

2011 -- S 0716

=====
LC02206
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - PUBLIC ACCOUNTANCY

Introduced By: Senators DiPalma, Lynch, Lanzi, Lombardo, and Ottiano

Date Introduced: March 23, 2011

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-3.1-3 of the General Laws in Chapter 53.1 entitled "Public
2 Accountancy" is hereby amended to read as follows:

3 **5-3.1-3. Definitions.** -- As used in this chapter, unless the context requires otherwise, the
4 following terms are construed as follows:

5 (1) "Attest" means providing the following financial statement services:

6 (i) Any audit or other engagement to be performed in accordance with the Statements on
7 Auditing Standards (SAS) as adopted by the American Institute of Certified Public Accountants;

8 (ii) Any review of a financial statement to be performed in accordance with the
9 Statement on Standards for Accounting and Review Services (SSARS) as adopted by the
10 American Institute of Certified Public Accountants;

11 (iii) Any examination of prospective financial information to be performed in accordance
12 with the Statements on Standards for Attestation Engagements (SSAE) as adopted by the
13 American Institute of Certified Public Accountants;

14 (iv) Any services considered attest by the American Institute of Certified Public
15 Accountants;

16 (v) Any services that will provide assurance on financial information and will be
17 performed in accordance with appropriate professional standards;

18 (vi) The statements on standards specified in this definition shall be adopted by reference
19 by the board pursuant to rulemaking and shall be those standards developed by the American

1 Institute of Certified Public Accountants.

2 (2) "Authority" means an authority to practice as a public accountant in this state granted
3 by the public accountants advisory commission under former section 5-3-6, (P.L. 1962, chapter
4 228, Section 1, as amended by P.L. 1970, chapter 272, Section 1).

5 (3) "Board" means the board of accountancy, a public authority created by section 5-3.1-
6 4.

7 (4) "Certificate" means a certificate as certified public accountant issued under this
8 chapter or corresponding provisions of prior law, or a corresponding certificate as certified public
9 accountant issued after examination under the law of any other state.

10 (5) "Certified public accountant" or "CPA" means a person holding a certificate issued
11 under this chapter or corresponding provisions of prior law or under the accountancy act or
12 similar law of any other state.

13 (6) "Compilation" means providing a service to be performed in accordance with the
14 Statement on Standards for Accounting and Review Services (SSARS) as adopted by the
15 American Institute of Certified Public Accountants that is presenting in the form of financial
16 statements, information that is the representation of management without undertaking to express
17 any assurance on the statements.

18 (7) "Entity" includes a general partnership, limited liability company, limited liability
19 partnership, a corporation, a sole proprietor, a trust and joint venture.

20 (8) "Good moral character" for purposes of this section, means lack of a history of
21 dishonest or felonious acts.

22 (9) "Licensee" means the holder of a certificate, authority or permit issued under this
23 chapter or under the prior laws of this state.

24 (10) "Majority" refers to ~~a sixty seven percent (67%)~~ more than fifty percent (50%)
25 ownership in terms of financial interests and voting rights.

26 (11) "Peer review" means a study, appraisal, or review of one or more aspects of the
27 professional work of a practice unit engaged in the practice of public accountancy in this state, by
28 a licensee or licensees who are not affiliated with the practice unit being reviewed.

29 (12) "Permit" means a permit to practice public accountancy issued under section 5-3.1-
30 7, 5-3.1-8, or 5-3.1-9, or under corresponding provisions of prior law, or under corresponding
31 provisions of the law of any other state.

32 (13) "Practice of (or practicing) public accounting or accountancy" means the
33 performance of or the offering to perform, in an independent posture, for a client or potential
34 client, one or more kinds of services involving the use of accounting or auditing skills, in

1 connection with the issuance of reports on financial statements.

2 (14) "Practice unit" means a sole proprietorship, corporation, partnership or other entity
3 engaged in the practice of public accounting in this state. For the purpose of this chapter, the
4 office of the Auditor General is considered a practice unit.

5 (15) "Principal residence" means the state in which a person has the right to register to
6 vote for, or the right to vote in, general elections and in which he or she qualifies to file a resident
7 state income tax return.

8 (16) "Public accountant" or "PA" means a person holding an authority as a public
9 accountant issued under the prior laws of this state.

10 (17) "Report" means an opinion, report, or other form of language that states or implies
11 assurance as to the reliability of financial statements and that also includes or is accompanied by a
12 statement or implication that the person or practice unit issuing the financial statements has
13 special knowledge or competence in accounting or auditing. A statement or implication of special
14 knowledge or competence may arise from use by the issuer of the report of names or titles
15 indicating that the issuer is an accountant or auditor, or from the language of the report itself. The
16 term "report" includes any form of language which disclaims an opinion when that language is
17 conventionally understood to imply any positive assurance as to the reliability of the financial
18 statements referred to and/or any special competence on the part of the person or practice unit
19 issuing that language; and it also includes any other form of language that is conventionally
20 understood to imply that assurance and/or special knowledge or competence.

21 (18) "State" means the states of the United States, the District of Columbia, Puerto Rico,
22 Guam, and the U.S. Virgin Islands. The term "this state" means the state of Rhode Island.

23 (19) "Substantial equivalency" means a determination by the board of accountancy that
24 the education, examination and experience requirements contained in the statutes and
25 administrative rules of another state or jurisdiction are comparable to or exceed the education,
26 examination and experience requirements included in this chapter or that an individual CPA's
27 education, examination and experience qualifications are comparable to or exceed the education,
28 examination and experience requirements contained in this chapter. In ascertaining substantial
29 equivalency as used in this chapter the board shall take into account the qualifications without
30 regard to the sequence in which experience, education or examination requirements were attained.

31 SECTION 2. This act shall take effect upon passage.

=====
LC02206
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO BUSINESSES AND PROFESSIONS - PUBLIC ACCOUNTANCY

1 This act would amend the definition of "majority" for the purposes of the state public
2 accountancy laws to mean more than fifty percent (50%) ownership in terms of financial interests
3 and voting rights.

4 This act would take effect upon passage.

=====
LC02206
=====