

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 634

H.P. 469

House of Representatives, March 6, 1989

Reference to the Committee on Business Legislation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

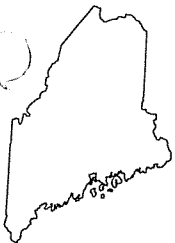
Presented by Representative ERWIN of Rumford.

Cosponsored by Senator BALDACCI of Penobscot, Senator WHITMORE of Androscoggin and Representative GURNEY of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

**An Act to Authorize the Board of Accountancy to Establish Quality
Review as a Condition to Practicing Public Accountancy.**



1 **Be it enacted by the People of the State of Maine as follows:**

3 **Sec. 1. 32 MRSA §12214, sub-§4,** as enacted by PL 1987, c. 489,
5 §2, is repealed and the following enacted in its place:

7 4. Rules. The board shall, in accordance with procedures
9 established by the Maine Administrative Procedure Act, Title 5,
11 chapter 375, subchapter II, adopt such rules as may be reasonably
 necessary for the proper performance of its duties and the
 administration of this chapter, including, but not limited to,
 the following:

13 A. Rules of professional conduct appropriate to establish
15 and maintain a high standard of integrity and dignity in the
 profession of public accountancy and regulations prescribing
 requirements of continuing education; and

17 B. Rules regarding quality reviews that may be required to
19 be performed under this chapter.

21 **Sec. 2. 32 MRSA §12251, sub-§5,** as enacted by PL 1987, c. 489,
23 §2, is amended to read:

25 **5. Renewal.** An applicant for renewal of a permit under
27 this section shall show that he the applicant has fulfilled
29 requirements of continuing professional education consisting of
31 not less than 12 hours in each one-year period and not less than
33 72 hours in any 3-year period. The board shall establish by rule
35 the number of hours of continuing professional education required
37 in each one-year period and 3-year period and shall not require
39 more than 120 hours in each 3-year period. That education shall
41 consist of the general kinds and in such subjects as shall have
43 been specified by the board by rule. The board may provide by
45 rule that fulfillment of continuing professional education
47 requirements of other states will be accepted in lieu of the
49 foregoing. The board may also provide by rule for prorated
51 continuing professional education requirements to be met by
 applicants whose initial permits were issued less than one year
 prior to the renewal date, and it may prescribe by rule special
 lesser requirements to be met by applicants for permit renewal
 whose prior permits lapsed prior to their applications for
 renewal, and regarding whom it would in consequence be
 inequitable to require a full compliance with all requirements of
 continuing professional education that would otherwise have been
 applicable to the period of lapse. The board in its discretion,
 may renew a permit to practice despite failure to furnish
 evidence of satisfaction of requirements of continuing
 professional education only upon condition that the applicant
 follow a particular program or schedule of continuing
 professional education. In issuing rules and individual orders in
 respect of requirements of continuing professional education, the
 board in its discretion may use and rely, among other things,

1 upon guidelines and pronouncements of recognized educational and
3 professional organizations; may prescribe for content, duration
5 and organization of courses; may take into account any
7 impediments to interstate practice of public accountancy which
9 may result from differences in those requirements in other
11 states; and may provide for relaxation or suspension of those
13 requirements in regard to applicants who certify that they do not
15 intend to engage in the practice of public accountancy.

17 As a condition to renewal of permits, applicants shall undergo
19 quality reviews conducted in such fashion and producing such
21 satisfactory result as the board may specify, provided that any
23 such requirements:

25 A. Shall be promulgated reasonably in advance of the time
27 when they are first required to be met;

29 B. Shall include reasonable provision for compliance by an
31 applicant's showing that the applicant has undergone a
33 satisfactory quality review performed for other purposes
35 which was substantially equivalent to quality reviews
37 generally required pursuant to this subsection; and

39 C. Shall provide that the statements, working papers and
41 other documents reviewed pursuant to quality review are the
43 property of the applicant subject to review and may be
45 available to the board only when necessary for a
47 disciplinary action or when voluntarily released by the
49 applicant.

51 Sec. 3. 32 MRSA §12252, sub-§2, as enacted by PL 1987, c. 489,
53 §2, is amended to read:

55 2. Duration. Permits shall be initially issued and renewed
57 for a period of one year, but in any event, expiring on June 30th
59 following issuance or renewal. Applications for permits shall be
61 made in that form and, in the case of applications for renewal,
63 between such dates as the board may by rule specify and the board
65 shall grant or deny any such application no later than 60 days
67 after the application is filed in proper form. In any case when
69 the applicant seeks the opportunity to show that issuance or
71 renewal of a permit was mistakenly denied or when the board is
73 not able to determine whether it should be granted or denied, the
75 board may issue to the applicant a provisional permit, which
77 shall expire 90 days after its issuance or when the board
79 determines whether or not to issue or renew the permit for which
81 application was made, whichever shall first occur.

83 As a condition to renewal of permits, applicants shall undergo
85 quality reviews conducted in such fashion and producing such
87 satisfactory result as the board may specify, provided that any
89 such requirements:

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A. Shall be promulgated reasonably in advance of the time when they are first required to be met;

B. Shall include reasonable provision for compliance by an applicant's showing that the applicant has undergone a satisfactory quality review performed for other purposes which was substantially equivalent to quality reviews generally required pursuant to this subsection; and

C. Shall provide that the statements, working papers and other documents reviewed pursuant to quality review are the property of the applicant subject to review and may be available to the board only when necessary for a disciplinary action or when voluntarily released by the applicant.

STATEMENT OF FACT

This bill authorizes the Board of Accountancy to promulgate rules requiring quality reviews as a condition to obtaining permits or renewals of permits to practice public accountancy in the State.

The purpose of quality review is to help protect the public by monitoring the quality of professional services provided by accountants. Quality review is intended to help practitioners maintain a high standard of performance, and are not meant to punish practitioners.

The law currently provides a definition of quality review. In addition, the law currently allows the board to require satisfactory completion of a quality review before reissuing a permit in an enforcement procedure, but it is unclear whether the law authorizes the board to adopt rules pertaining to quality reviews.