

STAND. COM. REP. NO. 3061

Honolulu, Hawaii

MAR 30 2012

RE: H.B. No. 2169  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2169, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC ACCOUNTANCY,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a peer review process for public accounting firms that engage in attest work.

Your Committee received testimony in support of this measure from the Hawaii Association of Public Accountants; Niwao & Roberts, CPAs; Hawaii Society of Certified Public Accountants Board of Directors; CW Associates, CPAs; and twelve individuals. Your Committee received comments on this measure from the Board of Public Accountancy.

Your Committee finds this measure proposes to require all public accounting firms to undergo a peer review on the firm's attest work every three years. The ultimate goal of a peer review process is greater consumer protection for members of the public who rely on the attest work performed by certified public accounting firms.

Your Committee further finds that this measure is a result of a collaborative effort between the Hawaii Association of Public Accountants, the Hawaii Society of Certified Public Accountants, and other major stakeholders in the accounting profession. This



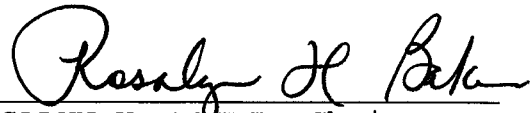
measure embodies most of the intent and objectives of those who supported the original peer review measure, while also permitting peer reviewers and firms to comply with the professional standards for certified public accountants, and represents a workable solution to the State's mandatory peer review law.

Your Committee notes for further clarification that the words "report" and "reports" as used in this measure mean one or more reports.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2169, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

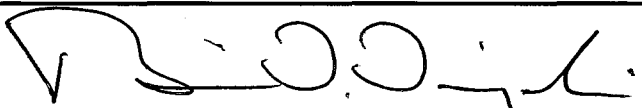


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>HB 2169 HD 2</b>	Committee Referral: <b>CPN</b>	Date: <b>3-28-12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama				✓
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes