

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE

House Bill 878  
Economic Matters

(Delegate Vaughn, *et al.*)  
Education, Health, and Environmental Affairs

---

**Certified Public Accountants - Definitions - Attest and Practice Certified Public  
Accountancy**

---

This bill changes the statutory definitions of “attest” and “practice certified public accountancy” as they relate to the provision of certified public accountancy (CPA) services.

---

**Fiscal Summary**

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** None.

**Small Business Effect:** Minimal; however, small accounting businesses may benefit by having a clearer definition of what constitutes the practice of certified public accountancy.

---

**Analysis**

**Bill Summary:** The definition of “attest” is changed to no longer be limited to providing *only* specified financial statement services. Under the bill, “attest” includes providing any examination, review, or agreed-upon procedures engagement to be performed in accordance with the Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants (AICPA) (rather than including *only* an examination of prospective financial information performed in accordance with such standards).

The definition of “practice certified public accountancy” is likewise changed to include conducting any examination, review, or agreed-upon procedures engagement to be

performed in accordance with the Statements on Standards for Attestation Engagements issued by AICPA.

**Current Law:** “Attest” means to provide the following financial statement services:

- an audit or other engagement performed in accordance with the Statements on Auditing Standards issued by AICPA;
- a review of a financial statement performed in accordance with the Statements on Standards for Accounting and Review Services issued by AICPA;
- a compilation;
- an examination of prospective financial information performed in accordance with the Statements on Standards for Attestation Engagements issued by AICPA; and
- any engagement performed in accordance with the Auditing Standards of the Public Company Accounting Oversight Board.

“Practice certified public accountancy” means to perform any of the following accountancy services:

- conducting an audit, review, or compilation of financial statements; or
- providing a written certificate or opinion offering positive or negative assurance or full or limited assurance on the correctness of the information or on the fairness of the presentation of the information in a financial statement, a report, a schedule, or an exhibit.

**Background:** The State Board of Public Accountancy qualifies, licenses, and regulates individuals seeking licensure to practice as a certified public accountant and firms that offer public accounting services, including auditing financial statements or providing a written certificate or opinion on the correctness of the information in a financial statement, report, schedule, or exhibit.

To qualify for a license from the State Board of Public Accountancy, an applicant must have completed a baccalaureate or higher degree with a major in accounting or an equivalent field. An applicant for an initial license must also complete at least 2,000 hours of practical work experience under the direction of a qualified professional and pass an examination created by AICPA. The board may issue a license once an applicant meets all applicable education, experience, and examination criteria and all fees are paid.

Founded in 1887, AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations. AICPA develops standards for audits of private companies and other services by CPAs, provides educational guidance materials to

its members, develops and grades the Uniform CPA Examination, and monitors and enforces compliance with the profession's technical and ethical standards.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** Although SB 536 (Senator Conway - Education, Health, and Environmental Affairs) is designated as a cross file, it is not identical.

**Information Source(s):** Department of Labor, Licensing, and Regulation; American Institute of Certified Public Accountants; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2015  
min/mcr

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510