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## DIGEST

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HB 870 Original

2016 Regular Session

Stokes

**Abstract:** Makes revisions to the La. Accountancy Act.

Proposed law clarifies and simplifies the present law definition of "attest". Updates definition to specifically include engagements performed in accordance with Standards of the Public Company Accounting Oversight Board (PCAOB).

Proposed law adds a definition of "CPA-Retired" for those professionally licensed individuals who retire, meet certain criteria, and wish to perform uncompensated volunteer services.

Proposed law changes present law by further defining "good moral character" to include the propensity to provide professional services in a fair, honest and open manner.

Proposed law defines "preparation of financial statement" as an engagement by a licensee to prepare financial statements for an entity, but not to perform a compilation, review, or audit with respect to those financial statements and as provided in the AICPA's Statement on Standards for Accounting and Review Services.

Proposed law changes present law to allow compensation of board officers not to exceed \$250 and of other board members not to exceed \$200, up from \$150 and \$100 respectively, per month per member.

Proposed law retains present law that the board is authorized to adopt rules in accordance with the Administrative Procedure Act to impose and collect fees.

Proposed law eliminates the fee schedule provided in this statute and also found in the board rules.

Proposed law adds a requirement that an applicant for licensure must attain the age of 18 years.

Proposed law changes present law by eliminating the education requirement for an applicant to complete at least 150 semester hours of college education to apply for the CPA examination.

Proposed law removes a provision that is no longer applicable regarding applicants eligible to take the examination prior to December 31, 1999.

Proposed law provides that an applicant for licensure must have completed at least 150 semester hours of college education. Further provides for the applicant to meet the education requirement by

December 31st of the 5th calendar year following successful completion of the examination, or the examination scores will be voided.

Proposed law retains present law with respect to the privileges of retired CPAs. Proposed law adds that the retired CPA granted the privilege must place the word "retired" adjacent to their CPA title on various forms of communication similar to the inactive CPA.

Proposed law modifies the requirement for a CPA firm that does not have an office or place of business in the state of La. to allow the firm to perform attest serves in this state provided that the firm meets the ownership, peer review, and individual licensee requirements as provided in present law.

Proposed law adds that nonlicensee owners of a CPA firm be of good moral character.

Proposed law removes the requirement to register each office within the state and to show that attest services rendered in the state are under the charge of a person holding a valid active certificate.

Proposed law provides clarity that firms providing attest services shall be enrolled in a board-approved peer review program. Further provides recognition and approval of the AICPA peer review program, as well as allowing for approval of other nationally recognized peer review programs and peer review standards that are not less stringent than the AICPA peer review program.

Proposed law provides reworded approval of administration of the AICPA program by the Society of La. Certified Public Accountants, and other state CPA societies fully involved in the administration of the AICPA program.

Proposed law provides recognition and approval of the PCAOB's permanent inspection process for reviewing practices subject to the permanent inspection process and not included in the scope of peer review programs.

Proposed law provides reworded language requiring firms to make peer review and PCAOB inspection results available to the board.

Proposed law changes present law to a firm 24 months, instead of 12 months, following the date of the death of a firm's sole owner to continue to operate. Further provides that a notarized affidavit of evidence of a CPA firm owner's death is acceptable. Provides for the firm permit to be renewed annually for the continuance of the firm.

Proposed law adds that the board may require a licensee or privilege holder to subject its work product to pre-issuance review by a licensee acceptable to the board.

Proposed law adds that preparation of financial statement engagements purported to be in compliance with professional standards (SSARS) can only be performed by licensees or individuals granted privileges pursuant to present law (R.S. 37:94) and proposed law.

Proposed law retains present law requiring licensees receiving a commission or referral fee, or expecting to pay a referral fee, to disclose such payment to the client which it relates. Proposed law removes the present law requirement for licensees to disclose the fact in writing prior to the receipt or payment of such commission or referral fee.

Proposed law increases present law potential fine for a licensee's knowing violation of any provision of present law (R.S. 37:83) from \$500 to \$2000 for each violation or imprisonment, or both.

Proposed law defines additional specific types of fines and fees that can be justified in the case of a single violation of an act prohibited in present law.

Proposed law provides that all formats of the licensee's working papers and client records including paper and electronic, regardless of storage location, are subject to the provisions of this present law.

Proposed law provides that information prepared pursuant to a preparation of financial statement engagement is included in the scope of engagements under the privity of contract.

Proposed law provides that those individuals granted practice privileges under substantial equivalency provisions can only perform attest services through a firm meeting the requirements provided in present law and proposed law.

(Amends R.S. 37:73(intro. para), (1)(a)(ii) through (iv) and (b), (3) and (6) through (17), 74(D), (E)(4), (F), (G)(2) and (J)(intro. para.), 74.1(intro. para.); 75(A), (C), (D) and (G), 76(D), (F), and (G)(5), 77(A), (B), (C)(2)(introductory paragraph) and (b), (3) and (4) and (D) through (H), 77.1(A)(intro. para.), (1) and (2) and (B), 79(A)(intro. para.) and (3) and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and 91(B)(1); Adds R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A)(4); Repeals R.S. 37:74.1(1) - (17))