
HOUSE BILL 1211

State of Washington 58th Legislature 2003 Regular Session

By Representatives Conway, Chandler, Kenney, Wood, Hudgins, Cooper, Veloria, Schual-Berke, Lovick, Kirby, Dickerson, Upthegrove, McDermott, Rockefeller, Morrell, Murray, Simpson, Darneille, Chase, Cody and Ruderman

Read first time 01/21/2003. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to accountability requirements under the public
2 accountancy act; amending RCW 18.04.025, 18.04.195, 18.04.215,
3 18.04.295, 18.04.390, 18.04.370, and 18.04.405; creating a new section;
4 prescribing penalties; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 18.04.025 and 2001 c 294 s 2 are each amended to read
7 as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section apply throughout this chapter.

10 (1) "Board" means the board of accountancy created by RCW
11 18.04.035.

12 (2) "Certificate holder" means the holder of a certificate as a
13 certified public accountant who has not become a licensee, has
14 maintained CPE requirements, and who does not practice public
15 accounting.

16 (3) "Certified public accountant" or "CPA" means a person holding
17 a certified public accountant license or certificate.

18 (4) "State" includes the states of the United States, the District
19 of Columbia, Puerto Rico, Guam, and the United States Virgin Islands.

1 (5) "Reports on financial statements" means any reports or opinions
2 prepared by licensees, based on services performed in accordance with
3 generally accepted auditing standards, standards for attestation
4 engagements, or standards for accounting and review services as to
5 whether the presentation of information used for guidance in financial
6 transactions or for accounting for or assessing the status or
7 performance of commercial and noncommercial enterprises, whether
8 public, private, or governmental, conforms with generally accepted
9 accounting principles or other comprehensive bases of accounting.
10 "Reports on financial statements" does not include services referenced
11 in RCW 18.04.350(6) provided by persons not holding a license under
12 this chapter.

13 (6) The "practice of public accounting" means performing or
14 offering to perform by a person or firm holding itself out to the
15 public as a licensee, for a client or potential client, one or more
16 kinds of services involving the use of accounting or auditing skills,
17 including the issuance of "audit reports," "review reports," or
18 "compilation reports" on financial statements, or one or more kinds of
19 management advisory, or consulting services, or the preparation of tax
20 returns, or the furnishing of advice on tax matters. The "practice of
21 public accounting" shall not include practices that are permitted under
22 the provisions of RCW 18.04.350(6) by persons or firms not required to
23 be licensed under this chapter.

24 (7) "Firm" means a sole proprietorship, a corporation, or a
25 partnership. "Firm" also means a limited liability company formed
26 under chapter 25.15 RCW.

27 (8) "CPE" means continuing professional education.

28 (9) "Certificate" means a certificate as a certified public
29 accountant issued prior to July 1, 2001, as authorized under the
30 provisions of this chapter.

31 (10) "Licensee" means the holder of a license to practice public
32 accountancy issued under this chapter.

33 (11) "License" means a license to practice public accountancy
34 issued to an individual under this chapter, or a license issued to a
35 firm under this chapter.

36 (12) "Manager" means a manager of a limited liability company
37 licensed as a firm under this chapter.

1 (13) "NASBA" means the national association of state boards of
2 accountancy.

3 (14) "Quality assurance review" means a process established by and
4 conducted at the direction of the board of study, appraisal, or review
5 of one or more aspects of the attest work of a licensee or licensed
6 firm in the practice of public accountancy, by a person or persons who
7 hold licenses and who are not affiliated with the person or firm being
8 reviewed.

9 (15) "Peer review" means a study, appraisal, or review of one or
10 more aspects of the attest work of a licensee or licensed firm in the
11 practice of public accountancy, by a person or persons who hold
12 licenses and who are not affiliated with the person or firm being
13 reviewed, including a peer review, or any internal review or inspection
14 intended to comply with quality control policies and procedures, but
15 not including the "quality assurance review" under subsection (14) of
16 this section.

17 (16) "Review committee" means any person carrying out,
18 administering or overseeing a peer review authorized by the reviewee.

19 (17) "Rule" means any rule adopted by the board under authority of
20 this chapter.

21 (18) "Holding out" means any representation to the public by the
22 use of restricted titles as set forth in RCW 18.04.345 by a person or
23 firm that the person or firm holds a license under this chapter and
24 that the person or firm offers to perform any professional services to
25 the public as a licensee. "Holding out" shall not affect or limit a
26 person or firm not required to hold a license under this chapter from
27 engaging in practices identified in RCW 18.04.350.

28 (19) "Natural person" means a living, human being.

29 (20) "Inactive" means the certificate is in an inactive status
30 because a person who held a valid certificate before July 1, 2001, has
31 not met the current requirements of licensure and has been granted
32 inactive certificate holder status through an approval process
33 established by the board.

34 (21) "Working papers" means documentation of procedures applied,
35 evidence obtained, and conclusions reached related to any professional
36 service offered by a licensee, certificate holder, or nonlicensee
37 owner, including documentation of a subsequent review of the licensee's

1 work such as a quality assurance review, peer review, or a review
2 required for compliance with federal or state law.

3 **Sec. 2.** RCW 18.04.195 and 2001 c 294 s 11 are each amended to read
4 as follows:

5 (1) A sole proprietorship engaged in business in this state and
6 offering to issue or issuing reports on financial statements or using
7 the title CPA or certified public accountant shall license, as a firm,
8 every three years with the board.

9 (a) The sole proprietor shall hold a license to practice under RCW
10 18.04.215;

11 (b) Each resident person in charge of an office located in this
12 state shall hold a license to practice under RCW 18.04.215; and

13 (c) The licensed firm must meet competency requirements established
14 by rule by the board.

15 (2) A partnership engaged in business in this state and offering to
16 issue or issuing reports on financial statements or using the title CPA
17 or certified public accountant shall license as a firm every three
18 years with the board, and shall meet the following requirements:

19 (a) At least one general partner of the partnership shall hold a
20 license to practice under RCW 18.04.215;

21 (b) Each resident person in charge of an office in this state shall
22 hold a license to practice under RCW 18.04.215;

23 (c) A simple majority of the ownership of the licensed firm in
24 terms of financial interests and voting rights of all partners or
25 owners shall be held by natural persons who are licensees or holders of
26 a valid license issued under this chapter or by another state that
27 entitles the holder to practice public accounting in this state. The
28 principal partner of the partnership and any partner having authority
29 over issuing reports on financial statements shall hold a license under
30 this chapter or issued by another state that entitles the holder to
31 practice public accounting in this state; and

32 (d) The licensed firm must meet competency requirements established
33 by rule by the board.

34 (3) A corporation engaged in business in this state and offering to
35 issue or issuing reports on financial statements or using the title CPA
36 or certified public accountant shall license as a firm every three
37 years with the board and shall meet the following requirements:

1 (a) A simple majority of the ownership of the licensed firm in
2 terms of financial interests and voting rights of all shareholders or
3 owners shall be held by natural persons who are licensees or holders of
4 a valid license issued under this chapter or by another state that
5 entitles the holder to practice public accounting in this state and is
6 principally employed by the corporation or actively engaged in its
7 business. The principal officer of the corporation and any officer or
8 director having authority over issuing reports on financial statements
9 shall hold a license under this chapter or issued by another state that
10 entitles the holder to practice public accounting in this state;

11 (b) At least one shareholder of the corporation shall hold a
12 license under RCW 18.04.215;

13 (c) Each resident person in charge of an office located in this
14 state shall hold a license under RCW 18.04.215;

15 (d) A written agreement shall bind the corporation or its
16 shareholders to purchase any shares offered for sale by, or not under
17 the ownership or effective control of, a qualified shareholder, and
18 bind any holder not a qualified shareholder to sell the shares to the
19 corporation or its qualified shareholders. The agreement shall be
20 noted on each certificate of corporate stock. The corporation may
21 purchase any amount of its stock for this purpose, notwithstanding any
22 impairment of capital, as long as one share remains outstanding;

23 (e) The corporation shall comply with any other rules pertaining to
24 corporations practicing public accounting in this state as the board
25 may prescribe; and

26 (f) The licensed firm must meet competency requirements established
27 by rule by the board.

28 (4) A limited liability company engaged in business in this state
29 and offering to issue or issuing reports on financial statements or
30 using the title CPA or certified public accountant shall license as a
31 firm every three years with the board, and shall meet the following
32 requirements:

33 (a) At least one member of the limited liability company shall hold
34 a license under RCW 18.04.215;

35 (b) Each resident manager or member in charge of an office located
36 in this state shall hold a license under RCW 18.04.215;

37 (c) A simple majority of the ownership of the licensed firm in
38 terms of financial interests and voting rights of all owners shall be

1 held by natural persons who are licensees or holders of a valid license
2 issued under this chapter or by another state that entitles the holder
3 to practice public accounting in this state. The principal member or
4 manager of the limited liability company and any member having
5 authority over issuing reports on financial statements shall hold a
6 license under this chapter or issued by another state that entitles the
7 holder to practice public accounting in this state; and

8 (d) The licensed firm must meet competency requirements established
9 by rule by the board.

10 (5) Application for a license as a firm shall be made upon the
11 affidavit of the proprietor or person designated as managing partner,
12 member, or shareholder for Washington. This person shall hold a
13 license under RCW 18.04.215. The board shall determine in each case
14 whether the applicant is eligible for a license. A partnership,
15 corporation, or limited liability company which is licensed to practice
16 under RCW 18.04.215 may use the designation "certified public
17 accountants" or "CPAs" in connection with its partnership, limited
18 liability company, or corporate name. The board shall be given
19 notification within ninety days after the admission or withdrawal of a
20 partner, shareholder, or member engaged in this state in the practice
21 of public accounting from any partnership, corporation, or limited
22 liability company so licensed.

23 (6) Licensed firms which fall out of compliance with the provisions
24 of this section due to changes in firm ownership or personnel, after
25 receiving or renewing a license, shall notify the board in writing
26 within (~~thirty~~) ninety days of its falling out of compliance and
27 propose a time period in which they will come back into compliance.
28 The board may grant a reasonable period of time for a firm to be in
29 compliance with the provisions of this section. Failure to bring the
30 firm into compliance within a reasonable period of time, as determined
31 by the board, may result in suspension, revocation, or imposition of
32 conditions on the firm's license.

33 (7) Fees for the license as a firm and for notification of the
34 board of the admission or withdrawal of a partner, shareholder, or
35 member shall be determined by the board. Fees shall be paid by the
36 firm at the time the license application form or notice of admission or
37 withdrawal of a partner, shareholder, or member is filed with the
38 board.

1 (8) Nonlicensee owners of licensed firms are:

2 (a) Required to fully comply with the provisions of this chapter
3 and board rules;

4 (b) Required to be a natural person;

5 (c) Required to be an active individual participant in the licensed
6 firm or affiliated entities as these terms are defined by board rule;
7 and

8 (d) Subject to discipline by the board for violation of this
9 chapter.

10 (9) Resident nonlicensee owners of licensed firms are required to
11 meet:

12 (a) The ethics examination, registration, and fee requirements as
13 established by the board rules; and

14 (b) The ethics CPE requirements established by the board rules.

15 (10)(a) Firms must notify the board within thirty days after:

16 (i) Sanction, suspension, revocation, or modification of their
17 license or practice rights by the securities exchange commission,
18 internal revenue service, or another state board of accountancy;

19 (ii) Sanction or order against the licensee or nonlicensee firm
20 owner by any federal or other state agency related to the licensee's
21 practice of public accounting or violation of ethical or technical
22 standards established by board rule; or

23 (iii) The firm is notified of any investigation by any federal or
24 other state agency related to the firm's license, practice rights, or
25 violation of ethical or technical standards established by board rule.

26 (b) The board may adopt rules to implement this subsection and may
27 also adopt rules specifying requirements for licensees to report to the
28 board sanctions or orders relating to the licensee's practice of public
29 accounting or violation of ethical or technical standards entered
30 against the licensee by a nongovernmental standard-setting entity.

31 **Sec. 3.** RCW 18.04.215 and 2001 c 294 s 13 are each amended to read
32 as follows:

33 (1) Three-year licenses shall be issued by the board:

34 (a) To persons meeting the requirements of RCW 18.04.105(1),
35 18.04.180, or 18.04.183.

36 (b) To certificate holders meeting the requirements of RCW
37 18.04.105(4).

1 (c) To firms under RCW 18.04.195, meeting the requirements of RCW
2 18.04.205.

3 (2) The board shall, by rule, provide for a system of certificate
4 and license renewal and reinstatement. Applicants for renewal or
5 reinstatement shall, at the time of filing their applications, list
6 with the board all states and foreign jurisdictions in which they hold
7 or have applied for certificates, permits or licenses to practice.

8 (3) An inactive certificate is renewed every three years with
9 renewal subject to the requirements of ethics CPE and the payment of
10 fees, prescribed by the board. Failure to renew the inactive
11 certificate shall cause the inactive certificate to lapse and be
12 subject to reinstatement. The board shall adopt rules providing for
13 fees and procedures for renewal and reinstatement of inactive
14 certificates.

15 (4) A license is issued every three years with renewal subject to
16 requirements of CPE and payment of fees, prescribed by the board.
17 Failure to renew the license shall cause the license to lapse and
18 become subject to reinstatement. Persons holding a lapsed license are
19 prohibited from using the title "CPA" or "certified public accountant."
20 Persons holding a lapsed license are prohibited from practicing public
21 accountancy. The board shall adopt rules providing for fees and
22 procedures for issuance, renewal, and reinstatement of licenses.

23 (5) The board shall adopt rules providing for CPE for licensees and
24 certificate holders. The rules shall:

25 (a) Provide that a licensee shall verify to the board that he or
26 she has completed at least an accumulation of one hundred twenty hours
27 of CPE during the last three-year period to maintain the license;

28 (b) Establish CPE requirements; and

29 (c) Establish when new licensees shall verify that they have
30 completed the required CPE.

31 (6) A certified public accountant who holds a license issued by
32 another state, and applies for a license in this state, may practice in
33 this state from the date of filing a completed application with the
34 board, until the board has acted upon the application provided the
35 application is made prior to holding out as a certified public
36 accountant in this state and no sanctions or investigations, deemed by
37 the board to be pertinent to public accountancy, by other jurisdictions
38 or agencies are in process.

1 (7) A licensee shall submit to the board satisfactory proof of
2 having completed an accumulation of one hundred twenty hours of CPE
3 recognized and approved by the board during the preceding three years.
4 Failure to furnish this evidence as required shall make the license
5 lapse and subject to reinstatement procedures, unless the board
6 determines the failure to have been due to retirement or reasonable
7 cause.

8 The board in its discretion may renew a certificate or license
9 despite failure to furnish evidence of compliance with requirements of
10 CPE upon condition that the applicant follow a particular program of
11 CPE. In issuing rules and individual orders with respect to CPE
12 requirements, the board, among other considerations, may rely upon
13 guidelines and pronouncements of recognized educational and
14 professional associations, may prescribe course content, duration, and
15 organization, and may take into account the accessibility of CPE to
16 licensees and certificate holders and instances of individual hardship.

17 (8) Fees for renewal or reinstatement of certificates and licenses
18 in this state shall be determined by the board under this chapter.
19 Fees shall be paid by the applicant at the time the application form is
20 filed with the board. The board, by rule, may provide for proration of
21 fees for licenses or certificates issued between normal renewal dates.

22 (9)(a) Licensees, certificate holders, and nonlicensee owners must
23 notify the board within thirty days after:

24 (i) Sanction, suspension, revocation, or modification of their
25 license or practice rights by the securities exchange commission,
26 internal revenue service, or another state board of accountancy;

27 (ii) Sanction or order against the licensee, certificate holder, or
28 nonlicensee owner by any federal or other state agency related to the
29 licensee's practice of public accounting or the licensee's, certificate
30 holder's, or nonlicensee owner's violation of ethical or technical
31 standards established by board rule; or

32 (iii) The licensee, certificate holder, or nonlicensee owner is
33 notified of any investigation by any federal or other state agency
34 related to the licensee's, certificate holder's, or nonlicensee owner's
35 license, practice rights, or violation of ethical or technical
36 standards established by board rule.

37 (b) The board may adopt rules to implement this subsection and may
38 also adopt rules specifying requirements for licensees, certificate

1 holders, and nonlicensee owners to report to the board sanctions or
2 orders relating to the licensee's practice of public accounting or the
3 licensee's, certificate holder's, or nonlicensee owner's violation of
4 ethical or technical standards entered against the licensee,
5 certificate holder, or nonlicensee owner by a nongovernmental standard-
6 setting entity.

7 **Sec. 4.** RCW 18.04.295 and 2001 c 294 s 14 are each amended to read
8 as follows:

9 The board shall have the power to: Revoke, suspend, refuse to
10 renew, or reinstate a license or certificate; impose a fine in an
11 amount not to exceed (~~ten~~) thirty thousand dollars plus the board's
12 investigative and legal costs in bringing charges against a certified
13 public accountant, a certificate holder, a licensee, a licensed firm,
14 or a nonlicensee holding an ownership interest in a licensed firm; may
15 impose full restitution to injured parties; may impose conditions
16 precedent to renewal of a certificate or a license; or may prohibit a
17 nonlicensee from holding an ownership interest in a licensed firm, for
18 any of the following causes:

19 (1) Fraud or deceit in obtaining a license, or in any filings with
20 the board;

21 (2) Dishonesty, fraud, or negligence while representing oneself as
22 a nonlicensee owner holding an ownership interest in a licensed firm,
23 a licensee, or a certificate holder;

24 (3) A violation of any provision of this chapter;

25 (4) A violation of a rule of professional conduct promulgated by
26 the board under the authority granted by this chapter;

27 (5) Conviction of a crime or an act constituting a crime under:

28 (a) The laws of this state;

29 (b) The laws of another state, and which, if committed within this
30 state, would have constituted a crime under the laws of this state; or

31 (c) Federal law;

32 (6) Cancellation, revocation, suspension, or refusal to renew the
33 authority to practice as a certified public accountant by any other
34 state for any cause other than failure to pay a fee or to meet the
35 requirements of CPE in the other state;

36 (7) Suspension or revocation of the right to practice matters
37 relating to public accounting before any state or federal agency;

1 For purposes of subsections (6) and (7) of this section, a
2 certified copy of such revocation, suspension, or refusal to renew
3 shall be prima facie evidence;

4 (8) Failure to maintain compliance with the requirements for
5 issuance, renewal, or reinstatement of a certificate or license, or to
6 report changes to the board;

7 (9) Failure to cooperate with the board by:

8 (a) Failure to furnish any papers or documents requested or ordered
9 by the board;

10 (b) Failure to furnish in writing a full and complete explanation
11 covering the matter contained in the complaint filed with the board or
12 the inquiry of the board;

13 (c) Failure to respond to subpoenas issued by the board, whether or
14 not the recipient of the subpoena is the accused in the proceeding;

15 (10) Failure by a nonlicensee owner of a licensed firm to comply
16 with the requirements of this chapter or board rule; and

17 (11) Failure to comply with an order of the board.

18 **Sec. 5.** RCW 18.04.390 and 2001 c 294 s 21 are each amended to read
19 as follows:

20 (1) In the absence of an express agreement between the licensee or
21 licensed firm and the client to the contrary, all statements, records,
22 schedules, working papers, and memoranda made by a licensee or licensed
23 firm incident to or in the course of professional service to clients,
24 except reports submitted by a licensee or licensed firm, are the
25 property of the licensee or licensed firm.

26 (2) No statement, record, schedule, working paper, or memorandum
27 may be sold, transferred, or bequeathed without the consent of the
28 client or his or her personal representative or assignee, to anyone
29 other than one or more surviving partners, shareholders, or new
30 partners or new shareholders of the licensee, partnership, limited
31 liability company, or corporation, or any combined or merged
32 partnership, limited liability company, or corporation, or successor in
33 interest.

34 (3) A licensee shall furnish to the board or to his or her client
35 or former client, upon request and reasonable notice:

36 (a) A copy of the licensee's working papers or electronic

1 documents, to the extent that such working papers or electronic
2 documents include records that would ordinarily constitute part of the
3 client's records and are not otherwise available to the client; and

4 (b) Any accounting or other records belonging to, or obtained from
5 or on behalf of, the client that the licensee removed from the client's
6 premises or received for the client's account; the licensee may make
7 and retain copies of such documents of the client when they form the
8 basis for work done by him or her.

9 ~~(4) ((Nothing in this section shall require a licensee to keep any~~
10 ~~work paper or electronic document beyond the period prescribed in any~~
11 ~~other applicable statute))~~ (a) For a period of seven years after the
12 end of the fiscal period in which a licensed firm concludes an audit,
13 review, or compilation of a client's financial statements, the licensed
14 firm must retain:

15 (i) Working papers that form the basis of the audit, review, or
16 compilation; and

17 (ii) Other documents, and relevant working papers, including
18 memoranda, correspondence, communications, and records, including
19 electronic records, that:

20 (A) Are created, sent, or received in connection with the audit,
21 review, or compilation; and

22 (B) Contain conclusions, opinions, analyses, or financial data
23 related to the audit, review, or compilation.

24 (b) A licensed firm must retain materials described in this
25 subsection whether the conclusions, opinions, analyses, or financial
26 data in the materials support or cast doubt on the final conclusions
27 reached by the licensee. Such materials include documentation of
28 differences of opinion concerning accounting auditing issues.

29 (c) The board may adopt rules to implement this subsection and may
30 also adopt rules relating to working papers and document retention.

31 (5) Nothing in this section should be construed as prohibiting any
32 temporary transfer of (~~workpapers~~) working papers or other material
33 necessary in the course of carrying out peer reviews or as otherwise
34 interfering with the disclosure of information pursuant to RCW
35 18.04.405.

36 **Sec. 6.** RCW 18.04.370 and 2001 c 294 s 19 are each amended to read
37 as follows:

1 (1) Any person who violates any provision of this chapter, shall be
2 guilty of a crime, as follows:

3 (a) Any person who violates any provision of this chapter is guilty
4 of a misdemeanor, and upon conviction thereof, shall be subject to a
5 fine of not more than (~~ten~~) thirty thousand dollars, or to
6 imprisonment for not more than six months, or to both such fine and
7 imprisonment.

8 (b) Notwithstanding (a) of this subsection, any person who uses a
9 professional title intended to deceive the public, in violation of RCW
10 18.04.345, having previously entered into a stipulated agreement and
11 order of assurance with the board, is guilty of a felony, and upon
12 conviction thereof, is subject to a fine of not more than (~~ten~~)
13 thirty thousand dollars, or to imprisonment for not more than two
14 years, or to both such fine and imprisonment.

15 (2) With the exception of first time violations of RCW 18.04.345,
16 subject to subsection (3) of this section whenever the board has reason
17 to believe that any person is violating the provisions of this chapter
18 it shall certify the facts to the prosecuting attorney of the county in
19 which such person resides or may be apprehended and the prosecuting
20 attorney shall cause appropriate proceedings to be brought against such
21 person.

22 (3) The board may elect to enter into a stipulated agreement and
23 orders of assurance with persons in violation of RCW 18.04.345 who have
24 not previously been found to have violated the provisions of this
25 chapter. The board may order full restitution to injured parties as a
26 condition of a stipulated agreement and order of assurance.

27 (4) Nothing herein contained shall be held to in any way affect the
28 power of the courts to grant injunctive or other relief as above
29 provided.

30 **Sec. 7.** RCW 18.04.405 and 2001 c 294 s 22 are each amended to read
31 as follows:

32 (1) A licensee, certificate holder, or licensed firm, or any of
33 their employees shall not disclose any confidential information
34 obtained in the course of a professional transaction except with the
35 consent of the client or former client or as disclosure may be required
36 by law, legal process, the standards of the profession, or as
37 disclosure of confidential information is permitted by RCW 18.04.350

1 (3) and (4), 18.04.295(8), 18.04.390, and this section in connection
2 with quality assurance, or peer reviews, investigations, and any
3 proceeding under chapter 34.05 RCW.

4 (2) This section shall not be construed as limiting the authority
5 of this state or of the United States or an agency of this state, the
6 board, or of the United States to subpoena and use such confidential
7 information obtained by a licensee, or any of their employees in the
8 course of a professional transaction in connection with any
9 investigation, public hearing, or other proceeding, nor shall this
10 section be construed as prohibiting a licensee or certified public
11 accountant whose professional competence has been challenged in a court
12 of law or before an administrative agency from disclosing confidential
13 information as a part of a defense to the court action or
14 administrative proceeding.

15 (3) The proceedings, records, and (~~work~~) working papers of a
16 review committee shall be privileged and shall not be subject to
17 discovery, subpoena, or other means of legal process or introduction
18 into evidence in any civil action, arbitration, administrative
19 proceeding, or board proceeding and no member of the review committee
20 or person who was involved in the peer review process shall be
21 permitted or required to testify in any such civil action, arbitration,
22 administrative proceeding, or board proceeding as to any matter
23 produced, presented, disclosed, or discussed during or in connection
24 with the peer review process, or as to any findings, recommendations,
25 evaluations, opinions, or other actions of such committees, or any
26 members thereof. Information, documents, or records that are publicly
27 available are not to be construed as immune from discovery or use in
28 any civil action, arbitration, administrative proceeding, or board
29 proceeding merely because they were presented or considered in
30 connection with the quality assurance or peer review process.

31 NEW SECTION. **Sec. 8.** (1) By December 1, 2003, the board of
32 accountancy shall report to the senate committee on commerce and trade
33 and the house committee on commerce and labor, or successor committees,
34 on the issue of auditor independence.

35 (2) This section expires January 1, 2004.

--- END ---