

**DEPARTMENT OF CONSUMER AFFAIRS
TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS
DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY**

PROPOSED REGULATORY LANGUAGE

Legend:	Added text is indicated with an <u>underline</u> . Deleted text is indicated by strikeout .
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Amend Section 41 of Article 6 of Title 16, California Code of Regulations and Section 50.1 of Article 9 of Title 16, California Code of Regulations to read as follows:

§ 41. Firm Responsibilities.

(a) A firm shall enroll with a Board-recognized peer review program provider, and shall cooperate with the Board-recognized peer review program provider with which the firm is enrolled to arrange, schedule, and complete a peer review, in addition to taking and completing any remedial or corrective actions prescribed by the Board-recognized peer review program provider.

(b) For a firm that issued reports on attest engagements as defined by Article 1, Section 2.4, and where the ownership of the firm is comprised solely of licensees who are not authorized to sign reports on attest engagements pursuant to Business and Professions Code section 5095, prior to the commencement of the peer review, the firm shall provide written notice to the Peer Reviewer or Peer Review Team that the firm has no owner authorized to sign reports on attest engagements.

Note: Authority cited: Sections 5010 and 5076, Business and Professions Code.

Reference: Sections 5076 and 5095, Business and Professions Code.

§ 50.1. Attest Client Notification Regarding Composition of Firm Ownership.

Any licensee employed by a firm in which no licensee owners are authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095 must, prior to engaging in attest services, provide written notification to any attest client or prospective attest client of the ownership composition of the firm. ~~The~~ Notice shall include ~~be provided by any of the following methods:~~

(a) ~~Providing a statement to the attest client or prospective attest client to be signed and dated by the client and retained in the client's records, which states the client or prospective client understands that no firm owners are authorized to sign reports on attest engagements~~ and the name and license number of the licensee the firm has authorized and designated to sign the report on attest engagement on behalf of the firm.

(b) ~~Posting a written notice on the firm's Internet Web site, disclosing all owner's names and whether each is authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095.~~

Note: Authority cited: Sections 5010, 5018 and 5095, Business and Professions Code.

Reference: Sections 138, 5018 and 5095, Business and Professions Code.