

AMENDED IN ASSEMBLY JUNE 26, 2002

AMENDED IN ASSEMBLY JUNE 13, 2002

AMENDED IN SENATE APRIL 16, 2002

**SENATE BILL**

**No. 2023**

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**Introduced by Senator Figueroa**

February 22, 2002

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An act to amend and repeal Section 5076 of the Business and Professions Code, relating to accountancy, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 2023, as amended, Figueroa. Accountancy: attest services.

Existing law establishes the California Board of Accountancy in the Department of Consumer Affairs for the purpose of licensing and regulating public accountants. A firm, other than a sole proprietor or a small firm, is required to meet specified peer review requirements in order to provide attest services. In order to renew its registration, a firm of this kind is required to complete a peer review prior to the first expiration date after January 1, 2006, and no less frequently than every 3 years thereafter. The board is required to adopt regulations necessary to implement, interpret, and make specific the peer review requirements.

This bill would instead require that, for renewal of registration, an initial peer review is required to be completed prior to the first expiration date after July 1, 2003. The bill would also require firms subject to peer review to meet professional standards for attest services. The bill would require that the board immediately adopt regulations

necessary to implement, interpret, and make specific the peer review requirements.

*This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~—2/3. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 5076 of the Business and Professions  
2 Code, as added by Section 2 of Chapter 704 of the Statutes of 2001,  
3 is amended to read:

4 5076. (a) In order to renew its registration, a firm providing  
5 attest services, other than a sole proprietor or small firm as defined  
6 in Section 5000, shall complete a peer review prior to the first  
7 registration expiration date after July 1, 2003, and no less  
8 frequently than every three years thereafter.

9 (b) For purposes of this article, the following definitions apply:

10 (1) "Peer review" means a study, appraisal, or review  
11 conducted in accordance with professional standards of the  
12 professional work of a licensee or registered firm by another  
13 licensee unaffiliated with the licensee or registered firm being  
14 reviewed. The peer review shall include, but not be limited to, a  
15 review of at least one attest engagement representing the highest  
16 level of service performed by the firm and may include an  
17 evaluation of other factors in accordance with requirements  
18 specified by the board in regulations.

19 (2) "Attest services" include an audit, a review of financial  
20 statements, or an examination of prospective financial  
21 information, provided, however, "attest services" shall not  
22 include the issuance of compiled financial statements.

23 (c) The board shall immediately adopt regulations as necessary  
24 to implement, interpret, and make specific the peer review  
25 requirements in this section, including, but not limited to,  
26 regulations specifying the requirements for the approval of peer  
27 review providers, and regulations establishing a peer review  
28 oversight committee.

29 (d) Firms subject to peer review shall meet all professional  
30 standards for attest services.



1 SEC. 2. Section 5076 of the Business and Professions Code,  
2 as added by Section 5 of Chapter 718 of the Statutes of 2001, is  
3 repealed.

4 *SEC. 3. This act is an urgency statute necessary for the*  
5 *immediate preservation of the public peace, health, or safety*  
6 *within the meaning of Article IV of the Constitution and shall go*  
7 *into immediate effect. The facts constituting the necessity are:*

8 *In order to accelerate the implementation of a peer review*  
9 *program for certified public accountants by the California Board*  
10 *of Accountancy and to permit the board to adopt regulations*  
11 *needed to establish the peer review program, it is necessary that*  
12 *this act take immediate effect.*

