

SENATE BILL REPORT

HB 2468

As of February 12, 2018

Title: An act relating to allowing firms in the Canadian province of British Columbia to perform attest or compilation services for companies in Washington state that are the consolidated, subsidiary, or component entity of another corporate entity registered in Canada.

Brief Description: Allowing firms in the Canadian province of British Columbia to perform attest or compilation services for companies in Washington state that are the consolidated, subsidiary, or component entity of another corporate entity registered in Canada.

Sponsors: Representatives Vick and Kirby.

Brief History: Passed House: 2/01/18, 94-0.

Committee Activity: Labor & Commerce: 2/15/18.

Brief Summary of Bill

- Provides that chartered professional accountants and firms registered in British Columbia may perform attest and compilation engagements for subsidiaries of Canadian companies operating in Washington without holding a certified public accountant (CPA) or CPA-firm license.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Jarrett Sacks (786-7448)

Background: Under the Public Accountancy Act (Act), both accountants and accounting firms must be licensed to hold themselves out as CPAs. The Board of Accountancy (Board) issues licenses, adopts rules, conducts investigations, administers an examination, and implements the laws of the Act.

CPAs and CPA firms perform services that must meet certain professional standards. The Board conducts a quality assurance review (QAR) program to review the work of licensees and out-of-state CPAs with practice privileges in Washington. In general, out-of-state CPAs and CPA firms licensed in their home state may perform attest and compilation services in Washington, subject to certain requirements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Under the Act, state means the United States, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and, if the Board determines it has substantially equivalent standards, the Commonwealth of the Northern Mariana Islands.

Attest services include:

- any audit or other engagement to be performed in accordance with the Statements on Auditing Standards;
- any review of a financial statement to be provided in accordance with the Statements on Standards for Accounting and Review Services;
- any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements; and
- any engagement to be performed in accordance with the Public Company Accounting Oversight Board Auditing Standards.

Compilation services are services that are performed in accordance with Statements on Standards for Accounting and Review Services that is presenting in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the statements.

Summary of Bill: Nothing in the Act prohibits any chartered professional accounting firm registered in British Columbia from performing:

- an attest or compilation engagement of a business operating in Washington that is the subsidiary of another entity that is operating in Canada who acts as the insurer of the report; or
- a stand alone attest or compilation engagement of a wholly or majority-owned subsidiary of an entity that is operating in Canada.

A chartered professional accountant licensed in British Columbia who is an employee or owner of a chartered professional accounting firm in British Columbia is not required to obtain a CPA license or CPA-firm license to perform attest or compilation engagements for subsidiaries of Canadian companies operating in Washington.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.