFINITIONS.

- (1) For purposes of this Chapter, unless the context otherwise requires:
- (a) “Administering Entity” means an entity approved by a Board-approved sponsoring organization to administer the Board-approved peer review program.
 - (b) “Approved Peer Review Program” means any peer review program conducted by the Board, the Tennessee Society of Certified Public Accountants, or the AICPA or any other similar program conducted by another individual or entity approved by the Board;
 - (c) “Firm” means CPA firm and PA firm as defined in T.C.A. § 62-1-103;
 - (d) “Firm Location” means an individual office location of a firm;
 - (e) “Licensee” means certified public accountant or public accountant;
 - (f) “Peer Review” shall be defined as in T.C.A. § 62-1-103.
 - (g) “Peer Review Oversight Committee” (“the Committee”) means a Board-appointed committee for monitoring the Board-approved peer review program, including sponsoring organizations’ Administering Entities, to provide reasonable assurance that Administering Entities and respective Peer Review Committee and Report Acceptance Bodies are functioning in a manner that effectively enforces the performance and reporting of peer review in accordance with peer review standards.
 - (h) “Sponsoring Organization” means a Board-approved professional association, society, or other organization responsible for the facilitation and administration of peer reviews directly or through its Administering Entities and responsible for the oversight of the Administering Entities pursuant to the sponsoring organization’s peer review standards.

Authority: T.C.A. §§ 62-1-105 and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 15, 2003; effective December 29, 2003. Amendment filed October 17, 2003; effective December 31, 2003. Amendments filed June 30, 2025; effective September 28, 2025.

0020-06-.02 PURPOSE.

The purpose of the Peer Review Program (Program) is to improve the quality of financial reporting and to assure that the public can rely on the fairness of presentation of financial information on which licensees issue reports. Appropriate educational programs or rehabilitation procedures will

(Rule 0020-06-.02, continued)

ordinarily be recommended or required where professional services do not comply with applicable professional standards; however, when a licensee is unwilling or unable to comply with such standards, or a licensee's professional services are so egregious as to warrant disciplinary action, such action may be taken as the appropriate means of protecting the public interest.

Authority: T.C.A. §§ 62-1-105, 62-1-111, and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006.

0020-06-.03 PEER REVIEW OVERSIGHT COMMITTEE.

- (1) The Board may appoint a Committee to assist it in the implementation of the Program and or to monitor other Board-approved peer review programs.
- (2) Each Committee member shall:
 - (a) Be an actively licensed CPA in good standing;
 - (b) Possess accounting, attest and peer review experience deemed sufficient by the Board;
 - (c) Serve a term of three (3) years but may be reappointed by the Board at the end of each term;
 - (d) Not be a member of the Board, or have a conflict of interest under applicable law; and
 - (e) Sign a confidentiality agreement indicating they will not divulge any information to the Board that would identify any firm, licensee, peer reviewer, or reviewing firm, as a result of their monitoring of the peer review process.
- (3) The responsibilities of the Committee shall include the following:
 - (a) Monitoring approved peer review programs and reporting periodically to the Board on whether these programs meet the requirements of these rules and Tenn. Code Ann. §§ 62-1-201 et seq.
 - (b) Considering such other matters and performing such other duties regarding the Program as may be necessary from time to time.

Authority: T.C.A. §§ 62-1-105 and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed August 15, 2006; effective October 29, 2006. Amendments filed June 30, 2025; effective September 28, 2025.

0020-06-.04 BASIC REQUIREMENTS.

- (1) Enrollment in an approved peer review program is a condition for renewal of a permit for firms that issue attest work as defined in T.C.A. § 62-1-103(1). Each firm location required to hold a permit to practice under T.C.A. § 62-1-108, which performs attest services, shall be covered by a peer review at least once every three (3) years with a report of that review to be submitted to the Board pursuant to Rule 0020-06-.07.
- (2) Firms with multiple locations may submit a single peer review report covering all locations.
- (3) Firm locations not providing attest services shall not be required to enroll in an approved peer review program until the issuance of the first report provided to the client. A firm shall enroll in

(Rule 0020-06-.04, continued)

an approved peer review program within thirty (30) days of the issuance of the first report provided to a client.

- (4) A firm is not required to enroll in an approved peer review program if its only level of service is performing preparation of financial statements (with or without disclaimer reports) under Statements on Standards for Accounting and Review Services ("SSARS").
- (5) Firms required to be registered with and subject to inspection by the Public Company Accounting Oversight Board ("PCAOB") will also be required to have a peer review under an approved peer review program that covers the portion of the firms' practice not subject to the PCAOB permanent inspection.
- (6) A firm shall schedule, undergo, and complete its initial and subsequent peer reviews in compliance with the sponsoring organization's peer review standards and related guidance. A firm's initial peer review is due eighteen (18) months from the date it enrolled or should have enrolled in the peer review program, with subsequent peer reviews being due every three (3) years thereafter, unless an extension has been granted by the administering entity.
- (7) For good cause shown, the Board may grant or renew permits for a reasonable period pending completion of the firm's peer review.
- (8) A firm or individual that does not have offices in Tennessee and that has provided attest services as defined by T.C.A. § 62-1-103(1) to Tennessee clients shall participate in an approved peer review program.

Authority: T.C.A. §§ 62-1-105 and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendment filed August 15, 2006; effective October 29, 2006. Amendment filed March 26, 2012; effective June 24, 2012. Amendments filed June 30, 2025; effective September 28, 2025.

0020-06-.05 SPONSORING ORGANIZATIONS, PROGRAMS, AND STANDARDS.

- (1) The Board shall approve peer review sponsoring organizations, programs, and standards.
- (2) The Board recognizes the AICPA as an approved sponsoring organization, along with its peer review program. This approval also applies to all Administering Entities approved by the AICPA to administer the peer review program. As a condition of this approval, a sponsoring organization is required to:
 - (a) Administer peer reviews for nonmember licensees, provided that such nonmembers comply with the applicable peer review standards, and
 - (b) Provide advance notice to the Board if any Administering Entity is to be discontinued.
- (3) The Board may approve other peer review sponsoring organizations that are substantially similar to AICPA. To be considered for approval, a sponsoring organization must submit evidence to the satisfaction of the Board. The evidence shall include the standards, procedures, guidelines, oversight process, training materials, and any other related documents used to administer, perform, and accept peer reviews. The Board may request additional documents, as needed to determine whether to grant approval.
- (4) The Board may terminate its approval of a sponsoring organization for cause following notice and opportunity to appear before the Board. For purposes of this paragraph, cause includes but is not limited to a substantive change in the Peer Review Program that adversely affects

(Rule 0020-06-.05, continued)

licensees or firms, impairs the Board's ability to protect the public in this state, or for failure to maintain an ongoing compliance with the requirements of this Chapter.

Authority: T.C.A. §§ 62-1-105 and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Amendment filed October 17, 2003; effective December 31, 2003. Amendments filed June 30, 2025; effective September 28, 2025.

0020-06-.06 REPEALED.

Authority: T.C.A. §§ 62-1-105(e)(6), 62-1-111(a)(12) and (14), and 62-1-201. **Administrative History:** Original rule filed August 2, 1996; effective October 16, 1996. Repeal and new rule filed June 10, 1999; effective August 24, 1999. Repeal filed June 30, 2025; effective September 28, 2025.

0020-06-.07 PEER REVIEW SUBMISSION.

- (1) The objective of this reporting rule is to reinforce the Board's efforts to ensure that only appropriately qualified firms and licensed CPAs are engaged in offering and rendering attest work. Based upon its review of any documents submitted pursuant to this rule, the Board may consider imposing discipline against a reviewed firm and any individual licensees employed or contracted by the reviewed firm and involved in the attest function if the Board determines a violation occurred.
- (2) Each firm shall submit a copy of the results of its most recently accepted peer review to the Board within thirty (30) days from the date of acceptance or completion letter, whichever is applicable. The required documents include:
 - (a) Peer Review Report which has been accepted by the administering entity;
 - (b) Firm's letter of response accepted by the administering entity, if applicable;
 - (c) Acceptance letter from the administering entity;
 - (d) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take actions required by the administering entity, if applicable; and
 - (e) Letter signed by the administering entity notifying the firm that required actions have been appropriately completed, if applicable.
- (3) For peer reviews scheduled on or after June 1, 2025, the firm is required, within thirty (30) days of the firm sending or receiving such communication, as appropriate, to provide the Board with a copy of any written, including electronic, communication along with any objective information as is applicable:
 - (a) From the administering entity notifying the firm of the firm's enrollment or reenrollment in an approved peer review program;
 - (b) From the firm as part of an approved peer review program that it has not performed engagements subject to peer review in the last twelve (12) months;
 - (c) Setting a due date for the firm's current peer review or setting a due date for any open corrective action(s) as part of a peer review;
 - (d) Granting of peer review, or corrective action, due date extension request, including any communication setting a new date for the peer review or corrective action;

(Rule 0020-06-.07, continued)

- (e) From the administering entity acknowledging the peer review was scheduled; and
 - (f) Providing actual or estimated dates of the peer review commencement or presentation to a report acceptance body.
- (4) A peer review shall not be considered complete until the acceptance letter or completion letter (if applicable) is issued by the administering entity with the new due date.
- (5) Firms shall authorize the administering entity to provide the Board access to the documents and objective information, referenced in paragraphs (2) and (3) of this rule, via a secure website process such as the AICPA Facilitated State Board Access ("FSBA").

Authority: T.C.A. §§ 62-1-105, 62-1-111, and 62-1-201. **Administrative History:** Original rule filed February 23, 2018; effective May 24, 2018. Amendments filed June 30, 2025; effective September 28, 2025.