

AN ACT

ENTITLED, An Act to revise the definition of attest for the purposes of public accountancy.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 36-20B-2 be amended to read:

36-20B-2. For the purposes of this chapter, attest means providing the following services:

- (1) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
- (2) Any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);
- (3) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE);
- (4) Any engagement to be performed in accordance with the Auditing Standards of the Public Company Auditing Oversight Board (PCAOB); and
- (5) Any examination, review, or agreed upon procedures engagement to be performed in accordance with SSAE, other than an examination described in subdivision (3).

The statements on standards specified in this definition shall be adopted by reference by the board, by rule promulgated pursuant to chapter 1-26, and shall be those developed for general application by recognized national accountancy organizations.

Section 2. That § 36-20B-3 be amended to read:

36-20B-3. For the purposes of this chapter, the term, report, if used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements or assertion. It also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing and that the service

reported upon was performed under standards for such services established by the American Institute of Certified Public Accountants. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term includes any form of language that disclaims an opinion when the form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing the language or both. The term includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence or both.

Section 3. That § 36-20B-33 be amended to read:

36-20B-33. An applicant for initial issuance or renewal of a permit to practice under this chapter shall comply with the following:

- (1) Notwithstanding any other provision of law, a majority of the owners of the firm, in terms of financial interests and voting rights, are holders of a certificate and are licensed in some state, and the owners whose principal place of business is in this state and who perform professional services in this state hold a valid certificate issued under this chapter or the corresponding provision of prior law or are public accountants registered under this chapter. Firms may include nonlicensee owners. However, the firms shall be controlled by the majority vote of owners who are holders of a certificate and who are licensed in some state, and the control may not be relinquished by contract, such as through veto rights held by owners of less than a majority of the owners. The firm and its ownership shall comply with rules promulgated by the board pursuant to chapter 1-26. For firms of public accountants, at least a majority of the owners of the firm shall be holders of registrations under this chapter. An individual who has practice privileges under the

provisions of § 36-20B-66 or 36-20B-67 who performs services for which a firm permit is required pursuant to § 36-20B-70 is not required to obtain a certificate from this state pursuant to § 36-20B-13;

- (2) Any CPA or PA firm as defined in this chapter may include nonlicensee owners if the firm designates a licensee of this state, or, in the case of a firm that is required to obtain a permit pursuant to § 36-20B-70, a licensee of another state who meets the requirements set forth in § 36-20B-66 or 36-20B-67, who is responsible for the proper registration of the firm and identifies non-license owners to the board;
- (3) All nonlicensee owners are active individual participants in the CPA or PA firm or an affiliated entity;
- (4) The firm complies with such other requirements as the board may establish by rule promulgated pursuant to chapter 1-26;
- (5) Any individual licensee or individual with practice privileges under the provisions of § 36-20B-66 or 36-20B-67 who is responsible for supervising attest or compilation services and signs or authorizes another individual to sign the accountant's report on behalf of the firm shall meet the experience requirements set out in the professional standards for the services; and
- (6) Any individual licensee or individual with practice privileges under the provisions of § 36-20B-66 or 36-20B-67 who signs or authorizes an individual to sign the accountant's report on behalf of the firm shall meet the experience requirement of this chapter.

An applicant for initial issuance or renewal of a permit to practice shall register the firm within this state with the board and show that all attest and compilation services rendered in this state are under the charge of a person holding a valid certificate issued under this chapter or the corresponding provision of prior law or some other state.

An Act to revise the definition of attest for the purposes of public accountancy.

=====
I certify that the attached Act
originated in the

HOUSE as Bill No. 1057

Chief Clerk

Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1057

File No. _____

Chapter No. _____

=====
Received at this Executive Office
this ____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

=====
The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

=====
STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State