



Substitute House Bill No. 6997

Public Act No. 15-181

AN ACT IMPLEMENTING THE STATE BOARD OF ACCOUNTANCY'S RECOMMENDATION TO REDEFINE "ATTEST" AND "REPORT".

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

Section 1. Section 20-279b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

As used in this section and sections 20-280 to 20-281n, inclusive, as amended by this act:

(1) "Board" means the State Board of Accountancy established by section 20-280;

(2) "Certificate" means a "certified public accountant" certificate issued either prior to October 1, 1992, or pursuant to section 20-281c or a "certified public accountant" certificate issued after examination pursuant to the laws of any other state;

(3) "Firm" means any person, proprietorship, partnership, corporation, limited liability company or association and any other legal entity which practices public accountancy;

(4) "License" means a public accountancy license issued pursuant to

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section 20-281b or 20-281d;

(5) "Licensee" means the holder of a certificate issued pursuant to section 20-281c, the holder of a license issued pursuant to section 20-281b or 20-281d or a holder of a permit to practice public accountancy issued pursuant to sections 20-281b and 20-281e, as amended by this act;

(6) "Permit" means a permit to practice public accountancy issued to a firm pursuant to section 20-281e, as amended by this act;

(7) "Practicing public accountancy" means performing for the public or offering to perform for the public for a fee by a person or firm holding himself or itself out to the public as a licensee one or more kinds of services involving the use of accounting or auditing skills, including, but not limited to, the issuance of reports [on financial statements,] or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters;

(8) "Quality review" means any study, appraisal or review of one or more aspects of the professional work of a person or firm which practices public accountancy by a person or persons who holds or hold licenses under section 20-281b or 20-281d or their equivalent under the laws of any other state and who are not affiliated with the person or firm being reviewed;

(9) "Registration" means the process by which the holder of a certificate may register his certificate annually and pay a fee of twenty dollars in lieu of an annual renewal of a license and be entitled to use the abbreviation "CPA" and the title "certified public accountant" under conditions and in the manner prescribed by the board by regulation;

(10) "Profession" means the profession of public accountancy;

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(11) "Report" means, in reference to any attest or compilation service, any opinion, writing [which refers to a financial statement and] or other form of language that (A) expresses or implies assurance as to the reliability of [said financial statement and includes, but is not limited to, any writing disclaiming an opinion, when such writing contains language conventionally understood in the profession to express or imply assurance as to the reliability of such financial statement] the attested information or compiled financial statements, and (B) contains or is accompanied by a statement that expresses or implies that the person or firm issuing such opinion, writing or other language has special knowledge or competence in accounting or auditing, which expression or implication arises from, among other things, the use of [written] names or titles by the issuer indicating that the person or firm is an accountant or auditor or from the language of the report itself. "Report" includes any form of language that disclaims an opinion when such form of language [which] is conventionally understood [in the profession to express or] to imply any positive assurance as to the reliability of [financial statements] the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing such language, including any other form of language that is conventionally understood to imply such assurance or special knowledge or competence;

(12) "AICPA" means the American Institute of Certified Public Accountants;

(13) "Attest" means the provision of any of the following [financial statement] services:

(A) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(B) Any review of a financial statement to be performed in

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accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(C) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); [and]

(D) Any engagement to be performed in accordance with the Auditing Standards of the PCAOB; and

(E) Any examination, review or agreed upon procedures engagement to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE), other than an examination as described in subparagraph (C) of this subdivision;

(14) "Compilation" means the provision of a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presented in the form of financial statements that is the representation of management without undertaking to express any assurance on the statements;

(15) "Home office" means the location specified by the client as the address to which a service described in section 20-281n, as amended by this act, is directed;

(16) "NASBA" means the National Association of State Boards of Accountancy;

(17) "PCAOB" means the Public Company Accounting Oversight Board;

(18) "Practice privilege" means the privilege for a person or firm to practice public accountancy described in, and subject to the conditions contained in, sections 20-281e, as amended by this act, and 20-281n, as amended by this act;

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(19) "Principal place of business" means the office location designated by an individual or firm for purposes of sections 20-281e, as amended by this act, and 20-281n, as amended by this act;

(20) "Substantial equivalency" is a determination by the board of accountancy or its designee that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the Uniform Accountancy Act or that an individual certified public accountant's education, examination and experience qualifications are comparable to, or exceed, the education, examination and experience requirements contained in the Uniform Accountancy Act.

Sec. 2. Subsection (c) of section 20-281 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(c) A permit holder may be granted a waiver from the quality review requirements under subsection (b) of this section: (1) If it annually represents to the board that: (A) It does not engage in financial reporting or attest areas of practice, including audits, compilations and reviews, (B) it does not intend to engage in such a practice during the following year, and (C) it will immediately notify the board if it engages in such practice; (2) for reasons of health; (3) due to military service; (4) in instances of individual hardship; or (5) for other good cause as the board may determine. Any such requests for waivers and any such representations shall be made in writing, under oath, and upon forms provided by the board. Such requests and representations shall be made at the time the firm applies for renewal of its firm permit. Any firm which has been granted a waiver pursuant to subdivision (1) of this subsection shall immediately notify the board if it engages in the financial reporting [area] or attest areas of practice and shall undergo a quality review during the first calendar year after

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its initial acceptance of such an engagement.

Sec. 3. Subsection (g) of section 20-281e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(g) The following firms shall be required to hold a permit issued pursuant to this section:

(1) Any firm with an office in this state performing attest services;

(2) Any firm with an office in this state that uses the title "Certified Public Accountant", "CPA", "CPA firm" or other similar title; or

(3) Any firm that does not have an office in this state but performs attest services described in subparagraph (A), (C), [or] (D) or (E) of subdivision (13) of section 20-279b, as amended by this act, for a client having its home office in this state.

Sec. 4. Subsections (a) and (b) of section 20-281g of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(a) A person or a firm which does not hold a valid license and permit issued under section 20-281b or 20-281d and section 20-281e, as amended by this act, shall not issue a report on financial statements of any other person, firm, organization or governmental unit or offer or render any attest or compilation service. This prohibition does not apply to an officer, partner or employee of any firm or organization affixing his signature to any statement or report in reference to the financial affairs of such firm or organization with any wording designating the position, title or office that he holds therein; nor prohibit any act of a public official or employee in the performance of his duties as such; nor prohibit the performance by any persons of other services involving the use of accounting skills, including the

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

(b) The prohibition contained in subsection (a) of this section is applicable to the issuance, by a person or a firm not holding a valid license and permit, of a report using any language conventionally used in the profession by licensees [~~regarding a review of~~] in reports on financial statements or any attest service.

Sec. 5. Subsection (d) of section 20-281n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(d) Any individual who qualifies for practice privileges under this section who, for any entity with its home office in this state, performs any of the following services: (1) Any financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards; (2) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services; (3) any examination of prospective financial information, review or agreed upon procedures engagement to be performed in accordance with Statements on Standards for Attestation Engagements; or [(3)] (4) any engagement to be performed in accordance with PCAOB Auditing Standards, may only provide such services through a firm that has obtained a permit issued under section 20-281e, as amended by this act.

Approved July 2, 2015