

MAINE STATE LEGISLATURE

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BUSINESS AND ECONOMIC DEVELOPMENT

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1738, L.D. 2444, Bill, "An Act to Clarify the Law on Ownership of Certified Public Accounting Firms and to Establish an Approved Practice Monitoring Program"

Amend the bill by striking out the title and substituting the following:

'An Act to Clarify the Law on Ownership of Certified Public Accounting Firms and to Establish a Peer Review Program'

Further amend the bill in section 1 in subsection 6-A in the 3rd line (page 1, line 7 in L.D.) by striking out the following: "performs" and inserting in its place the following: 'provides a'

Further amend the bill by striking out all of section 2 (page 1, lines 12 to 18 in L.D.)

Further amend the bill in section 4 by striking out all of subsection 8 (page 2, lines 6 to 38 in L.D.) and inserting in its place the following:

'8. Peer review for certified public accountancy firms. Effective January 1, 2001, the board shall require, as a condition to the granting or renewal of permits to certified public accountancy firms, that each applicant that provides a defined service other than compilations successfully participate in an approved peer review program. Participation in such a program is governed by the following.

A. If the firm provides a defined service other than compilations as of the date of the initial granting or first renewal of a certified public accountancy firm's permit following December 15, 2000, a peer review must be completed

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2 within 18 months after the initial granting or first renewal
4 of the permit following December 15, 2000. After December
6 15, 2000, the firm must undergo a peer review every 3 years
8 for as long as it provides a defined service other than
10 compilations. The firm may satisfy this requirement by
12 showing evidence of the satisfactory completion of a peer
14 review within 18 months prior to January 1, 2001.

16 B. A certified public accountancy firm that does not
18 provide a defined service other than compilations is not
20 required to undergo a peer review if the firm annually
22 confirms in writing to the board that it does not provide a
24 defined service other than compilations. A certified public
26 accountancy firm that subsequently provides a defined
28 service other than compilations must undergo a peer review
30 within 18 months after the fiscal year end of the first
32 defined services engagement other than compilations that it
34 accepts. Subsequent peer reviews are governed by the
36 provisions of paragraph A.

38 The board is authorized to adopt rules to carry out the intent of
40 this subsection. Rules adopted pursuant to this subsection are
42 routine technical rules pursuant to Title 5, chapter 375,
44 subchapter II-A.'

46 Further amend the bill by relettering or renumbering any
48 nonconsecutive Part letter or section number to read
consecutively.

Further amend the bill by inserting at the end before the
summary the following:

34 FISCAL NOTE

36 The Office of Licensing and Registration within the
38 Department of Professional and Financial Regulation will incur
40 some minor additional costs to adopt rules to carry out the peer
42 review program for certified public accountancy firms. These
44 costs can be absorbed within the department's existing budgeted
46 resources.

48 The additional costs associated with enforcement activities
related to the changes to the public accountancy provisions can
be absorbed by the Department of the Attorney General utilizing
existing budgeted resources.'

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SUMMARY

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This amendment deletes references to practice monitoring programs. It excludes firms that provide compilations from the peer review requirement. It also adds a fiscal note to the bill.

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