

Referred to the Senate 2/8 Do Pass 2/1 (1995)

Reprinted

FILED FEB 07 1991

SENATE FILE

157

BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 120)

Passed Senate, Date 2/18/91 (p. 246) Passed House, Date 3/20/91
Vote: Ayes 44 Nays 0 Vote: Ayes 95 Nays 1
Approved March 28, 1991

A BILL FOR

3040 1 An Act relating to peer review of certain certified public
2 accountants, and providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF157

1 Section 1. NEW SECTION. 116.20A PEER REVIEW REQUIRED.

2 1. DEFINITIONS. As used in this section:

3 a. "Applicant" means an entity holding a permit to
4 practice as a corporation or partnership of certified public
5 accountants issued pursuant to section 116.20, subsection 3,
6 or a person certified as a public accountant pursuant to
7 section 116.5 who practices as a sole proprietorship.

8 b. "Peer review" means peer or quality review.

9 c. "Peer review records" means all files, reports, and
10 other information in possession of a peer review team which
11 relate to the professional competence of an applicant, or
12 which are the subject of a peer review report.

13 d. "Peer review team" means persons or an organization
14 engaged in performing the peer review of an applicant.

15 2. DUTIES OF THE BOARD. The board shall adopt rules
16 requiring peer review pursuant to this section. The board
17 shall adopt rules specifying the manner in which a peer review
18 team is recognized and providing that each reviewing team
19 member shall be independent of the applicant being reviewed.

20 3. PEER REVIEW REQUIRED FOR RENEWAL.

21 a. As a condition of renewal of an applicant's permit, an
22 applicant shall submit evidence of completion of a peer review
23 conducted to determine the degree of the applicant's
24 compliance with generally accepted accounting principles,
25 generally accepted auditing standards, and other similarly
26 recognized authoritative technical standards. Peer review
27 shall occur every three years. Costs of the peer review shall
28 be paid by the applicant.

29 b. An applicant's completion of a quality or peer review
30 conducted by the American institute of certified public
31 accountants, or other substantially similar review, shall
32 satisfy the requirements of this section.

33 4. WAIVER OF PEER REVIEW REQUIREMENT. An applicant, at
34 the time of renewal, may request in writing upon forms
35 provided by the board, a waiver from the requirements of this

1 section. The board may grant a waiver if one or more of the
2 following conditions are met:

3 a. The applicant does not engage in, and does not intend
4 to engage in during the following year, financial reporting
5 areas of practice, including but not limited to financial
6 audits, compilations, and reviews. An applicant granted a
7 waiver pursuant to this paragraph shall immediately notify the
8 board if the applicant engages in such practice, and shall be
9 subject to peer review.

10 b. For reasons of health.

11 c. Due to military service.

12 d. In instances of hardship.

13 e. For other good cause as determined by the board.

14 5. CONFIDENTIALITY OF PEER REVIEW RECORDS.

15 a. Peer review records are privileged and confidential,
16 are not subject to discovery, subpoena, or other means of
17 legal compulsion. Peer review records are not admissible in
18 evidence in a judicial, arbitration, or administrative
19 proceeding. Information or documents discoverable from
20 sources other than a peer review team do not become
21 nondiscoverable from other sources because they are made
22 available to or are in the possession of a peer review team.
23 Information or documents publicly available from the American
24 institute of certified public accountants relating to quality
25 or peer review are not privileged or confidential under this
26 subsection.

3046 27 b. A person present at a meeting of a peer review team
28 shall not testify as to the findings, recommendations,
29 evaluations, or opinions of a peer review team in any
30 judicial, arbitration, or administrative proceeding.

31 6. LIABILITY.

32 a. A person shall not be liable as a result of acts,
33 omissions, or decisions made in connection with the person's
34 service on a peer review team, unless the act, omission, or
35 decision is made with malice.

1 b. A person shall not be liable as a result of providing
2 information to a peer review team, or for disclosure of
3 privileged matter to a peer review team.

304-4 Sec. 2. This Act takes effect January 1, 1994.

5 EXPLANATION

6 The bill requires submission to peer review as a condition
7 of renewal of a permit to practice as a corporation of
8 certified public accountants, a partnership of certified
9 public accountants, or as an individual certified as a public
10 accountant practicing as a sole proprietorship. Peer review
11 is required every three years under the bill. The board of
12 accountancy examiners is instructed to adopt rules to carry
13 out the purposes of the bill, including the method by which
14 the peer review team is recognized. Provisions for
15 satisfaction and waiver of the peer review requirement are
16 included in the bill. Confidentiality of peer review records
17 is provided with exceptions. Immunity from liability is
18 provided for peer review team members and persons providing
19 information to the peer review team. An effective date of
20 January 1, 1994, is provided.

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SENATE FILE 151

S-3040

- 1 Amend Senate File 151 as follows:
2 1. Page 1, by striking lines 10 through 14 and
3 inserting the following: "other information relating
4 to the professional competence of an applicant in the
5 possession of a peer review team, or information
6 concerning the peer review developed by a peer review
7 team in the possession of an applicant.
8 d. "Peer review team" means persons or
9 organizations participating in the peer review
10 function required by this section, but does not
11 include the board."
12 2. Page 1, by striking lines 17 and 18 and
13 inserting the following: "shall adopt rules
14 specifying standards for peer review teams and
15 providing that each reviewing team".
16 3. Page 1, line 21, by inserting after the word
17 "As" the following: "of January 1, 1994, as".
18 4. Page 1, by striking lines 29 and 30 and
19 inserting the following:
20 "b. An applicant's completion of a peer review
21 program endorsed or supported by the American
22 institute of certified public".
23 5. Page 2, by striking line 27 and inserting the
24 following:
25 "b. A person or organization participating in the
26 peer review process".
27 6. Page 2, line 35, by inserting after the word
28 "with" the following: "actual".
29 7. Page 3, by striking line 4.
30 8. Title, by striking line 2 and inserting the
31 following: "accountants."

By RICHARD VANDE HOEF

S-3040 FILED FEBRUARY 13, 1991

Adopted 2/18 (p.345)

SENATE FILE 151
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 120)

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 18, 1991)

- _____ - New Language by the Senate
- * - Language Stricken by the Senate

Passed Senate, Date _____ Passed House, Date 3/20/91 Sp. 750
 Vote: Ayes _____ Nays _____ Vote: Ayes 95 Nays 1
 Approved March 28, 1991

A BILL FOR

1 An Act relating to peer review of certain certified public
 * 2 accountants.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 151

1 Section 1. NEW SECTION. 116.20A PEER REVIEW REQUIRED.

2 1. DEFINITIONS. As used in this section:

3 a. "Applicant" means an entity holding a permit to
4 practice as a corporation or partnership of certified public
5 accountants issued pursuant to section 116.20, subsection 3,
6 or a person certified as a public accountant pursuant to
7 section 116.5 who practices as a sole proprietorship.

8 b. "Peer review" means peer or quality review.

9 c. "Peer review records" means all files, reports, and
10 other information relating to the professional competence of
11 an applicant in the possession of a peer review team, or
12 information concerning the peer review developed by a peer
13 review team in the possession of an applicant.

14 d. "Peer review team" means persons or organizations
15 participating in the peer review function required by this
16 section, but does not include the board.

17 2. DUTIES OF THE BOARD. The board shall adopt rules
18 requiring peer review pursuant to this section. The board
19 shall adopt rules specifying standards for peer review teams
20 and providing that each reviewing team member shall be
21 independent of the applicant being reviewed.

22 3. PEER REVIEW REQUIRED FOR RENEWAL.

23 a. As of January 1, 1994, as a condition of renewal of an
24 applicant's permit, an applicant shall submit evidence of
25 completion of a peer review conducted to determine the degree
26 of the applicant's compliance with generally accepted
27 accounting principles, generally accepted auditing standards,
28 and other similarly recognized authoritative technical
29 standards. Peer review shall occur every three years. Costs
30 of the peer review shall be paid by the applicant.

31 b. An applicant's completion of a peer review program
32 endorsed or supported by the American institute of certified
33 public accountants, or other substantially similar review,
34 shall satisfy the requirements of this section.

35 4. WAIVER OF PEER REVIEW REQUIREMENT. An applicant, at

1 the time of renewal, may request in writing upon forms
2 provided by the board, a waiver from the requirements of this
3 section. The board may grant a waiver if one or more of the
4 following conditions are met:

5 a. The applicant does not engage in, and does not intend
6 to engage in during the following year, financial reporting
7 areas of practice, including but not limited to financial
8 audits, compilations, and reviews. An applicant granted a
9 waiver pursuant to this paragraph shall immediately notify the
10 board if the applicant engages in such practice, and shall be
11 subject to peer review.

12 b. For reasons of health.

13 c. Due to military service.

14 d. In instances of hardship.

15 e. For other good cause as determined by the board.

16 5. CONFIDENTIALITY OF PEER REVIEW RECORDS.

17 a. Peer review records are privileged and confidential,
18 are not subject to discovery, subpoena, or other means of
19 legal compulsion. Peer review records are not admissible in
20 evidence in a judicial, arbitration, or administrative
21 proceeding. Information or documents discoverable from
22 sources other than a peer review team do not become
23 nondiscoverable from other sources because they are made
24 available to or are in the possession of a peer review team.
25 Information or documents publicly available from the American
26 institute of certified public accountants relating to quality
27 or peer review are not privileged or confidential under this
28 subsection.

29 b. A person or organization participating in the peer
30 review process shall not testify as to the findings,
31 recommendations, evaluations, or opinions of a peer review
32 team in any judicial, arbitration, or administrative
33 proceeding.

34 6. LIABILITY.

35 a. A person shall not be liable as a result of acts,

1 omissions, or decisions made in connection with the person's
2 service on a peer review team, unless the act, omission, or
3 decision is made with actual malice.

4 b. A person shall not be liable as a result of providing
5 information to a peer review team, or for disclosure of
6 privileged matter to a peer review team.

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VANDEHOEF, CH.
MURPHY
DOYLE

SSB 120

STATE GOVERNMENT

SENATE FILE

151

BY (PROPOSED COMMITTEE ON STATE
GOVERNMENT BILL BY CHAIR-
PERSON KIBBIE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to peer review of certain certified public
2 accountants, and providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 116.20A PEER REVIEW REQUIRED.

2 1. DEFINITIONS. As used in this section:

3 a. "Applicant" means an entity holding a permit to
4 practice as a corporation or partnership of certified public
5 accountants issued pursuant to section 116.20, subsection 3,
6 or a person certified as a public accountant pursuant to
7 section 116.5.

8 b. "Peer review records" means all investigation files,
9 reports, and other investigative information relating to
10 professional competence in possession of a peer review team,
11 or relating to the subject of a peer review report.

12 c. "Peer review team" means persons designated by the
13 board to perform the peer review of an applicant.

14 2. DUTIES OF THE BOARD. The board shall adopt rules
15 requiring peer review pursuant to this section and specifying
16 the method by which peer reviews shall be conducted. The
17 board shall adopt rules specifying the manner in which the
18 members of the peer review team are selected, providing that
19 each reviewing team member shall be independent of the
20 applicant being reviewed.

21 3. PEER REVIEW REQUIRED FOR RENEWAL.

22 a. As a condition of renewal of an applicant's permit, an
23 applicant shall be subject to peer review to determine the
24 applicant's compliance with generally accepted accounting
25 principles, generally accepted auditing standards, and other
26 similarly recognized authoritative technical standards. Peer
27 review shall occur every three years. Costs of the peer
28 review shall be paid by the applicant.

29 b. An applicant's completion of a quality or per review
30 conducted by the American institute of certified public
31 accountants, or other substantially similar review, shall
32 satisfy the requirements of this section.

33 4. WAIVER OF PEER REVIEW REQUIREMENT. An applicant, at
34 the time of renewal, may request in writing upon forms
35 provided by the board, a waiver from the requirements of this

1 section. The board may grant a waiver if one or more of the
2 following conditions are met:

3 a. The applicant does not engage in, and does not intend
4 to engage in during the following year, financial reporting
5 areas of practice, including but not limited to financial
6 audits, compilations, and reviews. An applicant granted a
7 waiver pursuant to this paragraph shall immediately notify the
8 board if the applicant engages in such practice, and shall be
9 subject to peer review.

10 b. For reasons of health.

11 c. Due to military service.

12 d. In instances of hardship.

13 e. For other good cause as determined by the board.

14 5. CONFIDENTIALITY OF PEER REVIEW RECORDS.

15 a. Peer review records are privileged and confidential,
16 are not subject to discovery, subpoena, or other means of
17 legal compulsion for release to a person other than an
18 affected applicant or the peer review team. Peer review
19 records are not admissible in evidence in a judicial or
20 administrative proceeding other than a proceeding brought by
21 an applicant who is the subject of a peer review record and
22 whose competence is at issue. Information or documents
23 discoverable from sources other than the peer review team do
24 not become nondiscoverable from other sources because they are
25 made available to or are in the possession of the peer review
26 team.

27 b. This subsection shall not preclude the discovery of the
28 identification of witnesses or documents known to a peer
29 review team.

30 c. A person present at a meeting of the peer review team
31 shall not testify as to the findings, recommendations,
32 evaluations, or opinions of the peer review team in any
33 judicial or administrative proceeding other than a proceeding
34 brought by an applicant who is the subject of a peer review
35 record and whose competence is at issue.

1 6. LIABILITY.

2 a. A person shall not be civilly liable as a result of
3 acts, omissions, or decisions made in connection with the
4 person's service on a peer review team, unless the act,
5 omission, or decision is made with malice.

6 b. A person shall not be civilly liable as a result of
7 providing information to a peer review team, or for disclosure
8 of privileged matter to a peer review team.

9 7. ADMINISTRATIVE APPEAL. An appeal of a decision of a
10 peer review team shall be made to the board.

11 8. APPLICABILITY OF OTHER LAW. The provisions of section
12 147.135 shall not apply to this section.

13 Sec. 2. This Act takes effect January 1, 1994.

14 EXPLANATION

15 The bill requires submission to peer review as a condition
16 of renewal of a permit to practice as a corporation of
17 certified public accountants, a partnership of certified
18 public accountants, or as an individual certified as a public
19 accountant. Peer review is required every three years under
20 the bill. The board of accountancy examiners is instructed to
21 adopt rules to carry out the purposes of the bill, including
22 the method by which the peer review team is selected and the
23 manner in which reviews are conducted. Provisions for
24 satisfaction and waiver of the peer review requirement are
25 included in the bill. Confidentiality of peer review records
26 is provided with exceptions. Immunity from civil liability is
27 provided for peer review team members and persons providing
28 information to the peer review team. The bill provides that
29 administrative appeal of a peer review team decision shall be
30 made to the accountancy examining board. An effective date of
31 January 1, 1994, is provided.

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SENATE FILE 151

AN ACT

RELATING TO PEER REVIEW OF CERTAIN CERTIFIED PUBLIC ACCOUNTANTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 116.20A PEER REVIEW REQUIRED.

1. DEFINITIONS. As used in this section:

a. "Applicant" means an entity holding a permit to practice as a corporation or partnership of certified public accountants issued pursuant to section 116.20, subsection 3, or a person certified as a public accountant pursuant to section 116.5 who practices as a sole proprietorship.

b. "Peer review" means peer or quality review.

c. "Peer review records" means all files, reports, and other information relating to the professional competence of an applicant in the possession of a peer review team, or information concerning the peer review developed by a peer review team in the possession of an applicant.

d. "Peer review team" means persons or organizations participating in the peer review function required by this section, but does not include the board.

2. DUTIES OF THE BOARD. The board shall adopt rules requiring peer review pursuant to this section. The board shall adopt rules specifying standards for peer review teams and providing that each reviewing team member shall be independent of the applicant being reviewed.

3. PEER REVIEW REQUIRED FOR RENEWAL.

a. As of January 1, 1994, as a condition of renewal of an applicant's permit, an applicant shall submit evidence of completion of a peer review conducted to determine the degree of the applicant's compliance with generally accepted accounting principles, generally accepted auditing standards, and other similarly recognized authoritative technical standards. Peer review shall occur every three years. Costs of the peer review shall be paid by the applicant.

b. An applicant's completion of a peer review program endorsed or supported by the American institute of certified public accountants, or other substantially similar review, shall satisfy the requirements of this section.

4. WAIVER OF PEER REVIEW REQUIREMENT. An applicant, at the time of renewal, may request in writing upon forms provided by the board, a waiver from the requirements of this section. The board may grant a waiver if one or more of the following conditions are met:

a. The applicant does not engage in, and does not intend to engage in during the following year, financial reporting areas of practice, including but not limited to financial audits, compilations, and reviews. An applicant granted a waiver pursuant to this paragraph shall immediately notify the board if the applicant engages in such practice, and shall be subject to peer review.

b. For reasons of health.

c. Due to military service.

d. In instances of hardship.

e. For other good cause as determined by the board.

5. CONFIDENTIALITY OF PEER REVIEW RECORDS.

a. Peer review records are privileged and confidential, are not subject to discovery, subpoena, or other means of legal compulsion. Peer review records are not admissible in evidence in a judicial, arbitration, or administrative proceeding. Information or documents discoverable from sources other than a peer review team do not become nondiscoverable from other sources because they are made available to or are in the possession of a peer review team. Information or documents publicly available from the American institute of certified public accountants relating to quality or peer review are not privileged or confidential under this subsection.

b. A person or organization participating in the peer review process shall not testify as to the findings, recommendations, evaluations, or opinions of a peer review team in any judicial, arbitration, or administrative proceeding.

6. LIABILITY.

a. A person shall not be liable as a result of acts, omissions, or decisions made in connection with the person's service on a peer review team, unless the act, omission, or decision is made with actual malice.

b. A person shall not be liable as a result of providing information to a peer review team, or for disclosure of privileged matter to a peer review team.

JOE J. WELSH
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 151, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved March 28, 1991

TERRY E. BRANSTAD
Governor