
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:

2 (1) Provide a mechanism for firms engaged in the practice
3 of public accounting to undergo peer review on a
4 regular basis; and

5 (2) Grant the state board of public accountancy
6 appropriate power to regulate the peer review process.

7 SECTION 2. Section 466-13, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§466-13 [Quality] Peer review [committee]. (a) The
10 board [may] shall appoint a [quality] peer review committee to
11 review the [~~publicly available professional~~] attest work of
12 firms on a [~~random~~] periodic basis, in conjunction with the
13 renewal of the firms' permits to practice, without any
14 requirement of a formal complaint or suspicion of impropriety on
15 the part of any particular firm. The identity of the person for
16 whom the professional work is done shall be preserved in
17 confidence. In the event the review discloses information that



1 a firm has not met the appropriate professional standards, the
2 board may require further investigation of the firm.

3 (b) The board shall adopt rules to establish requirements
4 and procedures for the qualification of organizations to conduct
5 peer reviews and for the performance of peer reviews by those
6 organizations. The rules and procedures may include the
7 following:

8 (1) A process under which an independent organization
9 other than the board itself, may conduct a peer review
10 that will be accepted in lieu of a peer review
11 conducted by the board;

12 (2) Definitions, standards, and requirements for an
13 acceptable peer review;

14 (3) Definitions, standards, and requirements to determine
15 how often a certified public accountancy firm is
16 required to undergo a peer review and under what
17 circumstance a certified public accountancy firm is
18 exempt from the requirement of a peer review; and

19 (4) Applicable fees to cover the administrative costs of
20 the peer review process.

21 (c) Neither the proceedings nor the records of the
22 [quality] peer review [committees] committee shall be subject to



H.B. NO. 2731

1 discovery. Except as hereinafter provided, no person in
 2 attendance at a meeting of the committee shall be required to
 3 testify as to what transpired at the meeting; provided that the
 4 statements made by any person in attendance at the meeting who
 5 is a party to an action or proceeding the subject matter of
 6 which was reviewed at the meeting, shall be subject to
 7 discovery."

8 SECTION 3. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on January 1, 2012.

11

INTRODUCED BY:

Calvin H. By

BY REQUEST

JAN 26 2010



H.B. NO. 2131

Report Title:

Public Accountancy; Peer Review

Description:

Replaces the quality review committee under the state board of public accountancy with a peer review committee.

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