
A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

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

1 SECTION 1. The legislature finds that certified public
2 accountants practice public accountancy across state lines on an
3 increasingly more frequent basis. In fact, business realities,
4 including interstate commerce and virtual technologies, make
5 conducting business across state borders an everyday occurrence.
6 For this reason, mobility laws for certified public accountants
7 have been enacted in every state, except Hawaii, to allow users
8 to obtain services from qualified certified public accountants
9 wherever those certified public accountants may happen to
10 reside.

11 The legislature further finds that the existing
12 registration process for out-of-state certified public
13 accountants wishing to serve clients in Hawaii is burdensome,
14 lacks viable enforcement mechanisms, and limits timely access to
15 qualified certified public accountant services, especially in
16 certain complex industries, such as energy, health care,
17 transportation, and technology. Furthermore, existing mobility



1 barriers have the harshest effect on small accountancy firms and
2 sole practitioners. Larger accountancy firms in Hawaii can
3 develop extensive resources and staff to accommodate the needs
4 of these specialized industries. However, smaller accountancy
5 firms and sole practitioners are unable to access enough
6 qualified certified public accountants in Hawaii to meet their
7 growing needs, and thus, are disproportionately affected by the
8 lack of a mobility law. There is a critical need for Hawaii to
9 adopt interstate mobility standards that will allow certified
10 public accountants who are licensed in another state to provide
11 services on a limited basis in Hawaii without the unnecessary
12 burdens that exist now.

13 Without a mobility law, the state board of public
14 accountancy has no jurisdiction over these out-of-state licensed
15 certified public accountants. With the establishment of a
16 mobility law, the state board of public accountancy will gain
17 automatic jurisdiction over all certified public accountants
18 practicing in Hawaii, thereby enabling the board to discipline
19 out-of-state certified public accountants, regardless of whether
20 they are licensed in Hawaii. Automatic jurisdiction is of



1 critical importance to the enhancement of the board's public
2 protection power.

3 The purpose of this Act is to allow Hawaii consumers
4 greater access to qualified certified public accountants,
5 wherever those certified public accountants may reside, and to
6 protect Hawaii's consumers by establishing within the state
7 board of public accountancy clear disciplinary power over all
8 certified public accountants doing business in Hawaii.

9 SECTION 2. Chapter 446, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 "§466- Substantial equivalency. (a) An individual
13 whose principal place of business is not in this State and who
14 holds a valid current license as a certified public accountant
15 from any state that the National Association of State Boards of
16 Accountancy's National Qualification Appraisal Service has
17 verified to be in substantial equivalence with the certified
18 public accountant licensure requirements under the Uniform
19 Accountancy Act shall:



1 (1) Be presumed to have qualifications that are
2 substantially equivalent to this State's requirements;
3 and

4 (2) Have a practice privilege in this State, subject to
5 subsections (c) and (d), without the need to obtain a
6 license and permit under sections 466-5 and 466-7.

7 (b) An individual whose principal places of business is
8 not in this State and who holds a valid current license as a
9 certified public accountant from any state that the National
10 Association of State Boards of Accountancy's National
11 Qualification Appraisal Service has not verified to be in
12 substantial equivalence with the certified public accountant
13 licensure requirements under the Uniform Accountancy Act shall:

14 (1) Be presumed to have qualifications that are
15 substantially equivalent to this State's requirements;
16 and

17 (2) Have a practice privilege in this State, subject to
18 subsections (c) and (d), without the need to obtain a
19 license and permit under sections 466-5 and 466-7;

20 provided that the individual obtains from the National
21 Association of State Boards of Accountancy's National



1 Qualification Appraisal Service verification that the
2 individual's certified public accountant qualifications are
3 substantially equivalent to the certified public accountant
4 licensure requirements under the Uniform Accountancy Act. Any
5 individual who passed the Uniform Certified Public Accountant
6 Examination and holds a valid license issued by any other state
7 prior to January 1, 2012, may be exempt from the education
8 requirement under section 466-5.5 for purposes of this
9 subsection.

10 (c) An individual who qualifies to have a practice
11 privilege in the State shall have the practice privilege for no
12 more than one hundred twenty days per calendar year.

13 (d) A licensee of another state exercising the privilege
14 afforded under this section and the accountancy firm that
15 employs this licensee shall jointly and severally consent, as a
16 condition of the exercise of this privilege:

17 (1) To the personal and subject matter jurisdiction and
18 disciplinary authority of the board;

19 (2) To comply with this chapter and the rules adopted by
20 the board;



- 1 (3) In the event the license from the state of the
2 licensee's principal place of business is no longer
3 valid, as a licensee, to cease to offer or render
4 professional services in this State as an individual
5 and on behalf of the accountancy firm;
- 6 (4) To the appointment of the state board that issued the
7 license as the licensee's agent upon whom process may
8 be served in any action or proceeding by the board
9 against the licensee;
- 10 (5) To promptly notify the board within thirty days if:
- 11 (A) Any disciplinary action relating to the
12 individual's license is commenced in any state;
13 or
- 14 (B) The individual is convicted of any criminal
15 offense in any state or country;
- 16 (6) To notify the regulated industries complaints office
17 to refer reports of any licensee violation of this
18 section to the board for investigation and
19 disciplinary action; and
- 20 (7) To provide the department of taxation sufficient
21 information to determine the licensee's tax



1 liabilities in this State, to the extent required by
2 law.

3 (e) An individual who has been granted practice privileges
4 under this section may only do so through an accountancy firm
5 that has obtained a permit issued under section 466-7(d) if the
6 individual, for any entity with its home office in this State,
7 performs any of the following services:

8 (1) Any financial statement audit or other engagement to
9 be performed in accordance with statements on auditing
10 standards of the American Institute of Certified
11 Public Accountants;

12 (2) Any examination of prospective financial information
13 to be performed in accordance with statements on
14 standards for attestation engagements of the American
15 Institute of Certified Public Accountants; or

16 (3) Any engagement to be performed in accordance with the
17 Public Company Accounting Oversight Board's auditing
18 standards.

19 (f) A licensee of this State offering or rendering
20 services or using the licensee's certified public accountant
21 title in another state shall be subject to disciplinary action



1 in this State for an act committed in another state for which
 2 the licensee would be subject to discipline for the act
 3 committed in the other state. The board shall investigate any
 4 written complaint made by the board of accountancy of another
 5 state. The nature and extent of the investigation shall be
 6 determined by the board in the exercise of its discretion.

7 (g) The board may impose fees, fines, and costs associated
 8 with investigation and enforcement on an individual with a
 9 practice privilege or on a permit holder."

10 SECTION 3. Section 466-3, Hawaii Revised Statutes, is
 11 amended as follows:

12 1. By adding six new definitions to be appropriately
 13 inserted and to read:

14 "Compilation" means providing a service to be performed in
 15 accordance with statements on standards for accounting and
 16 review services that is presenting, in the form of financial
 17 statements, information that is the representation of management
 18 or owners without undertaking to express any assurance on the
 19 statements.



1 "Home office" means the location specified by the client as
2 the address to which a service described under section 466-7(d)
3 is directed.

4 "Practice privilege" means the legal right to engage in the
5 practice of public accountancy within the State pursuant to
6 section 466- (a) or (b) and subject to the conditions and
7 limitations established under section 466- .

8 "Principal place of business" means the office location
9 designated by a licensee for purposes of substantial equivalency
10 and reciprocity.

11 "Substantial equivalency" means a determination by the
12 board or its designee that:

13 (1) The education, examination, and experience
14 requirements prescribed by law and rules of another
15 state jurisdiction are comparable to or exceed the
16 education, examination, and experience requirements
17 under the Uniform Accountancy Act of the American
18 Institute of Certified Public Accountants and National
19 Association of State Boards of Accountancy; or

20 (2) An individual's certified public accountant education,
21 examination, and experience qualifications are



1 comparable to or exceed the education, examination,
 2 and experience requirements under the Uniform
 3 Accountancy Act of the American Institute of Certified
 4 Public Accountants and National Association of State
 5 Boards of Accountancy.

6 As used in this chapter, in ascertaining substantial
 7 equivalency, the board shall consider the qualification without
 8 regard to the sequence in which experience, education, or
 9 examination requirements were attained.

10 "Uniform Accountancy Act" means the Uniform Accountancy Act
 11 of the American Institute of Certified Public Accountants and
 12 National Association of State Boards of Accountancy."

13 2. By amending the definition of "attest" to read:

14 "Attest" means providing the following [~~financial~~
 15 ~~statement~~] services:

16 (1) Any audit or other engagement to be performed in
 17 accordance with the statements on auditing standards
 18 of the American Institute of Certified Public
 19 Accountants;

20 (2) Any compilation or review of a financial statement to
 21 be performed in accordance with the statements on



- 1 standards for accounting and review services of the
2 American Institute of Certified Public Accountants;
- 3 (3) Any examination of prospective financial information
4 to be performed in accordance with the statements on
5 standards for attestation engagements of the American
6 Institute of Certified Public Accountants;
- 7 (4) Any engagement to be performed in accordance with the
8 government auditing standards, also known as the
9 Yellow Book, issued by the United States Government
10 Accountability Office; ~~and~~
- 11 (5) Any engagement to be performed in accordance with the
12 standards of the Public Company Accounting Oversight
13 Board[-]; and
- 14 (6) Any examination, review, or agreed upon procedures
15 engagement to be performed in accordance with the
16 statements on standards for attestation engagements of
17 the American Institute of Certified Public
18 Accountants, except for an examination under paragraph
19 (3)."
- 20 3. By amending the definition of "report" to read:



1 "Report", when used with reference to [~~financial~~
2 ~~statements,~~] any attest or compilation service, means an
3 opinion, report, or other form of language that states or
4 implies the measure of assurance as to the reliability of [~~any~~]
5 the attested information or compiled financial statements, and
6 that also includes, or is accompanied by, any statement or
7 implication that the firm issuing it has special knowledge or
8 competence in accounting or auditing."

9 SECTION 4. Section 466-7, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§466-7 Permits to practice.** (a) [A] Except as provided
12 in section 466- and in subsection (d), a license and permit
13 are required to actively engage in the practice of public
14 accountancy. The board may grant or renew a permit to actively
15 engage in the practice of public accountancy. Permits shall be
16 initially issued and renewed for periods of two years [~~but in~~
17 ~~any event~~] and shall expire on December 31 of every odd-numbered
18 year. The board shall prescribe the methods and requirements
19 for application.

20 (b) An applicant for the initial issuance or renewal of a
21 permit shall have:



- 1 (1) A valid license;
- 2 (2) Completed continuing professional education hours, the
3 content of which shall be specified by the board,
4 which may provide for special consideration by the
5 board to applicants for permit renewal when, in the
6 judgment of the board, full compliance with all
7 requirements of continuing education cannot reasonably
8 be met;
- 9 (3) Completed an application;
- 10 (4) Paid appropriate fees and assessments; and
- 11 (5) In the case of a renewal, undergone and provided proof
12 of having undergone the peer review process pursuant
13 to part II.
- 14 (c) The board may grant a temporary permit to actively
15 engage in the practice of public accountancy to any person who:
- 16 (1) Has attained eighteen years of age;
- 17 (2) Possesses a history of competence, trustworthiness,
18 and fair dealing;
- 19 (3) Holds [~~a valid license of certified public accountant~~
20 ~~or of public accountant issued under the laws of~~
21 ~~another state, or who holds]~~ a valid comparable



1 certificate, registration, or license or degree from a
2 foreign country determined by the board to be a
3 recognized qualification for the practice of public
4 accountancy in [~~sueh~~] the other country;

5 (4) Incidental to the person's practice in [~~sueh~~] the
6 other [~~state or~~] country, desires to practice public
7 accountancy in this State on a temporary basis; and

8 (5) Has completed an application.

9 [~~Sueh~~] The permit shall be effective for a period not exceeding
10 three months, and shall specify the nature and extent of the
11 practice [~~se~~] permitted.

12 (d) [~~All firms shall obtain a permit to practice.~~] The
13 board [~~may~~] shall issue or renew a permit to actively engage in
14 the practice of public accountancy to any firm [~~which~~] that
15 submits a completed application and demonstrates qualifications
16 in accordance with this section and as prescribed by the board.

17 The following requirements shall apply:

18 (1) The following firms shall hold a permit issued under
19 this section:

20 (A) Any firm with an office in this State performing
21 attest services as defined under section 466-3;



- 1 (B) Any firm with an office in this State that uses
2 the title of "certified public accountant" or the
3 abbreviation of "CPA", or "certified public
4 accountant firm" or abbreviation of "CPA firm";
5 or
6 (C) Any firm that does not have an office in this
7 State, but for a client having its home office in
8 this State, performs any audit or other
9 engagements to be performed in accordance with
10 the statements on auditing standards, any
11 examination of prospective financial information
12 to be performed in accordance with the statements
13 on standards for attestation engagements, or any
14 engagement to be performed in accordance with the
15 auditing standards of the Public Company
16 Accounting Oversight Board;
17 (2) A firm that does not have an office in this State may
18 perform for a client having its home office in this
19 State any review of a financial statement to be
20 performed in accordance with the statements on
21 standards for accounting and review services and any



1 compilation as defined under section 466-3, and may
2 use the title "certified public accountant" or the
3 abbreviation of "CPA", or "certified public accountant
4 firm" or the abbreviation of "CPA firm" without a
5 permit issued under this section only if:
6 (A) The firm meets the firm ownership and peer review
7 requirements specified by this chapter and rules
8 adopted by the board; and
9 (B) The firm performs services through an individual
10 who holds a current permit to practice issued
11 under this chapter or who is granted practice
12 privileges under section 466- ; and
13 (3) A firm that is not subject to the requirements under
14 paragraph (1) or (2) may perform other professional
15 services while using the title "certified public
16 accountant" or the abbreviation of "CPA", or
17 "certified public accountant firm" or the abbreviation
18 of "CPA firm" in this State without a permit issued
19 under this section only if:
20 (A) The firm performs services through an individual
21 who holds a current permit to practice issued



1 under this chapter or who is granted practice
2 privileges under section 466- ; and

3 (B) The firm can lawfully perform services in the
4 state where the individual with practice
5 privileges, if applicable, has the individual's
6 principal place of business.

7 (e) Failure to submit the required fees, continuing
8 education hours, or other requirements for renewal as specified
9 in this section by December 31 of every odd-numbered year, shall
10 constitute forfeiture of the permit. Continued performance in
11 the practice of public accountancy without a permit shall
12 constitute unlicensed activity and the individual or firm shall
13 be subject to sections 466-9, 466-11, 487-13, and 26-9.

14 (f) The board may restore forfeited permits to the
15 individual or firm [~~which~~] that satisfies the following:

16 (1) The requirements of subsection (a), (b), (c), or (d)
17 ~~[of this section]~~; and

18 (2) Payment of required fees.

19 (g) For the initial issuance or renewal of a firm permit
20 to practice under this section, a firm shall show that:



- 1 (1) If the firm has an office this State, all partners,
2 officers, shareholders, members, or managers residing
3 in this State or whose principal place of business is
4 in this State, hold a current permit to practice
5 issued under this chapter; or
- 6 (2) If the firm does not have an office in this State,
7 notwithstanding any other law, a simple majority of
8 the ownership of the firm, in terms of financial
9 interests and voting rights of all partners, officers,
10 shareholders, members, or managers, belongs to holders
11 of a certificate who are licensed in a state, and
12 those partners, officers, shareholders, members, or
13 managers whose principal places of business are in
14 this State and who perform professional services in
15 this State hold a valid permit issued under this
16 chapter or the corresponding prior law, or are public
17 accountants licensed under section 466-6. Although
18 firms may include non-licensed owners, the firm and
19 its ownership shall comply with the rules adopted by
20 the board. An individual who has practice privileges
21 pursuant to section 466- and performs services for



1 which a firm permit is required under section 466-
 2 shall not be required to obtain a certificate or
 3 permit from this State; and
 4 (3) Any individual licensee or any individual granted
 5 practice privileges under this chapter who is
 6 responsible for supervising attest or compilation
 7 services and signs or authorizes a person to sign the
 8 accountant's report on the financial statements on
 9 behalf of the firm shall meet the competency
 10 requirements prescribed in the applicable professional
 11 standards for these services.

12 (h) Firms that fall out of compliance with subsection
 13 (g) (2) due to changes in firm ownership or personnel after
 14 receiving or renewing a permit shall take corrective action to
 15 return the firm to compliance as soon as possible. The board
 16 may grant a reasonable period of time for a firm to take
 17 corrective action. Failure to return the firm to compliance
 18 within a reasonable period, as defined by the board, shall
 19 result in the suspension or revocation of the firm permit."

20 SECTION 5. Section 466-9, Hawaii Revised Statutes, is
 21 amended to read as follows:



- 1 "**§466-9 Disciplinary action.** (a) In addition to any
2 other actions or conditions authorized by law, in accordance
3 with chapter 91, the board may take any one or more of the
4 following actions:
- 5 (1) Revoke a license or permit ~~[r]~~, or revoke or limit
6 practice privileges granted pursuant to section
7 466- ;
- 8 (2) Suspend a license or permit ~~[r]~~ or practice privilege;
- 9 (3) Refuse to renew a license or permit;
- 10 (4) Reprimand, censure, or limit the scope of practice of
11 any licensee ~~[or firm]~~, firm, or individual with a
12 practice privilege;
- 13 (5) Impose an administrative fine not exceeding \$5,000 per
14 violation;
- 15 (6) Place a licensee ~~[or firm on probation]~~, firm, or
16 individual with a practice privilege on probation;
- 17 (7) Require a firm to have a peer review conducted in the
18 manner specified by the board; or
- 19 (8) Require a licensee or individual with a practice
20 privilege to attain satisfactory completion of



1 additional continuing professional education hours as
2 specified by the board.

3 (b) In addition to any other grounds for disciplinary
4 action authorized by law, any one or more of the following shall
5 constitute grounds for disciplinary action:

6 (1) Fraud or deceit in obtaining a license [~~or~~] permit [~~+~~],
7 or practice privilege;

8 (2) Disciplinary action taken by another state where the
9 license or practice privilege is canceled, revoked,
10 suspended, denied, or refused renewal;

11 (3) Failure, on the part of a holder of a license or a
12 permit to maintain compliance with the requirements
13 for issuance of a license [~~or a~~] permit, or practice
14 privilege or renewal of a license or permit, or to
15 report changes to the board;

16 (4) Revocation or suspension of the right to practice
17 before any state or federal agency;

18 (5) Dishonesty, deceit, fraud, or gross negligence in the
19 practice of public accountancy as a licensee or
20 individual granted practice privileges, or in the



- 1 filing or failure to file a licensee's or firm's own
2 income tax returns;
- 3 (6) Violation of any provision of this chapter or of any
4 rule adopted by the board;
- 5 (7) Violation of any provision of professional conduct
6 established by the board under this chapter;
- 7 (8) Conviction of any crime an element of which is
8 dishonesty or fraud, under the laws of the United
9 States, of this State, or of any other state if the
10 act involved would have constituted a crime under the
11 laws of this State;
- 12 (9) Performance of any fraudulent act while holding a
13 practice privilege, license, or permit issued under
14 this chapter; or
- 15 (10) Any conduct reflecting adversely upon the licensee's
16 or permit or privilege holder's fitness to engage in
17 the practice of public accountancy[-] while a licensee
18 or individual granted practice privileges under
19 section 466- .
- 20 (c) Upon application of any person against whom
21 disciplinary action has been taken under subsection (a), the



1 board, in accordance with chapter 91, may reinstate the person's
2 license, practice privilege, or permit to practice which was
3 affected by the disciplinary action.

4 (1) The board shall specify the manner in which an
5 application shall be made, the time within which it
6 shall be made, and the circumstances under which the
7 license, permit, or practice privilege may be
8 reinstated; and

9 (2) Before reinstating, the board may:

10 (A) Require the applicant to show successful
11 completion of specified continuing professional
12 education; and

13 (B) Make the reinstatement of a license, practice
14 privilege, or permit conditional and subject to
15 satisfactory completion of a peer review
16 conducted in a manner as the board may specify."

17 SECTION 6. Section 466-10, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "§466-10 Prohibited acts. (a) Use of title "certified
20 public accountant":



- 1 (1) Except as otherwise provided in subsection (d) [~~of~~
2 ~~this section~~], no person shall assume or use the title
3 or designation "certified public accountant" or the
4 abbreviation "CPA" or any other title, designation,
5 words, letters, sign, card, or device likely to be
6 confused with "certified public accountant" or "CPA"
7 or tending to indicate that the person is a certified
8 public accountant, unless the person has a practice
9 privilege granted pursuant to section 466- or holds
10 a current license of certified public accountant
11 issued under this chapter and a current permit to
12 practice issued under this chapter;
- 13 (2) No partnership or corporation shall assume or use the
14 title or designation "certified public accountant" or
15 the abbreviation "CPA" or any other title,
16 designation, words, letters, abbreviation, sign, card,
17 or device likely to be confused with "certified public
18 accountant" or "CPA" or tending to indicate that such
19 partnership or corporation is composed of certified
20 public accountants, unless each of the partners of the
21 partnership who are in the practice of public



1 accountancy in this State[-] and whose principal place
2 of business is in this State, or each of the
3 shareholders of the corporation who are in the
4 practice of public accountancy in this State[-] and
5 whose principal place of business is in this State,
6 holds a current license of certified public accountant
7 issued under this chapter and a current permit to
8 practice issued under this chapter; and

9 (3) No person shall assume or use the title or designation
10 "certified public accountant" or the abbreviation
11 "CPA" or any other title, designation, words, letters,
12 abbreviation, sign, card, or device likely to be
13 confused with "certified public accountant" or "CPA",
14 in conjunction with names indicating or implying that
15 there is a partnership or corporation, or in
16 conjunction with the designation "and Company" or "and
17 Co." or a similar designation if, in any case, there
18 is in fact no bona fide partnership or corporation
19 existing under the laws of this State[-] or registered
20 to do business in this State.

21 (b) Use of title "public accountant":



- 1 (1) Except as otherwise provided in subsection (d) [~~of~~
2 ~~this section~~], no person shall assume or use the title
3 or designation "public accountant" or the abbreviation
4 "PA" or any other title, designation, words, letters,
5 sign, card, or device likely to be confused with
6 "public accountant" or "PA" or tending to indicate
7 that the person is a public accountant unless the
8 person holds a current registration of public
9 accountant issued under this chapter and a current
10 permit to practice issued under this chapter;
- 11 (2) No partnership or corporation shall assume or use the
12 title or designation "public accountant" or the
13 abbreviation "PA" or any other title, designation,
14 words, letters, abbreviation, sign, card, or device
15 likely to be confused with "public accountant" or "PA"
16 or tending to indicate that the partnership or
17 corporation is composed of public accountants, unless
18 each of the partners of the partnership who are in the
19 practice of public accountancy in this State, or each
20 of the shareholders of the corporation who are in the
21 practice of public accountancy in this State, holds a



1 current license of public accountant issued under this
2 chapter and a current permit to practice issued under
3 this chapter; and

4 (3) No person shall assume or use the title or designation
5 "public accountant" or the abbreviation "PA" or any
6 other title, designation, words, letters,
7 abbreviation, sign, card, or device likely to be
8 confused with "public accountant" or "PA", in
9 conjunction with names indicating or implying that
10 there is a partnership or corporation, or in
11 conjunction with the designation "and Company" or "and
12 Co." or a similar designation if, in any case, there
13 is in fact no bona fide partnership or corporation
14 existing under the laws of this State.

15 (c) Representation of special knowledge:

16 (1) ~~[No]~~ Except as otherwise provided in subsection (d),
17 no person shall sign or affix the person's name or any
18 trade or assumed name used by the person in the
19 person's profession or business with any wording
20 indicating, suggesting, or implying that the person is
21 an accountant or auditor, or with any wording



1 indicating, suggesting, or implying that the person
2 has special knowledge in accounting or auditing, to
3 any opinion or certificate attesting in any way to the
4 reliability of any representation or estimate in
5 regard to any person or organization embracing:

6 (A) Financial information[7] or attest service; or

7 (B) Facts respecting compliance with conditions
8 established by law or contract, including but not
9 limited to statutes, ordinances, regulations,
10 grants, loans, and appropriations,

11 unless the person holds a current license and a
12 current permit to practice issued under this
13 chapter[-]; and

- 14 (2) No person shall sign or affix a partnership or
15 corporate name with any wording indicating,
16 suggesting, or implying that it is a partnership or
17 corporation composed of accountants or auditors or
18 persons having special knowledge of accounting or
19 auditing, to any opinion or certificate attesting in
20 any way to the reliability of any representation or



- 1 estimate in regard to any person or organization
2 embracing:
- 3 (A) Financial information~~[7]~~; or
4 (B) Facts respecting compliance with conditions
5 established by law or contract, including but not
6 limited to statutes, ordinances, regulations,
7 grants, loans, and appropriations,
8 unless each of the partners of the partnership who are
9 in the practice of public accountancy in this State
10 and whose principal place of business is in this
11 State, or each of the shareholders of the corporation
12 who are in the practice of public accountancy in this
13 State and whose principal place of business is in this
14 State holds a current license of certified public
15 accountant or of public accountant issued under this
16 chapter and a current permit to practice issued under
17 this chapter.
- 18 (d) Nothing contained in this chapter shall prohibit any
19 person:
- 20 (1) Who holds a current license of certified public
21 accountant issued under this chapter from assuming and



1 using the title and designation "certified public
2 accountant" or "CPA"; provided that if the person does
3 not also hold a current permit to practice issued
4 under this chapter, the person shall clearly indicate
5 in assuming and using said title that the person does
6 not hold the person's self out to be in the practice
7 of public accountancy;

8 (2) Who holds a current license of public accountant
9 issued under this chapter from assuming and using the
10 title and designation "public accountant" or "PA";
11 provided that if the person does not also hold a
12 current permit to practice issued under this chapter,
13 the person shall clearly indicate in assuming and
14 using the title that the person does not hold the
15 person's self out to be in the practice of public
16 accountancy;

17 (3) Who holds a temporary practice permit issued under
18 this chapter from using the title and designation
19 under which the person is generally known in the
20 [~~state or~~] country from which the person received a



1 valid comparable certificate, registration, or license
2 for the practice of public accountancy;

3 (4) Who qualifies for a practice privilege granted
4 pursuant to section 466- from using the title and
5 designation "certified public accountant" or the
6 abbreviation "CPA" or from providing any service that
7 may be performed by certified public accountants of
8 this State without having to obtain a certificate or
9 permit to practice; provided that the conditions
10 prescribed under section 466- are satisfied;

11 [~~4~~] (5) Who is not a certified public accountant or
12 public accountant from serving as an employee of, or
13 an assistant to, a certified public accountant or
14 public accountant; provided that the employee or
15 assistant works under the control and supervision of a
16 person who holds a current license of certified public
17 accountant or of public accountant and a current
18 permit to practice issued under this chapter; and
19 provided further that the employee or assistant does
20 not issue any statement or report over the person's
21 name except office reports to the person's employer as



1 are customary, and that the employee or assistant is
2 not in any manner held out to the public as a
3 certified public accountant or public accountant;
4 ~~[(5)]~~ (6) Who is an officer, employee, partner, or
5 principal of any organization from signing or affixing
6 the person's name to any statement or report in
7 reference to the affairs of that organization;
8 provided that in so signing or affixing the person's
9 name the person shall clearly indicate that the person
10 is an officer, employee, partner, or principal of the
11 organization, and the position, title, or office which
12 the person holds therein;
13 ~~[(6)]~~ (7) Who is a public official or public employee from
14 the performance of the person's duties as such; or
15 ~~[(7)]~~ (8) Who is an attorney at law from engaging in
16 practice as such.

17 (e) Notwithstanding any law to the contrary, there is no
18 violation of this section for a firm that does not hold a valid
19 permit under section 466-7 and does not have an office in this
20 State to use the title "certified public accountant" or the
21 abbreviation "CPA" as part of the firm's name to provide



1 professional services in this State and its licensees and
 2 individuals to provide services on behalf of the firm; provided
 3 that the firm complies with section 466-7(d)(2) or (3), as
 4 applicable. An individual or firm authorized under section
 5 466- to exercise practice privileges in this State shall
 6 comply with applicable licensee requirements under section
 7 466- ."

8 SECTION 7. Section 466-34, Hawaii Revised Statutes, is
 9 amended as follows:

10 1. By amending subsections (b), (c), and (d) to read:

11 "(b) [~~All~~] Except for firms exempt from the permit
 12 requirement pursuant to section 466-7(d)(2) or (3), all firms
 13 subject to this part and performing Hawaii attest work as of
 14 December 31, 2014, shall enroll in the applicable program of an
 15 approved sponsoring organization by December 31, 2015, notify
 16 the board of enrollment in that program, and have a peer review
 17 performed by December 31, 2017.

18 (c) [~~Any~~] Except for firms exempt from the permit
 19 requirement pursuant to section 466-7(d)(2) or (3), any firm
 20 that begins performing Hawaii attest work after December 31,
 21 2014, shall:



- 1 (1) Notify the board within thirty days of the beginning
2 of the performance of attest work;
- 3 (2) Enroll in the applicable programs of an approved
4 sponsoring organization within one year from its
5 initial licensing date or the performance of Hawaii
6 attest work that requires a peer review;
- 7 (3) Provide the board with enrollment information within
8 one year of the date the Hawaii attest work was first
9 performed;
- 10 (4) Have a peer review performed within eighteen months of
11 the date the Hawaii attest work was first performed;
- 12 (5) Adopt the peer review due date assigned by the
13 sponsoring organization and notify the board of the
14 peer review due date within thirty days of its
15 assignment; and
- 16 (6) Schedule and begin an additional review within three
17 years of the previous review's due date, or earlier if
18 required by the sponsoring organization or the board;
19 provided that the firm shall be responsible for
20 anticipating its needs for peer review services in



1 sufficient time to enable the reviewer to complete the
2 review by the assigned review due date.

3 (d) A firm that does not perform Hawaii attest work or is
4 exempt from the permit requirement pursuant to section
5 466-7(d)(2) or (3) shall be exempt from the peer review
6 process."

7 2. By amending subsection (i) to read:

8 "(i) [~~A~~] Except for a firm exempt from the permit
9 requirement pursuant to section 466-7(d)(2) or (3), an out-of-
10 state firm performing Hawaii attest work shall comply with this
11 part."

12 SECTION 8. Section 466-35, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) [A] Except for a firm exempt from the permit
15 requirement pursuant to section 466-7(d)(2) or (3), a firm shall
16 include, with the peer review compliance reporting form, the
17 contemporaneous Hawaii supplement to the peer review report
18 pursuant to section 466-36, if:

19 (1) A peer review report from an approved sponsoring
20 organization does not include the selection of a
21 Hawaii office or Hawaii attest engagement;



- 1 (2) The peer reviewer does not hold permits to practice
2 public accountancy under section 466-7 or is not
3 licensed to practice public accountancy in any other
4 state, except inspectors for the public company
5 accounting oversight board; or
- 6 (3) The final report resulting from any inspection by the
7 public company accounting oversight board firm
8 inspection program does not include the firm's Hawaii
9 offices, if any, and Hawaii attest engagements in the
10 scope of the inspection, and the firm is not required
11 to enroll in another peer review program under section
12 466-34."

13 SECTION 9. Section 466-36, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) A firm that is required to undergo a peer review
16 under this chapter and is not exempt from the permit requirement
17 pursuant to section 466-7(d)(2) or (3) shall engage the services
18 of a practitioner or firm holding a permit issued under section
19 466-7 to perform the following procedures to supplement the peer
20 review report:



- 1 (1) Obtain from the reviewed firm a list of Hawaii attest
2 engagements included in the scope of the peer review,
3 in accordance with the American Institute of Certified
4 Public Accountants standards for performing and
5 reporting on peer reviews;
- 6 (2) Select one or more engagements from the list of
7 engagements obtained from the reviewed firm;
- 8 (3) Obtain from the reviewed firm, the reports, financial
9 statements, work papers, and work product resulting
10 from the attest engagements selected;
- 11 (4) Read and compare the reports, work papers, and work
12 product to an appropriate disclosure checklist to
13 evaluate the firm's compliance with professional
14 standards; and
- 15 (5) Document all instances of noncompliance with
16 professional standards detected while performing the
17 procedures listed in this section."

18 SECTION 10. Section 466-38, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:



1 "(a) [A] Except for a firm exempt from the permit
2 requirement pursuant to section 466-7(d)(2) or (3), a firm shall
3 submit to the board:

4 (1) A copy of the peer review report and the final letter
5 of acceptance from the sponsoring organization, if the
6 report has a rating of "pass";

7 (2) A copy of the peer review report, the firm's letter of
8 response, the corrective action letter, and the final
9 letter of acceptance if the report has a rating of
10 "pass with deficiency" or "fail"; or

11 (3) A copy of any report or Part I and any other public
12 portion of the report resulting from any inspection by
13 the public company accounting oversight board firm
14 inspection program together with documentation of any
15 significant deficiencies, findings, and the firm's
16 response."

17 SECTION 11. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 12. This Act shall take effect on July 1, 3000.



Report Title:

Certified Public Accountants; State Board of Public Accountancy

Description:

Establishes procedures and eligibility criteria for a privilege to practice public accountancy in this State for public accountants and certified public accountants licensed in another state with comparable education, examination, and experience requirements. Subjects all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the Board of Accountancy. (HB1109 HD1)

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

