

1211-S

Sponsor(s): House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Chandler, Kenney, Wood, Hudgins, Cooper, Voloria, Schual-Berke, Lovick, Kirby, Dickerson, Upthegrove, McDermott, Rockefeller, Morrell, Murray, Simpson, Darneille, Chase, Cody and Ruderman)

Brief Description: Modifying accountability requirements under the public accountancy act.

HB 1211-S - DIGEST

(DIGEST AS ENACTED)

Revises accountability requirements under the public accountancy act.

Provides that licensed firms must notify the board within thirty days after: (1) Sanction, suspension, revocation, or modification of their professional license or practice rights by the securities exchange commission, internal revenue service, or another state board of accountancy;

(2) Sanction or order against the licensee or nonlicensee firm owner by any federal or other state agency related to the licensee's practice of public accounting or violation of ethical or technical standards established by board rule; or

(3) The licensed firm is notified that it has been charged with a violation of law that could result in the suspension or revocation of the firm's license by a federal or other state agency, as identified by board rule, related to the firm's professional license, practice rights, or violation of ethical or technical standards established by board rule.

Requires the board to adopt rules to implement this provision and may also adopt rules specifying requirements for licensees to report to the board sanctions or orders relating to the licensee's practice of public accounting or violation of ethical or technical standards entered against the licensee by a nongovernmental professionally related standard-setting entity.

Declares that the board shall have the power to impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, or a nonlicensee holding an ownership interest in a licensed firm.

Provides that, for a period of seven years after the end of the fiscal period in which a licensed firm concludes an audit or review of a client's financial statements, the licensed firm must retain records relevant to the audit or review, as determined by board rule.

Requires that, by December 1, 2003, the board of accountancy shall report to the senate committee on commerce and trade and the house committee on commerce and labor, or successor committees, on the issue of auditor independence.