
A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to require firms
2 engaged in the practice of public accountancy to undergo peer
3 review on a regular basis, as regulated by the state board of
4 public accountancy.

5 SECTION 2. Section 466-7, Hawaii Revised Statutes, is
6 amended by amending subsection (d) to read as follows:

7 "(d) All firms shall obtain a permit to practice. The
8 board may issue or renew a permit to actively engage in the
9 practice of public accountancy to any firm ~~[which]~~ that submits
10 a completed application and demonstrates qualifications as
11 prescribed by the board~~[-]~~; provided that the board shall not
12 renew the permit of a firm that is not in compliance with the
13 peer review requirement under section 466-13."

14 SECTION 3. Section 466-13, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~§466-13~~ ~~[Quality]~~ Peer review ~~[committee]~~. (a) The
17 board ~~[may]~~ shall appoint a ~~[quality]~~ peer review committee to
18 review the ~~[publicly available professional]~~ attest work of



1 firms on a [~~random~~] periodic basis, without any requirement of a
2 formal complaint or suspicion of impropriety on the part of any
3 particular firm. All firms shall meet the peer review
4 requirement of this section as a condition for renewal of a
5 permit to actively engage in the practice of public accountancy
6 pursuant to section 466-7(d). The identity of the person for
7 whom the professional work is done shall be preserved in
8 confidence. In the event the review discloses information that
9 a firm has not met the appropriate professional standards, the
10 board may require further investigation of the firm.

11 (b) The board shall adopt administrative rules to
12 establish requirements and procedures for the qualification of
13 organizations to conduct peer reviews and for the performance of
14 peer reviews by such organizations. Such requirements and
15 procedures may include:

- 16 (1) A process wherein an independent organization may
17 conduct a peer review that shall be accepted in lieu
18 of a peer review conducted by the board;
19 (2) Standards and requirements for peer reviews; and
20 (3) Standards and requirements to determine the frequency
21 of mandatory peer reviews under this section, and the



1 circumstances under which a firm may be exempt from
2 the requirement of peer review.

3 Neither the proceedings nor the records of the [~~quality~~]
4 peer review [~~committees~~] committee shall be subject to
5 discovery. Except as hereinafter provided, no person in
6 attendance at a meeting of the committee shall be required to
7 testify as to what transpired at the meeting; provided that the
8 statements made by any person in attendance at the meeting who
9 is a party to an action or proceeding the subject matter of
10 which was reviewed at the meeting, shall be subject to
11 discovery."

12 SECTION 4. The state board of public accountancy shall
13 adopt rules, pursuant to chapter 91, Hawaii Revised Statutes,
14 establishing requirements and procedures for peer reviews of
15 public accountancy firms, as described in section 466-13(b) in
16 section 3 of this Act.

17 SECTION 5. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval;
20 provided that sections 2 and 3 of this Act shall take effect
21 upon:



H.B. NO. 2827

- 1 (1) The reenactment of sections 466-7 and 466-8, Hawaii
- 2 Revised Statutes, pursuant to section 9 of Act 172,
- 3 Session Laws of Hawaii 2009; and
- 4 (2) The adoption of rules establishing requirements and
- 5 procedures for peer reviews of public accountancy
- 6 firms pursuant to section 4 of this Act.
- 7

INTRODUCED BY: _____

ALMOND SMITH III
John M. Peape

[Signature]
[Signature]
[Signature]
Kuehlerana
Manf B. Lee
[Signature]
[Signature]
[Signature]

JAN 27 2010



Report Title:

Public Accountancy Firms; Peer Review

Description:

Requires public accountancy firms to undergo peer review on a periodic basis, following the adoption of rules for peer review and firm permits.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

