# An Act

ENROLLED SENATE
BILL NO. 270

By: Burrage and Garrison of the Senate

and

Martin (Scott) of the House

An Act relating to Oklahoma Accountancy Act; amending 59 O.S. 2001, Sections 15.12A, as last amended by Section 6, Chapter 85, O.S.L. 2010, 15.15A, as last amended by Section 12, Chapter 85, O.S.L. 2010, and 15.30, as amended by Section 25, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2010, Sections 15.12A, 15.15A and 15.30), which relate to licensee's jurisdiction, firm permits and peer reviews; modifying types of services and standards of practice for certain permit; clarifying proof of firm ownership; requiring firm compliance with certain rules under permit; declaring nonlicensed firm owners active participants of the firm; requiring certain persons to meet certain competency requirements for certain services and reports; and authorizing peer reviews for certain services upon issuance or renewal of permits.

SUBJECT: Oklahoma Accountancy Act Modernization

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 59 O.S. 2001, Section 15.12A, as last amended by Section 6, Chapter 85, O.S.L. 2010 (59 O.S. Supp. 2010, Section 15.12A), is amended to read as follows:

Section 15.12A A. 1. An individual whose principal place of business is not in this state and who holds a valid certificate or

license as a Certified Public Accountant or Public Accountant from any jurisdiction which the Oklahoma Accountancy Board's designee has verified to be in substantial equivalence to the Certified Public Accountant and Public Accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate and license holders of this state without the need to obtain a certificate, license or permit required under Sections 15.9, 15.13, 15.14A, 15.15 and 15.15A of this title. An individual who offers or renders professional services, whether in person or by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice, fee or submission shall be provided by any such individual. Such an individual shall be subject to the requirements in paragraph 3 of this subsection.

2. An individual whose principal place of business is not in this state who holds a valid certificate or license as a Certified Public Accountant or Public Accountant from any jurisdiction which the Oklahoma Accountancy Board's designee has not verified to be in substantial equivalence to the Certified Public Accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate and license holders of this state without the need to obtain a certificate, license or permit required under Sections 15.9, 15.13, 15.14A, 15.15 and 15.15A of this title. Any individual who passed the Uniform CPA Examination and holds a valid certificate or license issued by any other state prior to January 1, 2012, may be exempt from the education requirement of the Uniform Accountancy Act for purposes of this paragraph. An individual who offers or renders professional services, whether in person, or by mail, telephone or electronic means, under this section, shall be granted practice privileges in this state and no notice, fee or submission shall be provided by any such individual. Such an individual shall be subject to the requirements in paragraph 3 of this subsection.

3. An individual certificate holder or license holder of another jurisdiction exercising the privilege afforded under this section, and any firm which employs that certificate holder or license holder hereby simultaneously consent, as a condition of the granting of this privilege:

a. to the personal and subject matter jurisdiction and disciplinary authority of the Board,

b. to comply with the Oklahoma Accountancy Act and the Board's rules,

c. that in the event the certificate holder or license holder from the jurisdiction of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually or on behalf of a firm, and

d. to the appointment of the state board which issued the certificate or license as the agent upon whom process may be served in any action or proceeding by the Board against the certificate or license holder.

4. A certified public accounting or public accounting firm that is licensed and has its primary place of business in another state, does not have an office in this state and does not provide the professional services described in subparagraphs a, b, and c of paragraph 5 of this subsection for a client whose home office is in this state, may practice in this state without a firm license, permit, or notice to the Board if the firm's practice in this state is performed by an individual who is licensed in Oklahoma or who has been granted practice privileges under paragraph 1 or 2 of this subsection.

5. An individual who has been granted practice privileges under this section who, for any entity with its home office in this state, performs any of the following services:

a. any ~~financial statement~~ audit or other engagement to be performed in accordance with Statements on Auditing Standards,

b. <u>any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS),</u>

c. any ~~examination of prospective financial information to be~~ report performed in accordance with Statements on Standards for Attestation Engagements (SSAE), ~~or~~ and

~~c.~~ d. any engagement to be performed in accordance with the Auditing Standards of the Public Company Accounting Oversight Board (PCAOB) ~~auditing standards~~,

may only do so through a firm which has obtained a permit issued under Section 15.15A of this title.

B. A registrant of this state offering or rendering services or using the registrant's CPA or PA title in another jurisdiction shall be subject to disciplinary action in this state for an act committed in another jurisdiction which would subject the certificate or license holder to discipline in that jurisdiction. The Board shall be required to investigate any complaint made by the board of accountancy of another jurisdiction.

SECTION 2. AMENDATORY 59 O.S. 2001, Section 15.15A, as last amended by Section 12, Chapter 85, O.S.L. 2010 (59 O.S. Supp. 2010, Section 15.15A), is amended to read as follows:

Section 15.15A A. The Oklahoma Accountancy Board, upon application, shall issue a permit to practice public accounting to each firm seeking to provide professional services to the public in this state except that a firm not required to register with the Board under paragraph 4 of subsection A of Section 15.12A of this title shall also not be required to obtain a permit under this section. Renewals of firm permits shall be applied for during the month of May of each year.

B. Applicants for initial firm permits shall provide the Board with the following information:

1. A list of all states in which the firm has applied for or been issued a permit or its equivalent within the five (5) years immediately preceding the date of application;

2. Relevant details as to a denial, revocation, or suspension of a permit or its equivalent of the firm, or any partner or shareholder of the firm in any other state or jurisdiction;

3. Documentary proof that the firm has complied with the requirements of the Oklahoma Office of the Secretary of State applicable to such entities; and

4. Such other information as the Board deems appropriate for demonstrating that the qualifications of the firm are sufficient for the practice of public accounting in this state.

C. The following changes in a firm affecting the offices in this state shall be reported to the Board within thirty (30) calendar days from the date of occurrence:

1. Changes in the partners or shareholders of the firm;

2. Changes in the structure of the firm;

3. Change of the designated manager of the firm;

4. Changes in the number or location of offices of the firm; and

5. Denial, revocation, or suspension of certificates, licenses, permits, or their equivalent to the firm or its partners, shareholders, or employees other than in this state.

D. The Board shall be notified in the event the firm is dissolved. Such notification shall be made within thirty (30) calendar days of the dissolution. The Board shall adopt rules for notice and rules appointing the responsible party to receive such notice for the various types of firms authorized to receive permits. Such notice of dissolution shall contain but not be limited to the following information:

1. A list of all partners and shareholders at the time of dissolution;

2. The location of each office of the firm at the time of dissolution; and

3. The date the dissolution became effective.

E. The Board shall set a fee of not more than Two Hundred Dollars ($200.00) for each initial or renewal firm permit except for sole proprietorships.

F. Each firm seeking a permit to practice accounting as a CPA firm shall be issued a permit by the Board upon application and payment of appropriate fees. A firm applying for a permit shall provide documentary proof to the Board that:

1. ~~Each partner or shareholder is~~ A simple majority of the ownership of the firm, in terms of financial interests and voting rights, belongs to partners or shareholders engaged in the practice of public accounting in the United States and ~~is~~ holding a certificate as a certified public accountant in one or more jurisdictions. Although firms may include non-certificate holder owners, the firm and its ownership must comply with rules promulgated by the Board; and

2. Each designated manager of an office in this state is a holder of a valid Oklahoma certificate and permit to practice as a certified public accountant; and

3. All nonlicensed owners are active individual participants in the public accounting firm or affiliated entities.

G. Each firm seeking a permit to practice accounting as a PA firm shall be issued a permit by the Board upon application and payment of appropriate fees. A firm applying for a permit shall provide documentary proof to the Board that:

1. ~~Each partner or shareholder is~~ A simple majority of the ownership of the firm, in terms of financial interests and voting rights, belongs to partners or shareholders engaged in the practice of public accounting in the United States and ~~holds~~ holding a license as a public accountant ~~or certificate as a certified public accountant~~ in one or more jurisdictions. Although firms may include nonlicense holder owners, the firm and its ownership must comply with rules promulgated by the Board; and

2. Each designated manager of an office in this state has received an Oklahoma license and permit to practice as a public accountant or certificate and permit to practice as a certified public accountant; and

3. All nonlicensed owners are active individual participants in the public accounting firm or affiliated entities.

H. Any individual licensee who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on the financial statement on behalf of the firm shall meet the competency requirements set out in the professional standards for such services.

I. Any individual licensee who signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm shall meet the competency requirements of the prior subsection.

SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.30, as amended by Section 29, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2010, Section 15.30 ), is amended to read as follows:

Section 15.30 A. As a condition for issuance or renewal of permits, the Board may require applicants who perform ~~review or audit services~~ attest services, except compilations and those services described in subparagraph d of paragraph 5 of Section 15.1A of this title, to undergo peer reviews conducted not less than once every three (3) years.

B. Peer reviews shall be conducted in such manner and in accordance with such standards as the Board may specify by rule.

C. The rules may provide for a registrant to comply by providing documented proof of a satisfactory peer review conducted for some other purpose which meets the purposes and standards of the Board peer review program within three (3) years preceding the date the Oklahoma peer review is to be conducted.

D. Failure of any registrant to provide full cooperation with the Board or any individual acting at the direction of the Board in

performing a peer review shall after notice and a hearing be subject to the penalties provided in the Oklahoma Accountancy Act.

E. The Board by rule may establish a fee in an amount not to exceed One Hundred Dollars ($100.00) for each peer review required by the Board under this section.

Passed the Senate the 2nd day of March, 2011.

Presiding Officer of the Senate

Passed the House of Representatives the 18th day of April, 2011.

Presiding Officer of the House of Representatives

**OFFICE OF THE GOVERNOR**

Received by the Governor this 26th

day of April, 20 11,

at 3:20 o'clock P.M.

By: Jessica R. Payer

Approved by the Governor of the State of Oklahoma the 2nd day of

May, 20 11, at 3:02 o'clock P.M.

Mary Fallin

Governor of the State of Oklahoma

**OFFICE OF THE SECRETARY OF STATE**

Received by the Secretary of State this

2nd day of May, 20 11,

at 3:53 o'clock P M.

By: Michelle R Day