**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**280 BOARD OF ACCOUNTANCY**

**Chapter 6: FIRM LICENSE REQUIREMENTS**

**SUMMARY:** This chapter outlines the requirements for firm licensure in this State.

**1. APPLICATION FOR LICENSURE**

A. All accounting firms, including sole proprietorships, must apply for and maintain a firm license when required by 32 M.R.S. §12252(1)(A). Applications for licensure as an accounting firm must be submitted on a form provided by the Board and must be accompanied by the fee set forth in Chapter 10 of the rules of the Office of Professional and Occupational Regulation.

B. An applicant for a firm license must provide the information required by 32 M.R.S. §12252(3)(A) and must indicate all other states or jurisdictions in which the firm has applied for or holds a license.

**2. FIRMS WITH UNLICENSED OWNERS AND AGENTS**

A. Firms may be licensed if a simple majority, in terms of financial interests and voting rights, of its owners consists of individuals licensed by the Board or by other states, and if all unlicensed owners are individuals whose primary occupation consists of participation in the business of the firm. In order to evaluate applications for issuance or renewal of licenses of firms, the Board may require explanation and documentation of relationships (including without limitation “employee leasing,” subcontracting for services, and the provision of administrative or clerical services) between the applicant and any other business entity, and may require substantiation of the nature and extent of nonlicensee owners’ participation in the business of the firm.

B. All unlicensed owners and agents of firms shall comply with the rules and professional standards applicable to licensed owners.

C. Aside from any possible disciplinary action brought by the Board against any individual licensee, the Board may bring disciplinary action against the firm with respect to violations of applicable statutes or these rules by licensed or unlicensed partners, employees, or agents of the firm.

**3. PEER REVIEW**

1. ENROLLMENT IN A BOARD-APPROVED PEER REVIEW PROGRAM
2. Enrollment in a Board-approved peer review program is a condition for renewal of a license for firms that provide attest services other than compilations. At the time of renewal, the Board requires firms to certify that the firm either:

a. is enrolled in a Board-approved peer review program; or

b. conducts no attest services other than compilations.

1. A firm is not required to enroll in a Board-approved peer review program if its only level of service is performing compilation or preparation of financial statements (with or without disclaimer reports) under Statements on Standards for Accounting and Review Services (SSARS). However, if the firm is subject to a Board-approved peer review program, it is required to have a peer review which may include compilation or preparation of financial statements within the scope of the review.
2. A firm enrolled in a Board-approved peer review program shall schedule, undergo and complete its initial peer review in compliance with the sponsoring organization’s peer review standards and related guidance. A firm’s initial peer review must be completed within 18 months after the initial granting of the license.
3. A firm enrolled in a Board-approved peer review program shall schedule, undergo and complete its subsequent peer reviews in compliance with the sponsoring organization’s peer review standards and related guidance. As required by 32 M.R.S. 12252(8)(A), a firm must undergo subsequent peer reviews every three years for as long as the firm provides an attest service other than compilations.
4. If a firm subsequently provides an attest service other than compilations after certifying to the Board under Section 3(A)(1)(b) that it does not conduct attest services, the firm must undergo a peer review within 18 months after the fiscal year end of the first attest services engagement other than compilations that it accepts.
5. For good cause shown, the Board may grant or renew a license for a reasonable period of time pending receipt of the firm’s acceptance letter, provided the firm has applied for a license in a timely manner.
6. For firms required to be registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), the Board recognizes the PCAOB’s inspection process for reviewing practices subject to its authority, which are not included in the scope of peer review programs. Firms subject to inspection by the PCAOB are also required to meet the peer review requirements under a Board-approved peer review program that covers the portion of the practice unit’s practice not subject to the PCAOB permanent inspection.
7. SUBMISSION OF PEER REVIEW DOCUMENTS
8. A firm is required to submit a copy of the acceptance letter from the administering entity to the Board within thirty (30) days of the administering entity’s acceptance or with submission of the firm’s renewal application, whichever occurs first.
9. A firm may satisfy the document submission requirement in Section 3(B)(1) by allowing the administering entity to provide the Board access to the acceptance letter via a secure website process such as the AICPA Facilitated State Board Access (FSBA).
10. APPROVED PEER REVIEW SPONSORING ORGANIZATIONS AND PROGRAMS AND PEER REVIEW STANDARDS AND PEER REVIEW OVERSIGHT
11. The Board shall approve peer review sponsoring organizations and program(s) and standards.
12. The Board recognizes the AICPA as an approved sponsoring organization, along with its peer review program and standards; this approval also applies to the New England Peer Review (NEPR) and other peer review programs administered by entities involved in the administration of the AICPA Peer Review Program. These organizations are not required to submit an application for approval to the Board. As a condition of this approval, a sponsoring organization is required to:
    1. Administer peer reviews for nonmember licensees whose firms’ principal places of business are located in the state(s) where it administers peer reviews, provided that such nonmembers comply with the applicable peer review standards; and
    2. Provide advance notice to the Board and an opportunity for discussion if any administering entity is to be discontinued.

3. The Board may terminate its approval of a sponsoring organization for cause following notice and an opportunity for hearing. For purposes of this subsection, “cause” includes but is not limited to a substantive change in the peer review program that adversely affects licensees or the public or impairs the Board’s ability to protect the public in this State or failure to maintain an ongoing compliance with the requirements of this chapter.

4. The Board may approve other peer review sponsoring organizations and programs. For an organization not specifically identified in Board rule as Board-approved, to receive Board approval for its peer review program and standards, the organization must submit evidence to the satisfaction of the Board. The evidence shall include but is not limited to the standards, procedures, guidelines, oversight process, training materials and related documents used to administer, perform and accept peer reviews. The Board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.

5. The Board shall engage in such activities as it deems appropriate to administer peer review oversight, including but not limited to the following activities:

* 1. Visit the administering entities of the approved peer review program;
  2. Review sponsoring organization procedures for administering the program;

c. Meet with an administering entity’s report acceptance body during consideration of the peer review documents;

d. Review the administering entity’s compliance with its program.

The Board may designate an entity to administer peer review oversight of the Board-approved peer review program, including the sponsoring organization and administering entities. At least annually, the Board shall take into consideration any reports issued by its designee on the conclusions and recommendations reached as a result of the designee’s activities.

**4. LICENSE EXPIRATION AND RENEWAL**

A. **Expiration**. All firm licenses expire annually.

B. **Renewal**. To renew a license, the licensee shall follow the renewal procedure prescribed by the Board and shall remit the fee as set forth in Chapter 10 of the rules of the Office of Professional and Occupational Regulation.

1. **Late Renewal**. A firm license may be renewed up to ninety (90) days after expiration upon payment of the late fee as set forth in Chapter 11 of the rules of the Office of Professional and Occupational Regulation, in addition to the renewal fee. Renewal of a firm license that has expired for more than 90 days is governed by 32 M.R.S. §12252(2).

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STATUTORY AUTHORITY:

32 M.R.S. §§ 12214(4), 12252(8), 12252; 10 M.R.S. §8003(4)

CHAPTER 6 FILINGS AND FILING DATES:

August 14, 1978 – filing 78-142 – as “Permits to Practice”

June 23, 1980 – filing 80-176 – as “CPE Regulations”

June 2, 1989 – filing 89-222, as “Permits to Practice, Firms”

July 18, 1991 – filing 91-257

April 18, 1996 – filing 96-137

April 20, 1999 – filing 99-178

October 30, 2002 – filing 2001-477

October 22, 2010 – filing 2020-518, as “Accounting Firm License Requirements”

December 17, 2019 – filing 2019-251

August 26, 2022 (effective August 31, 2022) – filing 2022-161