

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

SENATE BILL NO. 882

BY: HOBSON

AS INTRODUCED

AN ACT RELATING TO ACCOUNTANTS AND ACCOUNTING;

AMENDING 59 O.S.1991, SECTIONS 15.10, 15.11, 15.12  
AND 15.20, WHICH RELATE TO THE LICENSURE AND  
REGULATION OF ACCOUNTANTS; PROVIDING SHORT TITLE;  
DEFINING TERMS; ESTABLISHING REGISTERED ACCOUNTANT  
ADVISORY COMMITTEE; PROVIDING FOR APPOINTMENT OF  
MEMBERS, TERMS, OFFICERS, QUORUM, MEETINGS,  
REIMBURSEMENT AND POWER AND DUTIES; PROVIDING FOR  
LICENSURE OF PUBLIC ACCOUNTANTS AND CERTIFIED  
PUBLIC ACCOUNTANTS, QUALIFICATIONS, EXAMINATIONS,  
RECIPROCAL LICENSING AND FEES; DECLARING VALIDITY  
OF LICENSES AND CERTIFICATES ISSUED PRIOR TO  
CERTAIN DATE; PROVIDING FOR LICENSURE OF REGISTERED  
ACCOUNTANTS, QUALIFICATIONS, EXAMINATION,  
RECIPROCAL LICENSING AND FEES; MODIFYING  
EXAMINATION PROVISIONS AND PROVIDING FOR GRANTING  
OF PARTIAL CREDITS; AUTHORIZING ISSUANCE OF  
BIENNIAL PERMITS TO PRACTICE; REQUIRING CONTINUING  
PROFESSIONAL EDUCATION AS CONDITION FOR RENEWING  
PERMIT; PROVIDING FOR EXPIRATION, RENEWAL, FEES AND  
INTERIM PERMITS; DISQUALIFYING INDIVIDUALS FROM  
PRACTICING PUBLIC ACCOUNTING FOR FAILURE TO OBTAIN  
PERMIT; DECLARING VALIDITY OF PERMITS HELD BY  
CERTAIN DATE; REQUIRING BIENNIAL REGISTRATION OF

PUBLIC ACCOUNTING FIRMS AND STATING REQUIREMENTS FOR BIENNIAL PERMIT TO PRACTICE; PROVIDING FOR EXPIRATION, RENEWAL AND FEES; DISQUALIFYING FIRMS FROM PRACTICING PUBLIC ACCOUNTING FOR FAILURE TO REGISTER AND OBTAIN PERMIT; REQUIRING OFFICES TO BE REGISTERED BIENNIALY WITH BOARD; PROVIDING FOR EXPIRATION, RENEWAL AND FEES; REQUIRING SUPERVISION OF OFFICES BY A MANAGER HOLDING PERMIT TO PRACTICE; MODIFYING DISCIPLINARY ACTIONS BOARD MAY TAKE; MODIFYING, DELETING AND EXPANDING CAUSES FOR DISCIPLINARY ACTION; AUTHORIZING BOARD TO REQUIRE QUALITY REVIEW OF APPLICANT OR COMPLETION OF ADDITIONAL CONTINUING PROFESSIONAL EDUCATION IN LIEU OF OR IN ADDITION TO SPECIFIED SANCTIONS; PROVIDING PROCEDURES FOR HEARINGS AND FOR LEGAL REPRESENTATION; AUTHORIZING BOARD TO EMPLOY LEGAL COUNSEL UNDER CERTAIN CONDITIONS; ALLOWING MODIFICATION OF CERTAIN BOARD ORDERS FOR GOOD CAUSE SHOWN; MODIFYING PROVISIONS GOVERNING USE OF CERTAIN TITLES OR ABBREVIATIONS AND INCLUDING RESTRICTIONS ON THE USE OF REGISTERED ACCOUNTANT AND RA; PROHIBITING INDIVIDUALS NOT REGISTERED AND HOLDING VALID PERMIT FROM SIGNING OR ASSOCIATING NAME TO CERTAIN REPORTS; MODIFYING AND EXPANDING CONSTRUCTION OF ACT; PROHIBITING DISCLOSURE OF CERTAIN CONFIDENTIAL INFORMATION EXCEPT UNDER CERTAIN CIRCUMSTANCES; MAKING CERTAIN STATEMENTS, RECORDS, SCHEDULES, PAPERS AND MEMORANDA PROPERTY OF ACCOUNTANT IN ABSENCE OF AGREEMENT TO THE CONTRARY; PROHIBITING SALE OR TRANSFER OF SAME WITHOUT CONSENT OF CLIENT; PROVIDING FOR APPLICATION FOR INJUNCTION OR RESTRAINING ORDER

UNDER CERTAIN CIRCUMSTANCES; PROVIDING FOR CRIMINAL PENALTIES; MAKING SINGLE ACT SUFFICIENT GROUNDS FOR ACTION; PROVIDING OPEN REGISTRATION PERIOD FOR REGISTERED ACCOUNTANTS AND FOR APPOINTMENT TO COMMITTEE DURING PERIOD; AUTHORIZING USE OF OF CERTAIN ACCOUNTING PRINCIPLES BY REGISTERED ACCOUNTANTS; CLARIFYING WHICH LICENSEES MAY ISSUE CERTAIN REPORTS; CLARIFYING APPLICATION OF ACT TO TAX RETURN PREPARERS; PROHIBITING PROVISION OR RULE WHICH PREVENTS PUBLIC AND REGISTERED ACCOUNTANTS FROM RECEIVING CERTAIN COMMISSIONS; AUTHORIZING BOARD TO ESTABLISH QUALITY REVIEW PROGRAM; MAKING CERTAIN ACTIVITIES VIOLATION OF ACT AFTER CERTAIN DATE; REPEALING 59 O.S. 1991, SECTIONS 15.1,15.8, 15.9, 15.13, 15.14, 15.15, 15.16, 15.17, 15.18, 15.19, 15.22, 15.23, 15.24, 15.25, 15.26, 15.27, 15.28, 15.31, 15.32, 15.33 AND 15.35, WHICH RELATE TO THE PUBLIC ACCOUNTANCY ACT OF 1968 AND TO THE LICENSURE AND REGULATION OF ACCOUNTANTS AND ACCOUNTING; PROVIDING FOR CODIFICATION; PROVIDING FOR RECODIFICATION; AND PROVIDING AN EFFECTIVE

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.1 of Title 59, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Public Accountancy Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.2 of Title 59, unless there is created a duplication in numbering, reads as follows:

As used in the Public Accountancy Act:

1. "Board" means the Oklahoma State Board of Public Accountancy;

2. "Certificate" means the document issued by the Board to an individual upon successful completion of the certified public accountant examination;

3. "Certified public accountant" (CPA) means an individual holding a certified public accountant certificate issued by the Board;

4. "Financial statement" means a statement with or without footnotes that purports to show the financial position at a specified time or changes in financial position during a specified period of time, including a statement which uses the accrual, cash or other incomplete basis of accounting. The term financial statement includes a balance sheet, statement of income, statement of retained earnings, statement of changes in financial position, statement of changes in the equity of an owner and cash flow statement or analysis or any combination thereof. Financial statement does not include incidental financial data included in a management advisory or consulting services report to support recommendation to a client, nor does it include a tax return and supporting schedules;

5. "Firm" means a proprietorship, partnership or a professional corporation engaged in the practice of public accounting;

6. "License" means the document issued by the Board to an individual upon successful completion of the public accountant or registered accountant examination;

7. "Opinions on financial statement" means any report based on examinations in accordance with generally accepted auditing

standards which presents information used for guidance in financial transactions or for accounting for or assessing the financial status or performance of commercial, noncommercial and governmental entities in conformity with generally accepted accounting principles. The statement, affidavit or signature of preparers required on tax returns shall not be construed to be an opinion on financial statements and, therefore, does not require a disclaimer of such opinion;

8. "Permit to practice" means the document issued by the Board to a CPA, PA or RA, authorizing the recipient to engage in the practice of public accounting;

9. "Public accountant" means an individual holding a public accountant license issued by the Board;

10. "Public accounting" means the offer to perform or the performance for a potential client or clients, whether for compensation or not, of one or more of the following types of services for which a permit to practice is required:

- a. auditing financial statements and issuing a report expressing or disclaiming an opinion on such statements when performed by a CPA or PA registered with the Board,
- b. reviewing financial statements and issuing a report on such statements when performed by a CPA, PA or RA registered with the Board,
- c. combining financial statements and issuing a report on such statements when performed by a CPA, PA or RA registered with the Board,
- d. management, advisory or consulting services when performed by a CPA, PA or RA registered with the Board, or

e. the preparation of tax returns or the furnishing of advice on tax matters when performed by a CPA, PA or RA registered with the Board;

11. "Quality review" means a study or appraisal of one or more aspects of the professional work of an individual or firm by a CPA or PA who is not affiliated with the individual or firm being studied or appraised;

12. "Registered accountant" means an individual holding a registered accountant license issued by the Board; and

13. "Report" means a description based on the professional judgment of the accountant conveying the nature and extent of services performed and the degree of responsibility assumed for the representations or the client in the related financial statements.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.8 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. There is hereby established a Registered Accountant Advisory Committee which shall consist of three (3) members who shall be appointed by the Governor from a list submitted by the Oklahoma Society of Public Accountants. Each member of the Committee shall be a resident of this state and, except for the initial appointees, shall be a registered accountant licensed pursuant to the provisions of the Public Accountancy Act for at least three (3) years prior to appointment to the Committee.

B. Members initially appointed to the Registered Accountant Advisory Committee shall be appointed to staggered terms of three (3), four (4) and five (5) years, as designated by the Governor. Thereafter, members shall serve for terms of five (5) years or until their successors are appointed and qualified. Vacancies shall be filled by the Governor in the same manner as the original appointments.

C. The Committee shall elect a chairman from its membership. A majority of the Committee shall constitute a quorum for the transaction of business. The Committee shall meet at least quarterly, and special meetings may be called by the chairman of the Committee or by the chairman of the Board. Members of the Committee shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties in accordance with the provisions of the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

D. The Committee shall have the power and duty to:

1. Advise the Board in all matters pertaining to the formation, amendment and repeal of rules governing registered accountants;

2. Advise the Board on all matters pertaining to the licensure, education, practices and regulation of registered accountants;

3. Assist the Board in selecting and conducting examinations for licensure of registered accountants and in determining which applicants successfully pass such examinations; and

4. Assist and advise the Board in all hearings involving registered accountants and conduct investigations and proceedings related thereto at the request of the Board.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.9 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. A license as a public accountant or certified public accountant shall be granted by the Oklahoma State Board of Public Accountancy to any person who:

1. Is of good moral character;

2. Has maintained permanent residence in this state continuously for the ninety (90) days immediately preceding the date of submitting to the Board the initial application to take the written examination;

3. At the time of filing the initial application for examination, meets the following educational requirements:

- a. holds a baccalaureate degree from an accredited four-year college or university, with a major in accounting, or with a nonaccounting major, supplemented by requirements the Board determines to be substantially equivalent to an accounting major, with not less than thirty (30) semester hours of accounting, of which at least one course shall be in auditing, and eighteen (18) hours of related courses in other areas of business administration. An applicant who expects to meet the educational requirement provided for in this subparagraph within sixty (60) days following the first day the examination applied for is to commence may make application for the examination. In the case of an applicant admitted to the examination on the expectation that he will complete his educational requirement within sixty (60) days, the examination results shall be null and void unless such requirement is completed within the sixty (60) days, or
- b. is a graduate of an accredited high school and has at least three (3) years of public accounting experience, or its equivalent. Such equivalent experience shall consist of work of an accounting nature which requires independent judgment on accounting matters; and

4. Meets the additional requirements of this section.

B. The Board shall issue a certificate as a certified public accountant only to those applicants who have qualified and complied with the provisions of this act and the rules of the Board, have qualified to take the examination for a certificate in this state, and have passed a written examination in accounting practice,

accounting theory, auditing and business law. If an applicant is a member in good standing of the Bar of any state, the Board may waive the examination in business law with respect to such applicant. The Board may make use of all or any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service provided by the American Institute of Certified Public Accountants as it deems appropriate to assist in performing its duties.

C. If an applicant who holds a valid certificate pursuant to the laws of another state applies for a certificate in this state, the Board may waive any requirements and issue a reciprocal certificate if the laws of such other state extend similar privileges to the holder of a certificate from this state and if such license was issued by the other state to the applicant as the result of the examination required in this state. Such applicant shall pay an application fee in an amount equal to the fee required for an applicant to take the initial certified public accountant examination in this state.

D. The Board shall issue a license as a public accountant only to those applicants who have qualified and complied with the provisions of this act and the rules of the Board, and have passed a written examination in accounting practice and in auditing with such grades as satisfy the Board that they are competent to practice as public accountants. The subjects examined shall be covered by the same examination and grades thereon for passing as those used by the Board to test candidates for the certified public accountant's certificate. The Board may make use of all or any part of the Uniform Certified Public Accountant's Examination and Advisory Grading Service as it deems appropriate to assist it in performing its duties hereunder.

E. If an applicant who holds a valid license as a public accountant pursuant to the laws of another state applies for a license in this state, the Board may waive any requirements and

issue a reciprocal license provided that such original license was issued by another state to the applicant as the result of an examination which the Board determines is equivalent to the examination required in this state. Such applicant shall pay an application fee in an amount equal to the fee required for an applicant to sit for the initial public accountant exam in this state.

F. The Board shall charge each applicant an examination fee, to be determined by the Board, not to exceed Three Hundred Dollars (\$300.00) for the initial examination, and for each reexamination, not to exceed Seventy-five Dollars (\$75.00) for each subject in which the applicant is to be reexamined, except for the practice part of the exam which shall have a fee of Eighty Dollars (\$80.00). The applicable fee shall be paid by the applicant to the Board at the time of filing the application for examination or reexamination. The fee shall not be refunded to the applicant unless the Board, on initial review of the application, determines that the applicant is unqualified to take the examination, in which event the Board must refund the fee.

G. Persons who, on September 1, 1992, hold a license or a certificate to practice public accounting issued pursuant to the laws of this state shall not be required to obtain an additional license or certificate but shall otherwise be subject to all provisions of the Public Accountancy Act. Such license or certificate shall for all purposes be considered a license or certificates issued pursuant to the provisions of the Public Accountancy Act and subject to the provisions of said act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.10 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. A license as a registered accountant shall be granted by the Oklahoma State Board of Public Accountancy to any person who is a

resident of this state and has successfully passed the Accreditation in Accountancy Exam prepared by the Accreditation Council for Accountancy and Taxation, or its successor, and also meets the following requirements:

1. Is of good moral character;

2. Has maintained permanent residence in this state continuously for the ninety (90) days immediately preceding the date of submitting to the Board the initial application to take the written examination; and

3. At the time of filing the initial application for examination, meets one of the education requirements as follows:

- a. holds a baccalaureate degree from an accredited four-year college or university, with, at a minimum, a minor in accounting. An applicant who expects to meet the education requirement provided for in this subparagraph within sixty (60) days following the first day the examination applied for is to commence may make application for the examination. In the case of an applicant admitted to the examination on the expectation that he will complete his educational requirement within sixty (60) days, the examination results shall be null and void unless such requirement is completed within the sixty (60) days,

- b. holds an associate degree from an accredited college, university, two-year college, trade or technical school with at least sixteen (16) hours in accounting. An applicant who expects to meet the educational requirement provided for in this subparagraph within sixty (60) days following the first day the examination applied for is to commence may make application for the examination. In the case of an applicant admitted to the examination on the

expectation that he will complete the educational requirement within sixty (60) days, the examination results shall be null and void unless such requirement is completed within the sixty (60) days,

- c. is a graduate of an accredited high school and has completed at least two (2) years of actual experience in the performance of accounting services as his principal occupation, either self-employed, as a member of a partnership, as a stockholder in an accounting corporation or as an employee of any of the above, or
- d. was employed for at least twenty-four (24) months by the United States government, by this state or by a political subdivision of this state in an accounting position for which an examination in accounting knowledge or qualifying education or experience was required, or for which an affidavit of the immediate supervisor of the applicant attesting to the applicant's accounting duties can be provided. Any evidence which indicates that the applicant has performed only clerical work shall not be deemed sufficient for the purposes of this subparagraph.

B. If an applicant holds a valid license issued pursuant to the laws of another state and which is, in the judgment of the Board, equivalent to a registered accountant's license in this state, the Board may waive any requirements and issue a reciprocal license. Such applicant shall pay an application fee in an amount equal to the fee required for an applicant to take the initial registered accountant examination in this state.

C. The Board shall charge each applicant an examination fee, to be determined by the Board, not to exceed Two Hundred Dollars (\$200.00) for the initial examination, and for each reexamination,

not to exceed One Hundred Dollars (\$100.00) for each part in which the applicant is to be reexamined. The applicable fee shall be paid by the applicant to the Board at the time of filing the application for examination or reexamination. The fee shall not be refunded to the applicant unless the Board, on initial review of the application, determines that the applicant is unqualified to take the examination, in which event the Board must refund the fee.

SECTION 6. AMENDATORY 59 O.S. 1991, Section 15.10, is amended to read as follows:

Section 15.10 The Board shall hold ~~an examination~~ examinations of applicants ~~for licensing under this act as accountants at least as often as it deems appropriate, but not less than once each year. Additional examinations may be held at such times and places as the Board may deem advisable.~~ Notice of each examination shall be given ~~not less than ninety (90) days prior to the date set therefor,~~ by publication in manner and form as prescribed by the Board. Such notice shall specify the time and place of the examination. Each applicant allowed to sit at the examination shall file ~~with the secretary of the Board~~ a written application to take the examination, and said application must be received by the Board ~~at least sixty (60) days prior to the day on which the examination is to commence~~ on or prior to the filing dates established by the Board for each examination. The Board shall prescribe the methods of applying for and conducting the examination and for determining passing grades entitling an applicant to a certificate or license. The Board shall prescribe requirements for the granting of partial credits on the examination.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.12 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. Biennial permits to practice in this state may be issued by the Oklahoma State Board of Public Accountancy to registered

certified public accountants, public accountants, and registered accountants.

B. As a condition for renewal of a permit to practice, the Board shall require evidence of participation in at least eighty (80) hours of continuing professional education (CPE) in accounting, auditing, income tax or other related areas as the Board may designate during the two (2) years prior to the renewal date. A minimum number of accounting CPE hours per year is established as follows: certified public accountants and licensed public accountants shall obtain not less than sixteen (16) CPE hours of accounting per year and registered accountants shall obtain not less than eight (8) CPE hours of accounting per year.

C. The Board shall charge a fee not to exceed Two Hundred Dollars (\$200.00) for each biennial permit to practice public accounting issued in this state. All permits to practice shall expire on July 31 of the second year of each biennium and may be renewed for a period of two (2) years. The issuance of interim permits to qualified applicants complying with the provisions of the Public Accountancy Act is hereby authorized, upon payment of the same fees required for biennial permits.

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

E. Persons who, on September 1, 1992, hold permits issued pursuant to the laws of this state shall not be required to obtain additional permits but shall otherwise be subject to all provisions of the Public Accountancy Act. Such permits shall for all purposes be considered permits issued pursuant to and subject to the provisions of the Public Accountancy Act.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.13 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. All firms engaged in the practice of public accounting in this state shall register with the Oklahoma State Board of Public Accountancy biennially and shall meet the following requirements for issuance of a biennial permit to practice:

1. The principal purpose and business of the firm must be to furnish public accounting services not inconsistent with the Public Accountancy Act and the rules of the Board; and

2. Each partner or shareholder regularly engaged in the practice of public accounting in this state must hold a valid permit to practice.

B. All firm registrations and permits to practice shall expire on July 31 of the second year of each biennium and may be renewed for a period of two (2) years. The Board shall charge a fee not to exceed Two Hundred Dollars (\$200.00) for such biennial registration and One Hundred Dollars (\$100.00) for each firm permit to practice. The Board shall require that payment of registration and permit to practice fees be at full rates regardless of time of payment of the fee.

C. Failure to register and obtain a permit to practice shall disqualify a firm from practicing public accounting in this state until such time as the firm shall register and obtain a permit.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.14 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. Each office maintained in this state for the practice of public accounting by a certified public accountant or a firm of certified public accountants, or by a public accountant or a firm of public accountants, or by a registered accountant or a firm of registered accountants shall be registered biennially with the Oklahoma State Board of Public Accountancy. All such registrations shall expire on July 31 of the second year of each biennium and may be renewed for a period of two (2) years.

B. Each such office shall be supervised by a manager holding a permit to practice who may be either a partner, principal, shareholder or employee. The manager is not required to maintain an office in such other office, but shall be responsible for all work performed in such office.

C. The Board shall prescribe the procedure to be followed in effecting office registration. A fee of One Hundred Dollars (\$100.00) shall be charged for each office registered under this section.

SECTION 10. AMENDATORY 59 O.S. 1991, Section 15.20, is amended to read as follows:

Section 15.20 A. After notice and hearing ~~as provided by this act,~~ the Oklahoma State Board of Public Accountancy may revoke, ~~or may suspend for a period not to exceed five (5) years or refuse to renew,~~ any certificate ~~of a public accountant issued by the Oklahoma State Board of Public Accountancy under the provisions of this act, or prior acts,~~ license, registration or permit to practice, or may censure ~~the holder of any such certificate, upon its finding of the existence of any one or any combination~~ any registrant or impose an administrative fine to recover all direct costs of the investigation and the hearing, or any continuation thereof, for any one or more of the following causes:

~~(a)~~ 1. Fraud or deceit in obtaining a certificate ~~as public accountant,~~ license or permit to practice in this state;

~~(b)~~ 2. Dishonesty, fraud or gross negligence in the practice of public accounting~~;~~;

3. Violation of any of the provisions of the Public Accountancy Act;

~~(c)~~ 4. Violation of a rule ~~of general application~~ promulgated by the Board ~~under the authority granted by this act.~~;

~~(d) 5. Conviction of a felony under the laws of any state pursuant to the laws of this state, another state or of the United States.~~;

~~(e) Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States.~~

~~(f) Failure to file the annual registration form or failure to pay the annual registration fee.~~

~~(g) Conduct discreditable to the public accounting profession.~~

~~(h) Violation of any of the provisions of this act. Provided, that for purposes of administration under the causes set forth in (d) and (e) above, a conviction in a trial court shall be deemed a conviction for purposes of suspension of a certificate, and if no appeal is taken on said conviction, or upon the exhaustion of unsuccessful appeals thereon, shall be deemed a conviction for all purposes hereunder.~~

6. Performance of any fraudulent act while holding a certificate, license or permit;

7. Cancellation, revocation, suspension or refusal to renew authority to practice as a certified public accountant, public accountant or registered accountant in any other state for any cause other than failure to pay a fee or to meet the requirements of continuing education;

8. Suspension or revocation of the right to practice before any state or federal agency; or

9. Any conduct reflecting adversely upon the fitness of a registrant to engage in the practice of public accounting as it relates to public trust.

B. In lieu of or in addition to any sanction specifically provided for in this section, the Board may require a registrant either to submit to a quality review conducted in such a manner as the Board may specify or to satisfactorily complete continuing professional education in such amount as the Board may specify in

addition to the requirements provided for in the Public Accountancy Act or both.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.16 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma State Board of Public Accountancy with respect to certified public accountants or firms of certified public accountants or public accountants or firms of public accountants or registered accountants or firms of registered accountants may initiate hearings under the Public Accountancy Act either on their own motion or on the complaint of any person. Such hearings shall be conducted in accordance with the provisions of Article II of the Administrative Procedures Act, Section 309 et seq. of Title 75 of the Oklahoma Statutes. The Board shall promulgate additional rules setting forth procedures for conducting hearings and filing complaints with the Board. The Attorney General, or a designee, shall represent the Board. If the Attorney General is unable to provide the Board with counsel, the Board is authorized to employ other legal counsel, including counsel to prosecute cases before the Board.

B. In any case where the Board has suspended or revoked a certificate, license or permit, the Board may, upon application in writing by the individual or firm affected and for good cause shown, modify the suspension or reissue the certificate, license or permit. The Board shall by rule prescribe the procedures for the application for modification and or reinstatement.

SECTION 12. AMENDATORY 59 O.S. 1991, Section 15.11, is amended to read as follows:

Section 15.11 ~~(a) No person~~ A. No individual shall hold himself out to the public, assume or use the title or designation "Certified Public Accountant" or ~~the abbreviation "C.P.A."~~ "CPA" or any other title, designation, words, letters, abbreviation, sign,

card, or device tending to indicate that such person is a certified public accountant engaged in the practice of public accounting, unless, pursuant to the provisions of the Public Accountancy Act, such ~~person~~ individual has received a certificate as a certified public accountant under Section 15.9 of Title 59 of the Oklahoma Statutes and, is registered, holds a valid permit issued under Section 15.14 of Title 59 of the Oklahoma Statutes which is not revoked or suspended, (hereinafter referred to as a "live permit"), and all ~~of such person's~~ offices in this state for the practice of public accounting ~~are maintained and~~ of the individual are registered as required under Section 15.17 of Title 59 of the Oklahoma Statutes.

~~(b) No partnership~~ B. No firm shall hold itself out to the public, assume or use the title or designation "Certified Public Accountant" or the abbreviation "C.P.A." "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that such ~~partnership~~ firm is composed of certified public accountants engaged in the practice of public accounting unless, pursuant to the provisions of the Public Accountancy Act, such ~~partnership~~ firm is registered as a ~~partnership of certified public accountants under Section 15.15 of Title 59 of the Oklahoma Statutes~~, and holds a ~~live~~ valid permit issued under Section 15.17 of Title 59 of the Oklahoma Statutes to practice, and all ~~of such partnership's~~ offices of such firm in this state for the practice of public accounting are ~~maintained and~~ registered as required under Section 15.17 of Title 59 of the Oklahoma Statutes.

~~(c) No person~~ C. No individual shall hold himself out to the public, assume or use the title or designation "Public Accountant" or "PA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such ~~person~~ individual is a public accountant engaged in the practice of

public accounting, unless, pursuant to the provisions of the Public Accountancy Act, such person individual is licensed, registered as a public account under Sections 15.9 and 15.17 of Title 59 of the Oklahoma Statutes, holds a live valid permit issued under Section 15.14 of Title 59 of the Oklahoma Statutes to practice and all of such person's offices in this state for the practice of public accounting are maintained and of the individual are registered as required under Section 15.17 of Title 59 of the Oklahoma Statutes or unless such person has received a certificate as a certified public accountant under Section 15.9 of Title 59 of the Oklahoma Statutes, holds a live permit issued under Section 15.14 of Title 59 of the Oklahoma Statutes and all of such person's offices in this state for the practice of public accounting are maintained and registered as required under Section 15.17 of Title 59 of the Oklahoma Statutes.

~~(d) No partnership~~ D. No firm shall hold itself out to the public, assume or use the title or designation "Public Accountant" or "PA" any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such partnership firm is composed of public accountants engaged in the practice of public accounting, unless, pursuant to the provisions of the Public Accountancy Act, such partnership firm is registered as a partnership of public accountants under Section 15.15 of Title 59 of the Oklahoma Statutes or as a partnership of certified public accountants under Section 15.15 of Title 59 of the Oklahoma Statutes and holds a live valid permit issued under Section 15.17 of Title 59 of the Oklahoma Statutes to practice and all of such partnership's offices of such firm in this state for the practice of public accounting are maintained and registered as required under Section 15.17 of Title 59 of the Oklahoma Statutes.

E. No individual shall hold himself out to the public, assume or use the designation "Registered Accountant" or "RA" or any other title, designation, words, letters, abbreviation, sign, card or

device tending to indicate that such individual is a registered accountant engaged in the practice of public accounting unless, pursuant to the provisions of the Public Accountancy Act, such individual is licensed, registered, holds a valid permit to practice, and all offices in this state for the practice of public accounting of the individual are registered.

F. No firm shall hold itself out to the public, assume or use the designation "Registered Accountant" or "RA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that such firm is composed of registered accountants engaged in the practice of public accounting, unless, pursuant to the provisions of the Public Accountancy Act, such firm is registered and holds a valid permit to practice, and all offices of such firm in this state for the practice of public accounting are registered.

~~(e) No person or partnership~~ G. No individual or firm, unless certified, licensed or registered pursuant to the Public Accountancy Act, shall hold himself or itself out to the public, assume or use alone, or in connection with his or its name, or any other name, the title or designation "Certified Accountant", "Chartered Accountant", "Enrolled Accountant", "Licensed Accountant", "Registered Accountant" "accountant", "auditor", "certified internal auditor", "certified accountant", "certified management accountant", "certified municipal accountant", "chartered accountant", "licensed accountant", "registered accountant", "accredited accountant" or any other title or designation likely to be confused with "Certified Public Accountant" ~~or~~, "Public Accountant" or Registered Accountant, or any of the abbreviations "CA", "PA", "EA", "RA", or "LA", or similar abbreviations likely to be confused with "CPA"; ~~provided, however, that anyone who holds a live permit issued under Section 15.14 of Title 59 of the Oklahoma Statutes and all of whose, "PA" or "RA" on any sign, card, letterhead, device or in any advertisement~~

or directory. Anyone who is registered and holds a valid permit to practice and all of his offices in this state for the practice of public accounting are maintained and registered, as required under Section 15.15 or 15.17 of Title 59 of the Oklahoma Statutes by law, may hold himself out to the public as an "Accountant" or "Auditor" "accountant".

~~(f) No corporation shall assume or use the title or designation "Certified Public Accountant", or "Public Accountant"; nor shall any corporation assume or use the title or designation "Certified Accountant", "Chartered Accountant", "Enrolled Accountant", "Licensed Accountant", "Registered Accountant" or any other title or designation likely to be confused with "Certified Public Accountant" or "Public Accountant", or any of the abbreviations "CPA", "PA", "CA", "EA", "RA", or "LA" or similar abbreviations likely to be confused with "CPA".~~

~~(g) No person H. No individual, unless he is registered and holds a valid permit to practice and all of his offices in this state for the practice of public accounting are registered pursuant to the provisions of the Public Accountancy Act, shall sign ~~or~~, affix or associate his name or any trade ~~or~~, assumed or firm name used by him in his profession or business, ~~with any wording indicating that he is an accountant or auditor, or with wording indicating that he has expert knowledge in accounting or auditing, to any accounting or financial statement, or to any opinion on, report on or certificate to any accounting or financial statement,~~ unless he holds a live permit issued under Section 15.14 of Title 59 of the Oklahoma Statutes, and all of his offices in this state for the practice of public accounting are maintained and registered under Section 15.15 or 15.17 of Title 59 of the Oklahoma Statutes; provided, however, that the provisions of this subsection shall not prohibit any officer, employee, partner or principal of any organization from affixing his signature to any statement or report~~

~~in reference to the financial affairs of said organization with any wording designating the position, title or office which he holds in said organization, nor shall the provisions of this subsection prohibit any act of a public official or public employee in the performance of his duties as such to any:~~

~~1. Report expressing or disclaiming an opinion on a financial statement based on an audit or examination of such statement; or~~

~~2. Report expressing assurance on a financial statement based on a review of such statement or compilation report or statement.~~

~~(h) No person shall sign or affix a partnership name, with any wording indicating that it is a partnership composed of accountants or auditors or persons having expert knowledge in accounting or auditing, to any accounting or financial statements, or to any report on or certificate to any accounting or financial statement, unless the partnership holds a live permit issued under Section 15.17 of Title 59 of the Oklahoma Statutes and all of its offices in this state for the practice of public accounting are maintained and registered as required under Section 15.15 or 15.17 of Title 59 of the Oklahoma Statutes.~~

~~(i) No person shall sign or affix a corporate name with any wording indicating that it is a corporation performing services as accountants or auditors or composed of accountants or auditors or persons having expert knowledge in accounting or auditing, to any accounting or financial statements, or to any report on or certificate to any accounting or financial statement.~~

~~(j) No person or partnership not holding a live permit issued under Section 15.14 or 15.17 of Title 59 of the Oklahoma Statutes, and no corporation, shall hold himself or itself out to the public as an "Accountant" or "Auditor" by use of either or both of such words on any sign, card, letterhead, or in any advertisement or directory, without indicating thereon or therein that such person, partnership, or corporation does not hold such a permit; provided~~

~~that this subsection shall not prohibit any officer, employee, partner or principal of any organization from describing himself by the position, title or office he holds in such organization; nor shall this subsection prohibit any act of public official or public employee in the performance of his duties as such.~~

~~(k) No person I. No individual shall assume or use the title or designation "Certified Public Accountant" or "CPA", "Public Accountant" or "PA" or "Registered Accountant" or "RA" in conjunction with names indicating or implying that there is a partnership or professional corporation or in conjunction with the designation "and Company", or "and Co." or a similar designation if, in ~~any such case~~ fact, there is ~~in fact~~ no bona fide partnership or professional corporation registered under Sections 15.15 and 15.17 of Title 59 of the Oklahoma Statutes, provided that a sole proprietor or partnership lawfully using such title or designation in conjunction with such names or designation on the effective date of this act, may continue to do so if he or it otherwise complies with the provisions of this act.~~

SECTION 13. AMENDATORY 59 O.S. 1991, Section 15.12, is amended to read as follows:

Section 15.12 Nothing contained in ~~this act~~ the Public Accountancy Act shall ~~prohibit any person:~~

1. Be construed as prohibiting any individual who is not a certified public accountant ~~or~~, public accountant or registered accountant from serving as an employee of, ~~or an assistant to,~~ a certified public accountant ~~or~~, public accountant or ~~partnership composed of certified public accountants or public accountants holding a permit to practice issued under Section 15.14 or 15.17 of Title 59 of the Oklahoma Statutes~~ registered accountant holding a valid permit to practice; provided that such employee ~~or assistant~~ shall not issue any accounting or financial ~~statements~~ statement or report ~~ever~~ in his own name.;

2. Be construed as prohibiting any individual not engaged in the practice of public accounting who is the registered holder of a certificate from assuming or using the designation "certified public accountant" or the abbreviation "CPA" or any individual who is the registered holder of a public accountant license from assuming or using the designation "public accountant" or the abbreviation "PA", or any individual who is the registered holder of a registered accountant license from assuming or using the designation "registered accountant" or the abbreviation "RA";

3. Prohibit any officer, employee, partner or principal of any organization from:

- a. affixing his signature to any statement or report in reference to the affairs of said organization with any wording designating the position, title or office which he holds in the organization, or
- b. describing himself by the position, title or office he holds in such organization;

4. Prohibit any act of a public official or a public employee in the performance of his duties as such; or

~~Nothing contained in this act shall prohibit~~ 5. Prohibit a certified public accountant or a licensed public accountant or a registered accountant of another state, or any accountant who holds a certificate, degree ~~of~~ or license in a foreign country, constituting a recognized qualification for practice of public accounting in such state or country, from temporarily practicing in this state or engaging in professional business incident to his regular practice outside this state; provided, that such temporary practice is conducted in conformity with ~~the regulations~~ the Public Accountancy Act and the rules of professional conduct promulgated by the Board.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.19 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. A certified public accountant, a public accountant, a registered accountant, a firm of certified public accountants, a firm of public accountants, or a firm of registered accountants shall not disclose any confidential information about a client obtained in the course of a professional engagement except with the consent of the client or former client. Nothing contained in this subsection shall be construed as prohibiting disclosure as may be required by law, legal process, the standards of the profession or disclosure of confidential information in connection with peer or quality reviews or investigations conducted under the auspices of the Oklahoma State Board of Public Accountancy.

B. This section shall not be construed as limiting the authority of any agency of this state or of any agency of the United States to subpoena and use such information in connection with any investigation, public hearing or other proceeding; nor shall this section be construed as prohibiting a certified public accountant, a public accountant, or a registered accountant whose professional competence has been challenged in a court of law or before an administrative agency from disclosing confidential information as a part of a defense to the court action or administrative proceeding.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.20 of Title 59, unless there is created a duplication in numbering, reads as follows:

All statements, records, schedules, working papers and memoranda made by a certified public accountant, public accountant or registered accountant or their employees incident to or in the course of public accounting services to clients, except reports submitted by a certified public accountant, public accountant, or registered accountant to a client, shall be and remain the property

of the accountant, in the absence of an express agreement to the contrary. No such statement, record, schedule, working paper or memorandum shall be sold, transferred or bequeathed, without the consent of the client or his personal representative or assignee, to anyone other than one or more surviving partners or new partners of the accountant or to his professional corporation or any combined or merged partnership or corporation or successors in interest to a sole proprietorship, partnership or corporation.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.21 of Title 59, unless there is created a duplication in numbering, reads as follows:

Whenever, in the judgment of the Oklahoma State Board of Public Accountancy, any individual has engaged in or has demonstrated an intent to engage in any acts or practices which constitute a violation of the Public Accountancy Act, the Board may make application to the appropriate court for an order enjoining such acts or practices. Upon a showing by the Board of such acts or practices, an injunction, restraining order or such other order as may be appropriate shall be granted by a court of competent jurisdiction.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.22 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. Except for violations provided for in subsection B of this section, any individual who violates any provision of the Public Accountancy Act, upon conviction, shall be deemed guilty of a misdemeanor, which shall be punishable by a fine of not more than Two Thousand Five Hundred Dollars (\$2,500.00) or by imprisonment for not more than one (1) year or by both such fine and imprisonment. Whenever the Oklahoma State Board of Public Accountancy has reason to believe that a person is subject to punishment pursuant to the provisions of this section, it may certify the facts to the Attorney

General or district attorney where the violation occurred for appropriate action.

B. Any individual holding a certificate, license or permit to practice who shall knowingly falsify a report or statement bearing on any examination, investigation or audit made by him or subject to his direction, upon conviction, shall be deemed guilty of a felony, which shall be punishable by imprisonment in a Department of Corrections facility for a period of not exceeding five (5) years, or by a fine of not more than Twenty-five Thousand Dollars (\$25,000.00), or by both such fine and imprisonment.

C. Evidence of the commission of a single act prohibited by the Public Accountancy Act shall be sufficient grounds for an action for an injunction or conviction without requiring evidence of a general course of conduct.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.23 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. During the eighteen-month period immediately following the effective date of this act, applicants for registration under this section who would otherwise qualify to sit for the registered accountant's examination as of September 1, 1992, pursuant to the provisions of this act, shall be registered under this section as a registered accountant without being required to take the written examination.

B. During the "open registration" period of the registered accountants provided for in this section, the registered accountant members of the Registered Accountant Advisory Committee shall be individuals who, although not initially holding a registration or permit to practice at the time of his appointment, can clearly demonstrate that he possesses the necessary qualification for obtaining a registration.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.24 of Title 59, unless there is created a duplication in numbering, reads as follows:

Registered accountants may use either generally accepted accounting principles or generally accepted tax accounting principles in the preparation of any financial statement or report they prepare.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.25 of Title 59, unless there is created a duplication in numbering, reads as follows:

A. Any licensee of the Oklahoma State Board of Public Accountancy may prepare and issue review reports or statements and may also prepare and issue compilation reports or statements.

B. Only certified public accountants and public accountants may issue audit reports or statements.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.26 of Title 59, unless there is created a duplication in numbering, reads as follows:

Nothing in this act shall prohibit any person or firm from holding himself or themselves out as tax return preparers.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.27 of Title 59, unless there is created a duplication in numbering, reads as follows:

There shall be no provision or rule which will limit or deprive public accountants or registered accountants from receiving commissions from the sale of products.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.28 of Title 59, unless there is created a duplication in numbering, reads as follows:

The Oklahoma State Board of Public Accountancy may establish by rule a quality review program for certified public accountants and

public accountants to review in a pro-active manner their work in the area of audit reports.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 16.29 of Title 59, unless there is created a duplication in numbering, reads as follows:

On and after April 1, 1994, it shall be a violation of the Public Accountancy Act for any person to prepare or issue any report or statement, for hire or not, conventionally used by the licensees with respect to a compilation, review or audit who is not licensed by the Oklahoma State Board of Public Accountancy.

SECTION 25. REPEALER 59 O.S. 1991, Sections 15.1, 15.8, 15.9, 15.13, 15.14, 15.15, 15.16, 15.17, 15.18, 15.19, 15.22, 15.23, 15.24, 15.25, 15.26, 15.27, 15.28, 15.31, 15.32, 15.33 and 15.35, are hereby repealed.

SECTION 26. RECODIFICATION 59 O.S. 1991, Sections 15.2 through 15.5, shall be recodified as Sections 16.3 through 16.6 of Title 59 of the Oklahoma Statutes. 59 O.S. 1991, Section 15.7, shall be recodified as Section 16.7 of Title 59 of the Oklahoma Statutes. 59 O.S. 1991, Sections 15.10, 15.11 and 15.12, as amended by Sections 6, 12 and 13 of this act, shall be recodified as Sections 16.11, 16.17 and 16.18 of Title 59 of the Oklahoma Statutes. 59 O.S. 1991, Section 15.20, as amended by Section 10 of this act, shall be recodified as Section 16.15 of Title 59 of the Oklahoma Statutes.

SECTION 27. This act shall become effective September 1, 1992.

43-2-1419 JY