

In-State Firm Registration

Section 40-2-40 states:

Grant or renewal of registration to practice as firm; qualifications for registration; changes in identities of partners or officers.

- (A) The board shall grant or renew registration to practice as a firm to entities that make application and demonstrate the required qualifications. A firm must hold a registration issued pursuant to this section in order to engage in the practice of accounting or to use the title “Certified Public Accountant” or “Accounting Firm”.
- (B) Qualifications for registration as a certified public accountant firm are as follows:
 - (1) A super majority sixty-six and two-thirds percent of the ownership of the firm in terms of financial interests and voting rights must belong to certified public accountants currently licensed in some state. The noncertified public accountant owner must be actively engaged as a firm member in providing services to the firm’s clients as his or her principal occupation. Ownership by investors or commercial enterprises is prohibited.
 - (2) Partners, officers, shareholders, members, or managers whose principal place of business is in this State, and who perform professional services in this State must hold a valid license issued pursuant to this section.
 - (3) There must be a designated resident manager in charge of each office in this State who must be a certified public accountant licensed in this State.
 - (4) Noncertified public accountant owners must not assume ultimate responsibility for any financial statement, attest, or compilation engagement.
 - (5) Noncertified public accountant owners shall abide by the code of professional ethics adopted pursuant to this chapter.
 - (6) Owners shall at all times maintain ownership equity in their own right and must be the beneficial owners of the equity capital ascribed to them. Provision must be made for the ownership to be transferred to the firm or to other qualified owners if the noncertified public accountant ceases to be actively engaged in the firm.
- (C) Registration must be initially issued and renewed annually. Applications for registration must be made in such form, and in the case of applications for renewal, between such dates as the board by regulation may specify, and the board shall grant or deny any such application after filing in proper form.

- (D) An applicant for initial issuance or renewal of a registration to practice pursuant to this chapter shall register each office of the firm within this State with the board and shall demonstrate that all attest and compilation services rendered in this State are under the charge of a person holding a valid license issued pursuant to this section or the corresponding provision of prior law or of some other state.
- (E) The board shall charge a fee for each application for initial issuance or renewal of a registration issued pursuant to this section.
- (F) An applicant for initial issuance or renewal of a registration to practice pursuant to this chapter shall list on the application all states in which the firm has applied for or holds registration and shall list any past denial, revocation, or suspension of a registration by any other state.
- (G) Each holder of or applicant for a registration issued pursuant to this section shall notify the board in writing, within thirty days after its occurrence, of any change in the identities of partners, officers, shareholders, members, or managers whose principal place of business is in this State, any change in the number or location of offices within this State, any change in the identity of the licensee in charge of these offices, and any issuance, denial, revocation, or suspension of a registration by any other state.
- (H) A firm that falls out of compliance with the provisions of this section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a reasonable period of time for a firm to take this corrective action. Failure to bring the firm back into compliance within a reasonable period as defined by the board shall result in the suspension or revocation of the firm permit.

Section 40-2-255 states:

Renewal of registration; peer reviews.

- (A) A registrant shall file an application for renewal on or before January first of each calendar year.
- (B) The application for renewal of a registration shall include:
 - (1) current information concerning ownership;
 - (2) current information concerning the identity of the licensee in charge of the office;

(3) renewal fee.

(C) As a condition of renewal of registration, an applicant who engages in attest or compilation services, or both, must provide evidence of satisfactory completion of peer review no more frequently than once every three years. Peer review must be conducted in a manner as the board specifies by regulation. This review must include a verification that individuals in the firm, who are responsible for supervising attest or compilation services, or both, and who sign or authorize someone to sign the accountant's report on the financial statements on behalf of the firm, meet the competency requirements set out in the professional standards for these services and these regulations must:

(1) include reasonable provision for compliance by an applicant that can show that it has, within the preceding three years, undergone a peer review that is a satisfactory equivalent to peer review as generally required pursuant to this subsection;

(2) require, with respect to peer reviews, that they be subject to oversight by a body established or sanctioned by the board, which shall periodically report to the board on program review effectiveness under its charge and provide to the board a listing of firms that have participated in a peer review program;

(3) require, with respect to peer review, that the peer review processes be operated and that work and documents be maintained in a manner designed to preserve confidentiality of documents furnished or generated in the course of the review.

(D) A registration not renewed on or before January first is considered revoked. Continued practice after January fifteenth must be sanctioned as unlicensed practice of accounting.

Section 40-2-335(B) states:

(B) A person holding a license or firm holding a registration under this chapter must not use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm or about any other matter; however, names of one or more former owners, partners, members, managers, or shareholders may be included in the name of a firm or its successor.

Regulation 1-05 states:

Firm Registration

(A) A licensee who offers to engage in the practice of accounting for compensation must apply for registration as a firm or be employed or associated with a registered firm.

(B) There must be a designated resident manager in charge of each firm in this State. The designated resident manager must be licensed by this Board and is responsible for office compliance with established professional standards including standards set by federal or state law or regulation.

Regulation 1-09 states:

Peer Review

(A) As a condition of firm registration and/or renewal (including those firms registered in other jurisdictions operating in this state under practice privilege), a licensed firm providing any of the following services to the public shall enroll in a qualified peer review program.

- (1) Audits;
- (2) Reviews of financial statements;
- (3) Compilations of financial statements;
- (4) Examinations of prospective financial statements;
- (5) Compilations of prospective financial statements;
- (6) Agreed-upon procedures of prospective financial statements;
- (7) Examination of written assertions; and
- (8) Agreed-upon procedures of written assertions.

(B) A licensed firm not providing any of the services listed in Paragraph (A) of this regulation is exempt from peer review. Upon the issuance of the first report provided to a client, the firm must enroll in a qualified peer review program. As long as these services are provided, continued participation in a qualified peer review program is required.

(C) Acceptable peer review programs are:

- (1) AICPA Peer Review Program;

(2) Any other peer review program found to be substantially equivalent to the "Standards for Performing and Reporting on Peer Reviews" promulgated by the American Institute of Certified Public Accountants(AICPA) and published on that organization's Web site (www.aicpa.org).

(D) An authorized peer review program may charge a fee to firms required to participate in the peer review program in order to cover costs of program administration.

(E) Firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.

(F) Compliance

(1) A registered firm enrolled for peer review shall provide to the Board upon request the following:

(a) Peer review due date;

(b) Peer review year end date;

(c) Final Letter of Acceptance (FLOA) from peer review program; and

(d) A package to include the Peer Review Report, Letter of Comments (LOC), Letter of Response (LOR), and FLOA for all adverse and second consecutive modified reports issued by a peer review program;

(2) A peer review is not complete until the FLOA is issued by the peer review program.

(3) If a firm fails to complete peer review in a timely fashion, the Board may refuse to renew the firm registration and/or take other disciplinary action as appropriate.

(G) Reporting to the Board

(1) If a firm participating in a system review receives a modified or adverse peer review report, within thirty (30) days of receipt, a firm shall submit to the Board a copy of the report, LOC, LOR, the conditional letter of acceptance (CLOA), and FLOA;

(2) If a firm participating in an engagement or report review receives a CLOA including any significant action, within thirty (30) days of receipt, a firm shall submit to the Board its acceptance of the finding and the implementation plan for follow-up action.

(H) ETHICAL DUTIES OF REVIEWER

(1) A reviewer shall be independent with respect to the reviewed registered firm and comply with the AICPA Standards for Performing and Reporting on Peer Reviews.

(2) Information concerning the participating CPA firm or its clients or personnel that is obtained as a consequence of the review is confidential and shall not be disclosed to anyone not involved in the peer review process.

-
-
- Licensees who practice from their homes, separate from their employers, must complete an office registration.
 - [In-State Firm Registrations](#) are independent from your license.
 - Payment of \$100 in the form of a check or money order made out to: SC Board of Accountancy must accompany initial registration.
 - You must renew your firm by January 31st every two years.