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BILL



ANALYSIS

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House Bill 5192 (as reported without amendment)
Sponsor: Representative Chris Afendoulis
House Committee: Regulatory Reform
Senate Committee: Commerce

CONTENT

The bill would amend Article 7 of the Occupational Code, which governs the practice of public accounting, to modify the definitions of "practice of public accounting" and "attest", and to specify that a firm that is not required to be licensed in Michigan could perform an examination, a review, or agreed-upon procedures engagement in accordance with the statements on standards for attestation engagements

The bill would define "practice of public accounting" as rendering, or offering to render, an opinion on, or attesting to, or offering to attest to, the reliability of a representation or estimate, including "the giving of an opinion in substance that 1 or more of the following types of information concerning the entity that is the subject of the opinion present fairly the condition of the entity": a) financial or other information about which the opinion is given, b) facts respecting the entity's compliance with conditions established by law or contract; or c) the scope of the accounting procedures rendered in connection with the presentation of the entity's financial statement. The current definition refers to "the giving of an opinion in substance that financial information as set forth presents fairly the condition of the entity reviewed or audited, in regard to an entity embracing 1 or more of" those items.

Article 7 defines "attest" as providing the following financial statement services: a) any audit or other engagement to be performed in accordance with the statements on auditing standards; b) any review of a financial statement to be performed in accordance with the statements on standards for accounting and review services; c) any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and d) any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

Under the bill, "attest" would not include providing a compilation. The term would include providing an examination, review, or agreed-upon procedures engagement to be performed in accordance with the statements on standards for attestation engagements, other than an examination of prospective financial information.

The bill also would refer to "attest or compilation services", rather than "financial statements", in various provisions.

MCL 339.720 & 339.728

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 3-17-16

Fiscal Analyst: Josh Sefton

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Bill Analysis @ www.senate.michigan.gov/sfa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.