§ 7410. Mandatory peer review. 1. The department shall require as a condition to renewal of registrations under section seventy-four hundred eight of this article, that unless otherwise exempted by the department, applicants for firm registrations, undergo, no more frequently than once every three years, except pursuant to a disciplinary action brought under section seventy-four hundred eight of this article, peer reviews of the firm's attest services conducted in such manner as the commissioner shall specify in regulations, and such review shall include a verification that individuals in the firm who are responsible for supervising attest services 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 such services, provided that any such regulations:

a. shall include reasonable provisions for compliance by an applicant for firm registration showing that it has, within the preceding three years, undergone a peer review in this state or a peer review in another state that is a satisfactory equivalent to peer review required pursuant to this section;

b. shall require, with respect to any organization administering peer review programs contemplated by paragraph a of this subdivision, that it be subject to evaluations by the department or its designee, to periodically assess the effectiveness of the peer review program under its charge;

c. shall require the peer review to be conducted by reviewers acceptable to the department in accordance with the commissioner's regulations; and

d. may require with respect to peer reviews contemplated by paragraph a of this subdivision that firms undergoing peer reviews and organizations administering peer review programs timely remit such peer review reports to the state board for public accountancy and such reports shall be maintained by the board in a manner consistent with subdivision two of this section.

2. Notwithstanding any provision of law to the contrary, the reports submitted in accordance with subdivision one of this section shall be confidential and shall not constitute a public record and shall not be subject to disclosure under articles six and six-A of the public officers law. However, when any such report is admitted into evidence in a hearing held by the department, it shall then be a public record subject to disclosure under articles six and six-A of the public officers law.

3. Notwithstanding any provision of law or regulation to the contrary, a firm that performs attest services for any New York state or municipal department, board, bureau, division, commission, committee, public authority, public corporation, council, office, or other governmental entity performing a governmental or proprietary function for New York state or any one or more municipalities thereof, or performs attest services specifically required to be performed pursuant to New York state law, or performs attest services for any federal governmental entity pursuant to federal law, shall be in conformity with the requirements pursuant to the government auditing standards of the comptroller general of the United States.