

S.B. NO. 1103

JAN 27 2021

A BILL FOR AN ACT

RELATING TO THE PEER REVIEW OVERSIGHT COMMITTEE.

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

SECTION 1. Section 466-42, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) ~~[Effective January 1, 2013, the]~~ The peer review oversight committee shall consist of three individuals approved by the board who hold permits to practice under section 466-7~~[-]~~ and who are currently in the practice of public accountancy at the partner or equivalent level. No member of the peer review oversight committee shall be a current member of the board, the Hawaii Society of Certified Public Accountants Peer Review or Professional Ethics Committees, or the American Institute of Certified Public Accountants Professional Ethics Executive Committee. ~~[The members shall have significant experience with attest engagements and currently be in the practice of public accountancy at the partner or equivalent level. The member's firm shall have received a report with a rating of pass or an unmodified opinion from its last peer review.]~~ In selecting committee members, the board shall consider, among other things,

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1 the prospective member's experience with attest engagements and
2 the peer review rating of the prospective member's firm."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

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Report Title:

Public Accountancy; Peer Review Oversight Committee; Chapter 466

Description:

Clarifies the role of the Board of Public Accountancy in selecting members to serve on the Board's Peer Review Oversight Committee.

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

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JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO THE PEER REVIEW OVERSIGHT COMMITTEE.

PURPOSE: To clarify the role of the Board of Public Accountancy (Board) in selecting members to serve on the Board's Peer Review Oversight Committee (PROC).

MEANS: Amend section 466-42(c), Hawaii Revised Statutes.

JUSTIFICATION: The accountancy profession's standards of review change frequently, and it is anticipated that the duties of the PROC will increase substantially because of recent changes. It is important for the Board to have flexibility and discretion in selecting members who have the ability and aptitude to serve on the PROC, which monitors sponsoring organizations to ensure that peer reviews are conducted in accordance with agency standards.

Impact on the public: None.

Impact on the department and other agencies: This bill will help the Department of Commerce and Consumer Affairs protect the State's consumers by ensuring that PROC members are appropriately and timely appointed.

GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-105.

OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

Upon approval.