

**DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY**

**TITLE 16, CALIFORNIA CODE OF REGULATIONS SECTIONS 43 AND 45
SECTION 100 CHANGE WITHOUT REGULATORY EFFECT**

**EXPLANATORY STATEMENT
PEER REVIEW REPORTING FORM**

Pursuant to Title 1, Division 1, Chapter 1, Article 2, Section 100(b) of the California Code of Regulations (CCR), the California Board of Accountancy (CBA) submits this written statement explaining why the proposed amendments to Sections 43 and 45 of Article 6, Division 1, Title 16 of the CCR do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any CCR provision.

Pursuant to Division 3, Chapter 1, Article 1, section 5010 of the Business and Professions Code (BPC), the CBA has the authority to amend regulations as may be reasonably necessary for the administration of the Accountancy Act. Division 3, Chapter 1, Article 4, section 5076 of the BPC grants the CBA the authority to adopt regulations necessary to implement, interpret, and make specific the peer review requirements that must be followed.

Senate Bill (SB) 887 (Committee on Business, Professions and Economic Development, Chapter 510, Statutes of 2023) amended BPC section 5076 by replacing references to the term “substandard” with the term “fail” when describing the peer review reports that do not conform to professional standards.

Amendments to CCR sections 43 and 45:

CCR sections 43 and 45 require firms to report specific peer review information to the CBA on the Peer Review Reporting Form PR-1 (Rev. 7/22). The PR-1 form is referenced in sections 43(b) and 45(a) of the CCR and incorporated by reference in section 45(b). The CBA is revising the form to replace references made to the term “substandard” with the term “fail” to conform to BPC section 5076. Historically, these terms have been used interchangeably, therefore there will be no change in the regulatory effect of these provisions by replacing the term “substandard” with the term “fail” in relation to the peer review reporting form. Additionally, the CBA made non-substantive formatting corrections to the Personal Information Collection and Access section by increasing the font size of the section and adding a space between the last two paragraphs to improve readability.

The CBA is amending CCR sections 43 and 45 to update the form’s revision date from 7/22 to 10/24 to indicate the newer version of the form. The proposed amendment to the revision date meets the requirements of CCR section 100(a) as it does not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of the California Code of Regulations provisions.