



General Assembly

January Session, 2001

***Raised Bill No. 1067***

LCO No. 3447

Referred to Committee on Banks

Introduced by:

(BA )

***AN ACT CONCERNING THE DISCLAIMER LANGUAGE THAT MAY BE USED IN THE PREPARATION OF FINANCIAL STATEMENTS BY PERSONS AND FIRMS THAT DO NOT HOLD VALID ACCOUNTING LICENSES AND PERMITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-281g of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) A person or a firm [which] that does not hold a valid license  
4 [and] or permit issued under section 20-281b or 20-281d and section  
5 20-281e shall not issue a report on financial statements of any other  
6 person, firm, organization or governmental unit. This prohibition does  
7 not apply to an officer, partner or employee of any firm or  
8 organization affixing [his] a signature to any statement or report in  
9 reference to the financial affairs of such firm or organization with any  
10 wording designating the position, title or office that [he] such officer,  
11 partner or employee holds therein; nor prohibit any act of a public  
12 official or employee in the performance of [his] such official's or  
13 employee's duties as such; nor prohibit the performance by any  
14 persons of other services involving the use of accounting skills,

15 including the preparation of tax returns, management advisory  
16 services and the preparation of financial statements without the  
17 issuance of reports thereon.

18 (b) The prohibition contained in subsection (a) of this section is  
19 applicable to the issuance, by a person or a firm not holding a valid  
20 license [and] or permit, of a report using any language conventionally  
21 used in the profession by licensees regarding a review of financial  
22 statements or with respect to a compilation of financial statements.

23 [(c) The prohibition contained in subsection (a) of this section is  
24 applicable to the issuance by a person or a firm not holding a valid  
25 license and permit of a report using any language conventionally used  
26 in the profession by licensees with respect to a compilation of financial  
27 statements.]

28 (c) A person or firm not holding a valid license or permit issued  
29 under section 20-281b or 20-281d and section 20-281e shall not be in  
30 violation of subsection (b) of this section, if the person or the firm uses  
31 the following disclaimer language in connection with the preparation  
32 of financial statements:

33 "I (we) have prepared the accompanying (financial statements) of  
34 (name of entity or individual) as of (period of time) and for the (period  
35 of time) then ended. This presentation is limited to preparing, in the  
36 form of financial statements, information that is the representation of  
37 management (owners or individual).

38 I (we) have not audited, reviewed or compiled the accompanying  
39 financial statements and accordingly do not express an opinion or any  
40 other form of assurance on them.

41 I (we) do not hold a valid certified public accountant (CPA) license  
42 or permit issued by the state board of accountancy".

43 (d) A person who does not hold a valid registration or license shall  
44 not use or assume the title or designation "certified public accountant",

45 or the abbreviation "CPA" or any other title, designation, words,  
46 letters, abbreviations, sign card or device tending to indicate that such  
47 person is a certified public accountant, provided that a holder of a  
48 certificate who does not also hold a license may use the title pertaining  
49 to such certification only in the manner permitted by regulations  
50 adopted by the board under subdivision (6) of subsection (g) of section  
51 20-280.

52 (e) No firm shall assume or use the title or designation "certified  
53 public accountant", or the abbreviation "CPA", or any other title,  
54 designation, words, letters, abbreviation, sign, card or device tending  
55 to indicate that such firm is composed of certified public accountants,  
56 unless (1) the firm holds a valid permit issued under section 20-281e,  
57 and (2) all proprietors, partners and shareholders practicing public  
58 accountancy in this state hold valid certificates and licenses issued  
59 under section 20-281d and (3) all proprietors, officers and shareholders  
60 of the firm hold licenses.

61 (f) No person shall assume or use the title or designation "public  
62 accountant", or the abbreviation "PA", or any other title, designation,  
63 words, letters, abbreviation, sign, card or device which tends to  
64 indicate that such person is a public accountant unless [he] such  
65 person holds a valid license issued under section 20-281b.

66 (g) A firm which does not hold a valid permit issued under section  
67 20-281e shall not assume or use the title or designation "public  
68 accountant", the abbreviation "PA", or any other title, designation,  
69 words, letters, abbreviation, sign, card or device which tends to  
70 indicate that such firm is composed of public accountants.

71 (h) A person or firm [which] that does not hold a valid license [and]  
72 or permit issued under sections 20-281d and 20-281e shall not assume  
73 or use the title or designation "certified accountant", "certified  
74 professional accountant", "chartered accountant", "enrolled  
75 accountant", "licensed accountant", "registered accountant", "accredited  
76 accountant", or any other title or designation likely to be confused with

77 the titles "certified public accountant" or "public accountant" or use any  
78 of the abbreviations "CA", "EA", "LA", "RA", "AA" or similar  
79 abbreviation likely to be confused with the abbreviations "CPA" or  
80 "PA", provided that a holder of a certificate who does not also hold a  
81 license may use the titles pertaining to such certificate only in the  
82 manner permitted by regulations adopted by the board under  
83 subdivision (6) of subsection (g) of section 20-280. This subsection shall  
84 not prevent persons designated as "enrolled agents" of the Internal  
85 Revenue Service from using such title or the abbreviation "EA".

86 (i) A person or firm [which] that does not hold a valid license [and]  
87 or permit issued under section 20-281b or 20-281d and section 20-281e  
88 shall not assume or use any title or designation that includes the words  
89 "accountant", "auditor" or "accounting" in connection with any other  
90 language, including the language of a report, that implies that such  
91 person or firm holds such a permit or has special competence as an  
92 accountant or auditor, provided this subsection shall not prohibit any  
93 officer, partner or employee of any firm or organization from affixing  
94 [his] a signature to any statement in reference to the financial affairs of  
95 such firm or organization with any wording designating the position,  
96 title or office that [he] such officer, partner or employee holds therein,  
97 nor prohibit any act of a public official or employee in the performance  
98 of [his] such official's or employee's duties as such.

99 (j) A person who holds a certificate shall not engage in the practice  
100 of public accountancy unless [he] such person also holds a valid  
101 license issued under section 20-281d and a permit issued under section  
102 20-281e.

103 (k) A firm which holds a permit under sections 20-279b to 20-281m,  
104 inclusive, shall not engage in the practice of public accountancy using  
105 a professional or firm name or designation that is misleading about the  
106 legal form of the firm, or about the persons who are partners, officers  
107 or shareholders of the firm, or about any other matter, provided names  
108 of one or more former partners or shareholders may be included in the

109 name of a firm or its successor.

110 (l) None of the foregoing provisions of this section shall apply to  
111 any firm holding a certification, designation, degree or license granted  
112 in a foreign country entitling the holder thereof to engage in the  
113 practice of public accountancy or its equivalent in such country, whose  
114 activities in this state are limited to the provision of professional  
115 services to persons or firms who are residents of, governments of, or  
116 business entities of the country in which [he] the holder holds such  
117 entitlement, who issues no reports with respect to the financial  
118 statements of any other persons, firms or governmental units in this  
119 state, and who does not use in this state any title or designation other  
120 than the one under which [he] the holder practices in such country,  
121 followed by a translation of such title or designation into the English  
122 language, if it is in a different language, and by the name of such  
123 country.

124 Sec. 2. This act shall take effect from its passage.

**Statement of Purpose:**

To adopt disclaimer language that may be used in the preparation of financial statements by persons or firms who do not hold valid accounting licenses or permits.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*