

JAN 22 2010

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



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

3 (b) The board shall adopt rules pursuant to chapter 91 to
4 establish requirements and procedures for the qualification of
5 organizations to conduct peer reviews and for the performance of
6 peer reviews by these organizations. The rules may include:

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

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

13 (3) Definitions, standards, and requirements to determine
14 how often a certified public accounting firm shall be
15 required to undergo a peer review, and under what
16 circumstance a certified public accounting firm shall
17 be exempt from the requirement of peer review.

18 (c) Neither the proceedings nor the records of the
19 [quality] peer review [committees] committee shall be subject to
20 discovery. Except as hereinafter provided, no person in
21 attendance at a meeting of the committee shall be required to
22 testify as to what transpired at the meeting; provided that the



1 statements made by any person in attendance at the meeting who
2 is a party to an action or proceeding the subject matter of
3 which was reviewed at the meeting, shall be subject to
4 discovery."

5 SECTION 3. This Act does not affect rights and duties that
6 were matured, penalties that were incurred, and proceedings that
7 were begun, before its effective date.

8 SECTION 4. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on January 1, 2012.

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INTRODUCED BY:

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Report Title:

Peer Review for Public Accountancy

Description:

Establishes periodic peer reviews to be triggered by renewals of certified public accountancy permits to practice.

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