An Act

ENROLLED SENATE
BILL NO. 170

By: Dugger of the Senate

and

Kendrix of the House

An Act relating to the Oklahoma Accountancy Act; amending 59 O.S. 2021, Section 15.1A, as last amended by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp. 2022, Section 15.1A), which relates to definitions; expanding definition; updating statutory language; and providing an effective date.

SUBJECT: Accountancy definitions

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

SECTION 1. AMENDATORY 59 O.S. 2021, Section 15.1A, as last amended by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp. 2022, Section 15.1A), is amended to read as follows:

Section 15.1A. As used in the Oklahoma Accountancy Act:

1. "Accountancy" means the profession or practice of accounting;

2. "AICPA" means the American Institute of Certified Public Accountants;

3. "Applicant" means an individual or entity that has made application to the Board for a certificate or permit and ~~said~~ the application has not been approved;

4. "Assurance" means independent professional services that improve the quality of information, or its context, for decision makers;

5. "Attest" means providing the following services:

a. any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS),

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

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

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

e. any engagements, review, or agreed upon procedures engagement to be performed in accordance with the SSAE, other than the exceptions described in subparagraph c of paragraph 34 of this section.

The statements on standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA, IFAC and the PCAOB;

6. "Audit" can only be performed by an individual or entity who is registered with the Board and holding a valid permit issued pursuant to the Oklahoma Accountancy Act, or an individual granted practice privileges under Section 15.12A of this title, and means a systematic investigation or appraisal of information, procedures, or operations performed in accordance with generally accepted auditing standards in the United States, for the purpose of determining

conformity with established criteria and communicating the results to interested parties;

7. "Board" means the Oklahoma Accountancy Board;

8. "Candidate" means an individual who has been qualified and approved by the Board to take the examination for a certificate;

9. "Certificate" means the Oklahoma document issued by the Board to a candidate upon successful completion of the certified public accountant examination designating the holder as a certified public accountant pursuant to the laws of Oklahoma. ~~"Certificate"~~ Certificate shall also mean the Oklahoma document issued by reciprocity to an individual who has previously been certified in another jurisdiction;

10. "Certified public accountant" means any person who has received a certificate from the Board or other jurisdictions;

11. "Client" means the individual or entity which retains a registrant, an individual granted practice privileges under Section 15.12A of this title, or a firm exempt from the permit and registration requirements under Section 15.15C of this title to perform professional services;

12. "Compilation" when used with reference to financial statements, means presenting information in the form of financial statements which is the representation of management or owners without undertaking to express any assurance on the statements;

13. "CPA" or "C.P.A." means certified public accountant;

14. "Designated manager" means the Oklahoma certified public accountant or public accountant appointed by the firm partners or shareholders to be responsible for the administration of the office;

15. "Designee" means the National Association of State Boards of Accountancy (NASBA) or other entities so designated by the Board;

16. "Entity" means an organization whether for profit or not, recognized by this state to conduct business;

17. "Examination" means the test sections of Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation or their successors, administered, supervised, and graded by, or at the direction of, the Board or other jurisdiction that is required for a certificate as a certified public accountant;

18. "Executive director" means the chief administrative officer of the Board;

19. "Financial statements" means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules;

20. "Firm" means an entity that is either a sole proprietorship, partnership, professional limited liability company, professional limited liability partnership, limited liability partnership or professional corporation, or any other professional form of organization organized under the laws of this state or the laws of another jurisdiction and issued a permit in accordance with Section 15.15A of this title or exempt from the permit requirement under Section 15.15C of this title including individual partners or shareholders, that is engaged in accountancy;

21. "Holding out" means any representation by an individual that he or she holds a certificate or license and a valid permit, or by an entity that it holds a valid permit. Any such representation is presumed to invite the public to rely upon the professional skills implied by the certificate or license and valid permit in connection with the services or products offered;

22. "Home office" means the location specified by the client as the address to which a service described in Section 15.12A of this title is directed;

23. "IFAC" means the International Federation of Accountants;

24. "Individual" means a human being;

25. "Jurisdiction" means any state or territory of the United States and the District of Columbia;

26. "License" means the Oklahoma document issued by the Board to a candidate upon successful completion of the public accountant examination designating the holder as a public accountant pursuant to the laws of this state. ~~"License"~~ License shall also mean the Oklahoma document issued by the Board by reciprocity to a public accountant who has previously been licensed by examination in another jurisdiction;

27. "Management advisory services", also known as "management consulting services", "management services", "business advisory services" or other similar designation, hereinafter collectively referred to as "MAS", means the function of providing advice and/or technical assistance, performed in accordance with standards for MAS engagements and MAS consultations such as those issued by the American Institute of Certified Public Accountants, where the primary purpose is to help the client improve the use of its capabilities and resources to achieve its objectives including but not limited to:

a. counseling management in analysis, planning, organizing, operating, risk management and controlling functions,

b. conducting special studies, preparing recommendations, proposing plans and programs, and providing advice and technical assistance in their implementation,

c. reviewing and suggesting improvement of policies, procedures, systems, methods, and organization relationships, and

d. introducing new ideas, concepts, and methods to management.

MAS shall not include recommendations and comments prepared as a direct result of observations made while performing an audit,

review, or compilation of financial statements or while providing tax services including tax consultations;

28. "NASBA" means the National Association of State Boards of Accountancy;

29. "PA" or "P.A." means public accountant;

30. "Partnership" means a contractual relationship based upon a written, oral, or implied agreement between two or more individuals who combine their resources and activities in a joint enterprise and share in varying degrees and by specific agreement in the management and in the profits or losses. A partnership may be general or limited as the laws of this state define those terms;

31. "PCAOB" means the Public Company Accounting Oversight Board;

32. ~~"Peer Review"~~ "Peer review" means a review performed pursuant to a set of peer review rules established by the Board. The term ~~"peer review"~~ peer review also encompasses the term "quality review";

33. "Permit" means the written authority granted annually by the Board to individuals or firms to practice public accounting in this state, which is issued pursuant to the Oklahoma Accountancy Act;

34. a. "Practice of public accounting", also known as "practice public accounting", "practice" and "practice accounting", refers to the activities of a registrant, an individual granted practice privileges under Section 15.12A of this title, or a firm exempt from the permit and registration requirements under Section 15.15C of this title in reference to accountancy. An individual or firm shall be deemed to be engaged in the practice of public accounting if the individual or firm holds itself out to the public in any manner as one skilled in the knowledge, science, and practice of accounting and auditing, taxation and management advisory services and is qualified to render such

professional services as a certified public accountant or public accountant, and performs the following:

(1) maintains an office for the transaction of business as a certified public accountant or public accountant,

(2) offers to prospective clients to perform or who does perform on behalf of clients professional services that involve or require an audit, verification, investigation, certification, presentation, or review of financial transactions and accounting records or an attestation concerning any other written assertion,

(3) prepares or certifies for clients reports on audits or investigations of books or records of account, balance sheets, and other financial, accounting and related schedules, exhibits, statements, or reports which are to be used for publication or for the purpose of obtaining credit, or for filing with a court of law or with any governmental agency, or for any other purpose,

(4) generally or incidentally to the work described herein, renders professional services to clients in any or all matters relating to accounting procedure and to the recording, presentation, or certification of financial information or data,

(5) keeps books, or prepares trial balances, financial statements, or reports, all as a part of bookkeeping services for clients,

(6) prepares or signs as the tax preparer, tax returns for clients, consults with clients on tax matters, conducts studies for clients on tax matters and prepares reports for clients on tax matters, unless the services are uncompensated and are limited solely to the registrant's, or

the registrant's spouse's lineal and collateral heirs,

(7) prepares personal financial or investment plans or provides to clients products or services of others in implementation of personal financial or investment plans, or

(8) provides management advisory services to clients.

b. Except for an individual granted practice privileges under Section 15.12A of this title or a firm exempt from the permit and registration requirements under Section 15.15C of this title, an individual or firm not holding a certificate, license or permit shall not be deemed to be engaged in the practice of public accounting if the individual or firm does not hold itself out, solicit, or advertise for clients using the certified public accountant or public accountant designation and engages only in the following services:

(1) keeps books, or prepares trial balances, financial statements, or reports, provided such instruments do not use the terms "audit", "audited", "exam", "examined", "review" or "reviewed" or are not exhibited as having been prepared by a certified public accountant or public accountant. Except for an individual granted practice privileges under Section 15.12A of this title or a firm exempt from the permit and registration requirements under Section 15.15C of this title, nonregistrants may use the following disclaimer language in connection with financial statements and be in compliance with the Oklahoma Accountancy Act: "I (we) have not audited, examined or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.",

(2) prepares or signs as the tax preparer, tax returns for clients, consults with clients on tax matters, conducts studies for clients on tax matters and prepares reports for clients on tax matters,

(3) prepares personal financial or investment plans or provides to clients products or services of others in implementation of personal financial or investment plans, or

(4) provides management advisory services to clients.

c. Only permit holders, individuals granted practice privileges under Section 15.12A of this title, or firms exempt from the permit and registration requirements under Section 15.15C of this title may render or offer to render any attest service, as defined herein, or issue a report on financial statements which purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). This restriction shall not prohibit any act of a public official or public employee in the performance of that person's duties. This restriction shall not be construed to prohibit the performance by any unlicensed individual of other services as set out in subparagraph b of this paragraph.

d. A person is not deemed to be practicing public accounting within the meaning of this section solely by displaying an Oklahoma CPA certificate or a PA license in an office, identifying himself or herself as a CPA or PA on letterhead or business cards, or identifying himself or herself as a CPA or PA. However, the designation of CPA or PA on such letterheads, business cards, public signs, advertisements, publications directed to clients or potential clients, financial or tax documents of a client, performance of any attest service or issuance of a report constitutes the practice of public accounting and requires a permit, practice privileges under Section 15.12A of this title, or an exemption

from the permit and registration requirements under Section 15.15C of this title;

35. "Preissuance review" means a review preformed pursuant to a set of procedures that include review of engagement document, report, and clients' financial statements in order to permit the reviewer to assess compliance with all applicable professional standards;

36. "Principal place of business" means the office location designated by the licensee for the purposes of substantial equivalency and reciprocity;

37. "Professional corporation" means a corporation organized pursuant to the laws of this state;

38. "Professional" means arising out of or related to the specialized knowledge or skills associated with CPAs or PAs;

39. "Public accountant" means any individual who has received a license from the Board;

40. "Public interest" means the collective well-being of the community of people and institutions the profession serves;

41. "Qualification applicant" means an individual who has made application to the Board to qualify to become a candidate for examination;

42. "Registrant" means a CPA, PA, or firm composed of certified public accountants or public accountants or combination of both currently registered with the Board pursuant to the authority of the Oklahoma Accountancy Act;

43. "Report", when 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 complied financial statements, and that 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. 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 ~~"report"~~ report includes any form of language which disclaims an opinion when such 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 and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence. This definition is not intended to include a report prepared by a person not holding a certificate or license or not granted practice privileges under Section 15.12A of this title. However, such report shall not refer to "audit", "audited", "exam", "examined", "review" or "reviewed", nor use the language "in accordance with standards established by the American Institute of Certified Public Accountants" or successor of ~~said~~ such entity, or governmental agency approved by the Board, except for the Internal Revenue Service. Except for an individual granted practice privileges under Section 15.12A of this title or a firm exempt from the permit and registration requirements under Section 15.15C of this title, nonregistrants may use the following disclaimer language in connection with financial statements not to be in violation of the Oklahoma Accountancy Act: "I (we) have not audited, examined, or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.";

44. "Representation" means any oral or written communication including but not limited to the use of title or legends on letterheads, business cards, office doors, advertisements, and listings conveying the fact that an individual or entity holds a certificate, license or permit;

45. "Review", when used with reference to financial statements, means a registrant or an individual granted practice privileges under Section 15.12A of this title, or a firm exempt from the permit and registration requirements under Section 15.15C of this title performing inquiry and analytical procedures that provide the registrant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with generally

accepted accounting principles or, if applicable, with another comprehensive basis of accounting; and

46. "Substantial equivalency" is a determination by the Oklahoma Accountancy Board or its designee that:

a. the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the AICPA/NASBA Uniform Accountancy Act, or

b. that an individual certified public accountant's or public accountant's education, examination and experience qualifications are comparable to or exceed the education, examination and experience requirements contained in the Oklahoma Accountancy Act and rules of the Board.

In ascertaining substantial equivalency as used in the Oklahoma Accountancy Act, the Board or its designee shall take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.

SECTION 2. This act shall become effective November 1, 2023.

Passed the Senate the 20th day of March, 2023.

Presiding Officer of the Senate

Passed the House of Representatives the 17th day of April, 2023.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 18th

day of April, 20 23, at 10:51 o'clock a. M.

By: Tamer Cursey

Approved by the Governor of the State of Oklahoma this 19th

day of April, 20 23, at 3:20 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 19th

day of April, 20 23, at 4:44 o'clock P. M.

By: Brian Bingman