

JAN 23 2009

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 require peer
2 review as a condition for renewal of a Certified Public
3 Accountant firm's permit to practice public accountancy in this
4 State.

5 SECTION 2. Section 466-3, Hawaii Revised Statutes, is
6 amended by adding a new definition to be appropriately inserted
7 and to read as follows:

8 "Approved peer review program" means a peer review program
9 that is approved by the board in accordance with procedures and
10 rules established by the board."

11 SECTION 3. Section 466-7, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~S466-7~~ **Permits to practice.** (a) A license and a permit
14 granted by the board are required to actively engage in the
15 practice of public accountancy. [~~The board may grant or renew a~~
16 ~~permit to actively engage in the practice of public~~
17 ~~accountancy.~~] Permits shall be initially issued and renewed for



1 periods of two years but in any event shall expire on December
2 31 of every odd-numbered year. The board shall prescribe the
3 methods and requirements for application.

4 (b) An applicant for the initial issuance or renewal of a
5 permit shall ~~[have]~~:

6 (1) ~~[A]~~ Possess a valid license~~[+]~~ issued pursuant to
7 section 466-5 or 466-6;

8 (2) ~~[Completed]~~ Successfully complete continuing
9 professional education hours, the content of which
10 shall be specified by the board ~~[which]~~. The board
11 may provide for special consideration ~~[by the board]~~
12 to applicants for permit renewal when, in the judgment
13 of the board, full compliance with all requirements of
14 continuing education cannot reasonably be met;

15 (3) ~~[Completed and]~~ Submit a completed application; and

16 (4) ~~[Paid]~~ Pay appropriate fees and assessments.

17 (c) In addition to the requirements of subsection (b), an
18 applicant for renewal of a permit to actively engage in the
19 practice of public accountancy, or the firm of which the
20 applicant is an employee or member, shall be enrolled in an
21 approved peer review program and shall have had at least one
22 peer review accepted; provided that:



1 (1) A firm that does not provide financial statement audit
2 or review services or services that are subject to the
3 American Institute of Certified Public Accountants'
4 Statements on Standards Attestation Engagements may be
5 exempt from the peer review requirements upon
6 certification of the nature of the firm's practice to
7 the board; and

8 (2) A firm with its primary office located outside of this
9 State may satisfy the peer review requirement, subject
10 to approval of the board, by presenting proof of
11 compliance with a peer review requirement of the state
12 that is the firm's primary place of business.

13 ~~[-e-]~~ (d) The board may grant a temporary permit to
14 actively engage in the practice of public accountancy to any
15 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
22 certificate, registration, or license or degree from a



1 foreign country determined by the board to be a
2 recognized qualification for the practice of public
3 accountancy in such other country;

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

7 (5) Has completed an application.

8 [~~Such~~] A permit granted pursuant to this subsection shall be
9 effective for a period not exceeding three months, and shall
10 specify the nature and extent of the practice so permitted.

11 [~~(d)~~] (e) All firms shall obtain a permit to practice.

12 The board may issue or renew a permit to actively engage in the
13 practice of public accountancy to any firm which submits a
14 completed application and demonstrates qualifications as
15 prescribed by the board.

16 [~~(e)~~] (f) Failure to submit the required fees, continuing
17 education hours, or other requirements for renewal as specified
18 in this section by December 31 of every odd-numbered year, shall
19 constitute forfeiture of the permit. Continued performance in
20 the practice of public accountancy without a permit shall
21 constitute unlicensed activity and the individual or firm shall
22 be subject to sections 466-9, 466-11, 487-13, and 26-9.



1 [~~(f)~~] (g) The board may restore forfeited permits [~~to the~~
2 ~~individual or firm which satisfies the following:~~] upon
3 satisfaction of:

- 4 (1) The requirements [~~of subsection (a), (b), (c), or (d)~~]
5 of this section; and
6 (2) Payment of required fees."

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

9 SECTION 5. This Act shall take effect on July 1, 2009.

10
INTRODUCED BY: Amid Y Ige (BR)



Report Title:

Public Accountancy; Permit to Practice; Professional Licensing

Description:

Requires peer review as a condition for renewal of a CPA firm's permit to practice public accountancy in this State.

