An Act

ENROLLED SENATE
BILL NO. 172

By: Dugger of the Senate

and

Kendrix of the House

An Act relating to accounting; amending 59 O.S. 2021, Sections 15.1A, as last amended by Section 1, Chapter 26, O.S.L. 2022, 15.11, 15.12A, 15.14A, 15.15, 15.15A, 15.15C, 15.25, and 15.37 (59 O.S. Supp. 2022, Section 15.1A), which relate to the Oklahoma Accountancy Act; modifying definitions; allowing firms to operate and provide certain services in this state under certain conditions; specifying requirements and qualifications necessary for firms to operate under this exemption; updating statutory language; updating statutory reference; and providing an effective date.

SUBJECT: Accounting services

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 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).

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 entity that is exempt from registration under paragraph 3 of subsection A of Section 15.15 of this title 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, which also is exempt from the registration requirement of paragraph 3 of subsection A of Section 15.15 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, which also is exempt from the registration requirement of paragraph 3 of subsection A of Section 15.15 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" 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, who also meet the requirements of paragraph 3 of subsection A of Section 15.15 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~~ this 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, which also meets the requirements of paragraph 3 of subsection A of Section 15.15 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. AMENDATORY 59 O.S. 2021, Section 15.11, is amended to read as follows:

Section 15.11. A. No individual, other than as described in subparagraph d of paragraph 34 of Section 15.1A of this title, shall assume or use the title or designation ~~"Certified Public Accountant"~~ "certified public accountant" or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate or represent that such individual is a certified public accountant, unless such individual has received a certificate as a certified public accountant and holds a valid permit issued pursuant to the provisions of the Oklahoma Accountancy Act or is granted practice privileges under Section 15.15C of this

title, which also meets the requirements of paragraph 3 of subsection A of Section 15.15 of this title. All offices in this state for the practice of public accounting by such individual shall be maintained and registered as required by the Oklahoma Accountancy Act.

B. No entity shall assume or use the title or designation ~~"Certified Public Accountant"~~ "certified public accountant" or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate or represent that such entity is composed of certified public accountants unless such entity is registered as a firm of certified public accountants and holds a valid permit issued pursuant to the provisions of the Oklahoma Accountancy Act or is exempt from the registration and permit requirements under Section 15.15C of this title. All offices in this state for the practice of public accounting by such entity shall be maintained and registered as required by the Oklahoma Accountancy Act.

C. No individual, other than as described in subparagraph d of paragraph 34 of Section 15.1A of this title, shall assume or use the title or designation ~~"Public Accountant"~~ "public accountant" or the abbreviation "P.A." or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate or represent that such individual is a public accountant, unless such individual is licensed as a public accountant, or is a certified public accountant and holds a valid permit issued pursuant to the provisions of the Oklahoma Accountancy Act. All offices in this state for the practice of public accounting by such individual shall be maintained and registered as required by the Oklahoma Accountancy Act.

D. No entity shall assume or use the title or designation ~~"Public Accountant"~~ "public accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate or represent that such entity is composed of public accountants, unless such entity is registered as a firm of public accountants and holds a valid permit issued pursuant to the provisions of the Oklahoma Accountancy Act. All offices in this state for the practice of public accounting by such entity shall be maintained and registered as required by the Oklahoma Accountancy Act.

E. No individual or entity shall assume or use the title or designation ~~"Certified Accountant"~~ "certified accountant", ~~"Chartered Accountant"~~ "chartered accountant", ~~"Enrolled Accountant"~~ "enrolled accountant", ~~"Licensed Accountant"~~ "licensed accountant", ~~"Registered Accountant"~~ "registered accountant" or any other title or designation which could be confused with ~~"Certified Public Accountant"~~ "certified public accountant" or ~~"Public Accountant"~~ "public accountant", or any of the abbreviations "CA", "EA", except as it relates to the term "enrolled agent" as defined by the Internal Revenue Service, "RA", or "LA", or similar abbreviations which could be confused with "CPA" or "PA"; provided, however, that anyone who holds a valid permit and whose offices in this state for the practice of public accounting are maintained and registered as required by the Oklahoma Accountancy Act or is granted practice privileges under Section 15.12A of this title may hold oneself out to the public as an ~~"Accountant"~~ "accountant" or ~~"Auditor"~~ "auditor".

F. No individual or entity not holding a valid permit, not granted practice privileges under Section 15.12A of this title, or not exempt from the permit requirement under Section 15.15C of this title, which also meets the requirements of paragraph 3 of subsection A of Section 15.15 of this title, shall hold oneself or itself out to the public as an ~~"Accountant"~~ "accountant" or ~~"Auditor"~~ "auditor" by use of either or both of such words on any sign, card, letterhead, or in any advertisement or directory, without specifically indicating that such individual or entity does not hold such a permit. The provisions of this subsection shall not be construed to prohibit any officer, employee, partner or principal of any entity from describing oneself by the position, title or office one holds in such organization; nor shall this subsection prohibit any act of public official or public employee in the performance of the duties as such.

G. Any individual or entity who is registered with the Board but does not hold a valid permit issued pursuant to the Oklahoma Accountancy Act may not issue a report on financial statements of any other person, firm, organization recognized by ~~the State of Oklahoma~~ this state, or governmental unit. This prohibition does not apply to an officer, partner, or employee of any firm or organization affixing a signature to any statement or report in

reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that is held therein; nor prohibit any act of a public official or employee in the performance of the duties as such.

SECTION 3. AMENDATORY 59 O.S. 2021, 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~~ certified public accountant or ~~Public Accountant~~ public accountant from any jurisdiction which the Oklahoma Accountancy Board's designee has verified to be in substantial equivalence to the ~~Certified Public Accountant~~ certified public accountant and ~~Public Accountant~~ 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~~ certified public accountant or ~~Public Accountant~~ 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~~ 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~~ not subject to the requirements of paragraph 1 or 2 of subsection A of Section 15.15 of this title may perform services described in subsection 12 of Section 15.1A of this title and other nonattest professional services while using the

title "CPA" or "CPA firm" 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, and the firm can lawfully do so where the individuals with practice privileges have their principal place of business.

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 audit or other engagement to be performed in accordance with 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 (SSARS),~~

~~c. any report performed in accordance with 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),~~

whose attest services described in paragraph 5 of Section 15.1A of this title may only do so through a firm which meets the requirements of paragraph 3 of subsection A of Section 15.15 of this title for exemption from the registration requirements or which has obtained a registration under Section 15.15 of this title and 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 4. AMENDATORY 59 O.S. 2021, Section 15.14A, is amended to read as follows:

Section 15.14A. A. Before any individual may practice public accounting or hold himself or herself out as being engaged in the practice of public accounting as a certified public accountant or public accountant in this state, such person shall obtain a permit from the Oklahoma Accountancy Board, unless such person is granted practice privileges under Section 15.12A of this title. Any individual, corporation or partnership or any other entity who provides any of the services defined hereinabove as the "practice of public accounting" without holding a license and permit, or without holding a certificate and permit, shall be assessed a fine not to exceed Ten Thousand Dollars ($10,000.00) for each separate offense, unless such person is granted practice privileges under Section 15.12A of this title, or such entity is exempt from the permit and registration requirements of Section 15.15C of this title <u>or exempt from the registration requirements of paragraph 3 of subsection A of Section 15.15 of this title</u>.

B. The Board shall promulgate rules establishing the qualifications for obtaining a permit to practice public accounting in this state. Such rules shall include but not be limited to provisions that:

1. Any individual seeking a permit must have a valid certificate or license;

2. Any individual or entity seeking a permit must be registered pursuant to the provisions of the Oklahoma Accountancy Act;

3. Any individual seeking a permit must meet continuing professional education requirements as set forth by the Oklahoma Accountancy Act and rules promulgated by the Board; and

4. There shall be no examination for obtaining a permit.

C. All such individuals shall, upon application and compliance with the rules establishing qualifications for obtaining a permit and payment of the fees, be granted an annual permit to practice public accounting in this state. All permits issued shall be renewed on the last day of the individual's birth month in conjunction with the registrant's certificate or license renewal.

The Board may issue interim permits upon payment of the same fees required for annual permits.

D. Failure to apply for and obtain a permit shall disqualify an individual from practicing public accounting in this state until such time as a valid permit has been obtained.

E. The Board shall charge a fee for each individual permit not to exceed Two Hundred Dollars ($200.00).

SECTION 5. AMENDATORY 59 O.S. 2021, Section 15.15, is amended to read as follows:

Section 15.15. A. The Oklahoma Accountancy Board, upon application, shall grant or register any firm, including sole proprietorships, seeking to provide public accounting services to the public in this state if such firm demonstrates its qualifications therefore in accordance with this section. All firms, except sole proprietorships with an office in this state, shall pay an annual registration fee not to exceed One Hundred Dollars ($100.00). The following must register with the Board under this section:

1. Any firm with an office in this state engaged in the practice of public accounting or the practice of attest services as defined in paragraph 5 of Section 15.1A of this title;

2. Any firm with an office in this state that uses the title "CPA", "PA", "CPA firm" or "PA firm"; or

3. Any firm that does not have an office in this state but ~~performs services~~ offers or renders attest services as described in ~~subparagraph a, c, or d of paragraph 5 of Section 15.1A of this title for a client having its home office in this state~~ paragraph 5 of Section 15.1A of this title, unless the firm meets each of the following requirements:

a. complies with the qualifications described in paragraphs 1 and 3 of subsection F of Section 15.15A of this title,

b. complies with the qualifications described in Section 15.30 of this title,

c. performs such services through an individual with practice privileges under Section 15.12A of this title, and

d. can lawfully do so in the state where the individuals with practice privileges have their practice of business.

B. All such registrations shall expire on June 30 of each year and may be renewed annually for a period of one (1) year by registrants in good standing upon filing the registration and upon payment of the annual fee not later than June 30 of each year.

C. Interim registrations shall be at full rates.

D. Upon failure of a firm to pay registration fees on or before the last day of June, the Board shall notify the firm in writing by certified mail to the last known address of the firm, as reflected in the records of the Board, of the firm's failure to comply with the Oklahoma Accountancy Act.

E. A registration granted under authority of this section shall automatically be revoked if the firm fails to renew its registration on or before June 30.

F. A firm whose registration is automatically revoked pursuant to this section may be reinstated by the Board upon payment of a fee to be set by the Board which shall not exceed Two Hundred Dollars ($200.00).

G. An individual who has practice privileges under Section 15.12A of this title who performs services for which firm registration is required under this section shall not be required to meet the certificate, license, registration or permit requirements of Section 15.9, 15.13, 15.13A, 15.14 or 15.14A of this title.

SECTION 6. AMENDATORY 59 O.S. 2021, 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 and a firm exempt from the registration requirements under paragraph 3 of subsection A of Section 15.15 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. Except as authorized in Section 15.15B of this title, 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 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, except as authorized in Section 15.15B of this title.

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. Except as authorized in Section 15.15B of this title, 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 holding a license as a 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, except as authorized in Section 15.15B of this title.

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 7. AMENDATORY 59 O.S. 2021, Section 15.15C, is amended to read as follows:

Section 15.15C. It shall not be a violation of the Oklahoma Accountancy Act for a firm which is not registered under Section 15.15 of ~~Title 59 of the Oklahoma Statutes~~ this title and does not hold a valid permit under Section 15.15A of ~~Title 59 of the Oklahoma Statutes~~ this title and which does not have an office in this state to provide its professional services in this state so long as it complies with the requirements of paragraph 4 of subsection A of Section 15.12A of ~~Title 59 of the Oklahoma Statutes~~ this title or meets the requirements of paragraph 3 of subsection A of Section 15.15 this title, whichever is applicable.

SECTION 8. AMENDATORY 59 O.S. 2021, Section 15.25, is amended to read as follows:

Section 15.25. Any individual or entity who:

1. Represents himself, herself or itself as having received a certificate, license, or permit and otherwise presents himself, herself or itself to the public as having specialized knowledge or skills associated with CPAs and PAs without having received such certificate, license, or permit; or

2. Continues to use such title or designation after such certificate, license, or permit has been recalled, revoked, surrendered, canceled, or suspended or refuses to surrender such certificate, license, or permit; or

3. Falsely represents himself, herself or itself as being a CPA or licensed as a public accountant, or firm of CPAs or licensed public accountants, or who incorrectly designates the character of the certificate, license or permit which he, she or it holds; or

4. Otherwise violates any of the provisions of the Oklahoma Accountancy Act;

upon conviction shall be deemed guilty of a misdemeanor.

Provided, however, that 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 or paragraph 3 of subsection A of Section 15.15 of this

title may hold out as a CPA or a firm of CPAs, respectively, without violation of this section.

SECTION 9. AMENDATORY 59 O.S. 2021, Section 15.37, is amended to read as follows:

Section 15.37. No ordinance, trust or other legal instrument shall provide for any audit services to be performed other than by a registrant holding a valid permit or an individual granted practice privileges under Section 15.12A of this title or a firm exempt from the registration requirement under paragraph 3 of subsection A of Section 15.15 of this title.

SECTION 10. This act shall become effective November 1, 2023.

Passed the Senate the 8th 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: Summer Curry

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

day of April, 20 23, at 3:18 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 4:37 o'clock P. M.

By: Brian Bingman