

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2406

By: Gray

COMMITTEE SUBSTITUTE

An Act relating to professions and occupations; amending 59 O.S. 2001, Sections 15.1, 15.1A, 15.10, 15.11, 15.13, 15.14A, 15.15A and 15.16, which relate to the Oklahoma Accountancy Act; updating scope of act; requiring promulgation of rules; adding and modifying definitions; clarifying examination procedures; clarifying use of professional title, membership or credentials; expanding reciprocity and clarifying disciplinary action for certificate or license by reciprocity; authorizing certain waiver powers of the Oklahoma Accountancy Board regarding licenses, certificates or permits; establishing experience requirements for permits; requiring report to the Oklahoma Accountancy Board of final adjudication of guilt of felony charge; adding causes for imposition of penalties; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 59 O.S. 2001, Section 15.1, is amended to read as follows:

Section 15.1 A. Sections 15.1 through ~~15.5, 15.7 through 15.16, 15.17 and 15.18 as recodified, 15.20 and 15.22 as recodified, 15.23 through 15.28, 15.32 and 15.33 as recodified and 15.35 of Title 59 of the Oklahoma Statutes and Sections 2, 7, 19, 20, and 29 15.37~~ of this ~~act~~ title shall be known and may be cited as the "Oklahoma Accountancy Act".

B. The Legislature hereby declares that in order to protect the citizens of this state, it shall be the policy of this state to promote the reliability of information used for guidance in

financial transactions for accounting for or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises.

C. The Legislature further declares that:

1. The interest and protection of the citizens of this state requires that persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information shall have demonstrated their qualifications for such activities;

2. Any person who has not demonstrated and maintained such qualifications including certificate holders or license holders not in public practice shall not be permitted to hold themselves out as having such special competence or to offer such assurance;

3. The professional conduct of persons authorized by the state to hold themselves out as having special competence in accountancy shall be well versed in all aspects of the practice of public accounting; and

4. The use of titles relating to the practice of public accounting that are likely to mislead the public as to the status or competence of the persons using such titles be prohibited.

~~In order to implement the policy of this state, a public authority competent~~ D. The Oklahoma Accountancy Board is hereby created to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accounting shall be established. In accordance with the Administrative Procedures Act, the Board shall adopt rules necessary to implement the provisions of the Oklahoma Accountancy Act.

SECTION 2. AMENDATORY 59 O.S. 2001, 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. "Applicant" means an individual or entity which has made application to the Board for a certificate, license, or permit and said application has not been approved;

3. "Attestation" means a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party;

4. "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 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;

5. "Authorized individual or entity" means an individual or entity with authority to supply professional services pursuant to the provisions of the Oklahoma Accountancy Act;

6. "Board" means the Oklahoma Accountancy Board;

~~6.~~ 7. "Candidate" means an individual who has been qualified and approved by the Board to take an examination for a certificate or license;

~~7.~~ 8. "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" shall also mean the Oklahoma document issued by reciprocity to an individual who has previously been certified in another jurisdiction;

~~8.~~ 9. "Certified public accountant" means any person who has received a certificate from the Board;

~~9.~~ 10. "Client" means the individual or entity which retains a registrant to perform professional services;

~~10.~~ 11. "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;

~~11.~~ 12. "CPA" or "C.P.A." means certified public accountant;

~~12.~~ 13. "Designated manager" means the individual domiciled in Oklahoma and appointed by the firm partners or shareholders to be responsible for the administration of the office;

~~13.~~ 14. "Entity" means an organization whether organized for profit or not, corporation, partnership, or governmental agency;

~~14.~~ 15. "Examination" means the ~~written~~ test administered, supervised, and graded by or at the direction of the Board which is required for a certificate as a certified public accountant or a license as a public accountant;

~~15.~~ 16. "Executive director" means the chief administrative officer of the Board;

~~16.~~ 17. "Financial statements" means a written statement and related footnotes purporting to show actual or anticipated financial position, the results of operations, cash flow, or changes in financial position which relate to a specific period of time, on the basis of generally accepted accounting principles. The term "financial statements" also includes specific elements, accounts, or items of such statements, but does not include incidental financial data included in management advisory services, reports to support recommendations to a client nor does it include tax returns and supporting schedules;

~~17.~~ 18. "Firm" means an entity which is either a sole proprietorship, partnership, limited liability company, or professional corporation including individual partners or shareholders which is engaged in accountancy;

~~18.~~ 19. "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, or by an authorized individual or entity. 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;

~~19.~~ 20. "Individual" means a human being;

~~20.~~ 21. "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 Oklahoma. "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;

~~21.~~ 22. "Management advisory services", "management consulting services", or "management services" (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, 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;

~~22.~~ 23. "MAS engagement" means that form of MAS in which an analytical approach and process is applied in a study or project. MAS engagement constitutes more than an incidental effort devoted to some combination of activities relating to the determination of client objectives, fact finding, opportunity or problem definition, evaluation of alternatives, formulation of proposed action, communication of results, implementation, and follow-up;

~~23.~~ 24. "MAS consultation" means that form of MAS based primarily on existing personal knowledge about the client, the circumstances, the technical matters involved, and the mutual intent of the parties. MAS consultation may include but is not limited to advice or information given by a registrant in a short time frame wherein information is received through verbal discussions with the client and is accepted by the registrant as represented. The response of the registrant may be definitive when existing personal knowledge is deemed adequate; otherwise it may be qualified, in which case limitations are stated. A qualified response often reflects cost, time, scope, or other limitations imposed by the specific circumstances of the client;

~~24.~~ 25. "PA" or "P.A." means public accountant;

~~25.~~ 26. "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 those terms are defined by the laws of this state;

~~26.~~ 27. "Permit" means the written authority granted annually by the Board to individuals or firms to practice public accounting in Oklahoma which is issued pursuant to the Oklahoma Accountancy Act;

~~27.~~

28. a. "Practice of public accounting" refers to the activities of a registrant 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 qualified and ready to render professional services therein 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, examination, 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,
- (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. 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", "review" or "reviewed" or are not exhibited as having been prepared by a certified public accountant or public accountant, unless used in the negative,

- (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. A person is not holding himself or herself out, soliciting or advertising for clients within the meaning of this section solely by reason of displaying a CPA certificate or a PA license in the 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, or financial or tax documents of a client constitutes the practice of public accounting and requires a permit;

~~28.~~ 29. "Professional corporation" means a corporation organized pursuant to the laws of Oklahoma;

~~29.~~ 30. "Professional services" means any services performed or offered to be performed by a permit holder for a client in the course of the practice of public accounting;

~~30.~~ 31. "Public accountant" means any individual who has received a license from the Board;

~~31.~~ 32. "Quality review" means a review performed pursuant to a set of quality review rules established by the Board of one or more aspects of the professional work of an individual or firm holding a valid permit by an individual who holds the same type of permit as the individual or firm being reviewed but who is not affiliated with the individual or firm being reviewed. The term peer review is encompassed in the broader term quality review;

~~32.~~ 33. "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;

~~33.~~ 34. "Report", when used with reference to financial statements, or specified elements, accounts or items of a financial statement, means an opinion or other form of language that states or implies assurance as to the reliability of any financial statements, or specified elements, accounts or items of a financial statement, 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 he is an accountant or auditor, or from the language of the report itself. The term "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 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 on financial

statements prepared by a person not holding a certificate or license. However, such report shall not refer to "audit", "audited", "review" or "reviewed", nor use the language "in accordance with standards established by the American Institute of Certified Public Accountants" or successor of said entity, unless used in the negative;

~~34.~~ 35. "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; ~~and~~

~~35.~~ 36. "Review", when used with reference to financial statements, means a registrant 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

37. "Substantial equivalent" means the determination by the Board that the education, examination, and experience requirements contained in the statutes and rules of another jurisdiction are comparable to, or exceed the education, examination, and experience requirements of the Oklahoma Accountancy Act.

SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.10, is amended to read as follows:

Section 15.10 A. 1. The Oklahoma Accountancy Board shall hold an examination for applicants to obtain a certificate or license as accountants at least once each year.

2. Any examination administered by the Board may be created by the Board, or adopted in full or in part from examination sources,

including but not limited to professional associations or professional testing entities.

3. The examination may be administered in either written or computerized form as determined by the Board.

4. Additional examinations may be held at such times and places as the Board may deem advisable.

B. Notice of the date, time of day, and place of each examination is to be given by publication in manner and form as prescribed by the Board.

C. Each applicant allowed to sit at the examination shall file a written application in the office of the Board 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.

D. In addition to the requirement of confidentiality of test results, the Board shall take such action as necessary to assure the confidentiality of the tests prior to their being administered to candidates.

SECTION 4. AMENDATORY 59 O.S. 2001, Section 15.11, is amended to read as follows:

Section 15.11 A. No individual, other than as described in subparagraph c of paragraph ~~27~~ 28 of Section ~~2~~ 15.1A of this ~~act~~ title, shall assume or use the title or designation "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 as a representation 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. 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" or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate or as a representation 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. 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 c of paragraph ~~27~~ 28 of Section ~~2~~ 15.1A of this ~~act~~ title, shall assume or use the title or designation "Public Accountant" or the abbreviation "P.A." or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate or as a representation 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" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate or as a representation 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", "Chartered Accountant", "Enrolled Accountant", "Licensed Accountant", "Registered Accountant" ~~or any other title or designation which could be confused with "Certified Public Accountant" or "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"~~ other earned credentials as provided in subsection H of this section; 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 may hold himself out to the public as an "Accountant" or "Auditor".

F. No individual or entity not holding a valid permit shall hold himself or itself out to the public as an ~~"Accountant" or "Auditor"~~ by use of ~~either or both of~~ such ~~words~~ word 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 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.

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, or governmental unit. This prohibition does not apply to an officer, partner, or employee of any firm or organization affixing his 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 he holds therein; nor prohibit any act of a public official or employee in the performance of his duties as such.

H. An individual or entity may:

1. Represent to the public that the individual or entity is providing services as an "Accountant" by use of such word on any sign, card, letterhead, or in any advertisement or directory, without specifically indicating that such individual or entity does not hold a permit;

2. Indicate membership in a Professional Society by use of words, phrases, or initials, on letterhead, business cards, electronic media, or any other method of communication; and

3. Designate any professional credentials earned from a Professional Society of which the individual or entity is a member in good standing, by use of words, phrases, or initials, on letterhead, business cards, electronic media, or any other method of communication.

SECTION 5. AMENDATORY 59 O.S. 2001, Section 15.13, is amended to read as follows:

Section 15.13 A. The Oklahoma Accountancy Board may issue a certificate or license to an applicant who has been authorized to practice public accounting as a certified public accountant or public accountant pursuant to the laws of the District of Columbia or any other state or territory of the United States if the applicant passed a test administered for the purpose of authorizing an individual to practice as a certified public accountant or public accountant with grades which were equivalent to passing a test for the same purpose in this state as of the date the applicant originally passed the examination, and said applicant:

1. Meets the requirements for issuance of a certificate or license in this state on the date of making application; or

2. Met, on the date the certificate or license was issued by the other state, District of Columbia or territory, the requirements in effect on that date for issuance of a certificate or license in this state.

B. In the event an applicant does not meet the requirements of subsection A of this section, but has passed a test administered for the purpose of authorizing an individual to practice as a certified public accountant or public accountant with grades which were equivalent to passing a test for the same purpose in this state on the date the applicant passed the examination, the Board may issue a certificate or license to an applicant if such applicant has four (4) years of experience practicing public accounting as a certified public accountant or public accountant pursuant to the laws of the District of Columbia or any other state or territory of the United States. Such experience must have occurred within the ten (10) years immediately preceding the application. Experience acceptable to satisfy the requirements of this subsection shall be determined by standards established by the Board.

C. An applicant eligible to be issued a certificate or license by the Board pursuant to the provisions of subsection A or B of this section must also provide satisfactory documentation to the Board that such individual has met the continuing professional education requirements required by this state during the calendar year preceding the date of the application.

D. The Board may issue a certificate or license by reciprocity to the extent required by treaties entered into by the government of the United States.

E. The Board may issue a certificate or license by reciprocity to individuals who have been granted the right to practice public accounting as a certified public accountant or public accountant without having been required to take an examination pursuant to the

laws of the District of Columbia, or any other state or territory of the United States.

F. A fee in the amount equal to the fee required to sit for the initial CPA or PA examination shall be paid by an applicant seeking a certificate or license pursuant to the provisions of this section.

G. An individual holding a certificate or license by reciprocity pursuant to the provisions of this section is subject to disciplinary action by the Board for any violation of the Oklahoma Accountancy Act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15.13A of Title 59, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Accountancy Board may waive the necessity of obtaining a license, certificate, or permit pursuant to the provisions of the Oklahoma Accountancy Act for an individual whose principal place of business is not in this state who has valid credentials to practice as a Certified Public Accountant or Public Accountant from any state_which the National Association of State Boards of Accountancy (NASBA) National Qualification Appraisal Service has verified to be substantially equivalent to the CPA licensure requirements of the American Institute of Certified Public Accountants (AICPA) and NASBA Uniform Accountancy Act if the Board determines that those individuals can be presumed to have qualifications substantially equivalent to the requirements established for such practice pursuant to the provisions of the Oklahoma Accountancy Act.

1. Any such individual shall have all the privileges of certificate holders and license holders of this state without the necessity of obtaining a license, certificate, or permit pursuant to the provisions of the Oklahoma Accountancy Act.

2. Any such individuals shall notify the Board in writing of their intent to provide professional services in this state pursuant to the provisions of this section.

B. The Board may waive the necessity of obtaining a license, certificate, or permit pursuant to the provisions of the Oklahoma Accountancy Act for an individual whose principal place of business is not in this state who has valid credentials to practice as a Certified Public Accountant or Public Accountant from any state which the National Association of State Boards of Accountancy (NASBA) National Qualification Appraisal Service has not verified to be substantially equivalent to the CPA licensure requirements of the American Institute of Certified Public Accountants (AICPA) and NASBA Uniform Accountancy Act if the Board determines that those individuals can be presumed to have qualifications substantially equivalent to the requirements established for such practice pursuant to the provisions of the Oklahoma Accountancy Act if such individual obtains from the NASBA National Qualification Appraisal Service verification that the CPA qualifications for the individual are substantially equivalent to the CPA licensure requirements of the AICPA and NASBA Uniform Accountancy Act.

1. Any such individual shall have all the privileges of certificate holders and license holders of this state without the necessity of obtaining a license, certificate, or permit pursuant to the provisions of the Oklahoma Accountancy Act.

2. Any such individuals shall notify the Board in writing of their intent to provide professional services in this state.

C. Any individual who has valid credentials to practice as a Certified Public Accountant or Public Accountant from another state exercising the privilege afforded pursuant to the provisions of this section hereby consents, as a condition of the grant of this privilege:

1. To the personal and subject matter jurisdiction, and disciplinary authority of the Board; and

2. To the appointment of the Oklahoma Secretary of State as their agent upon whom process may be served in any action or proceeding by the Board against the individual.

D. An authorized individual offering or rendering professional services or using their CPA or PA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the licensee would be subject to discipline for in the other state. The Board shall investigate any complaint made by an appropriate licensing agency from another state.

SECTION 7. AMENDATORY 59 O.S. 2001, Section 15.14A, is amended to read as follows:

Section 15.14A A. Before any individual may practice public accounting or hold himself 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. Any individual, corporation or partnership or any other entity who provides any of the services defined hereinabove as the "practice of public accounting" without being a license and permit holder, or a certificate and permit holder, shall be assessed a fine not to exceed Ten Thousand Dollars (\$10,000.00) for each separate offense.

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 on the date the ~~permit is applied for~~ application for the permit is made. A certificate holder seeking a permit must have had at least one (1) year of experience in the

accounting field. Experience acceptable to satisfy the requirements of this paragraph shall include the following:

- a. the experience may consist of providing any type of services or advice using accounting, attest, management advisory, financial advisory, tax or consulting skills,
- b. the experience shall be verified to the Board in the form subscribed to in the rules of the Board. The Board shall assess experience from employment in industry, government, academia, public practice or other business area providing accounting or tax services taking into consideration the complexity and diversity of the work. Acceptable experience is not limited to employment by a license holder, a permit holder, or a certificate holder, and
- c. one (1) year of experience shall consist of full- or part-time employment that extends over a period of no less than one (1) year and no more than three (3) years and includes no fewer than two thousand (2,000) hours of performance of services described in this subparagraph;

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 this act~~ in 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 expire on June 30 of each year and may be renewed from year to year. 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 One Hundred Dollars (\$100.00).

SECTION 8. AMENDATORY 59 O.S. 2001, 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 office of any firm seeking to provide professional services to the public in this state. Renewals of firm permits shall be applied for during the month of August 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 other than in this state;

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 any of 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; and

6. Final adjudication of guilt of a felony charge pursuant to the laws of the District of Columbia or any other state or territory of the United States or foreign country brought against any partner or shareholder.

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;
 3. The date the dissolution became effective;
 4. The new employment status of each partner or shareholder;
- and
5. The new mailing address of each partner or shareholder.

E. The Board shall set a fee of not more than Fifty Dollars (\$50.00) for each initial or renewal firm permit except for sole proprietorships. In the event a firm has more than one office, a fee of not more than Fifty Dollars (\$50.00) shall be paid for each additional office.

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

1. Each authorized individual partner or shareholder is engaged in the practice of public accounting in the United States and holds a certificate as a certified public accountant in one or more states, or territories, or the District of Columbia of the United States; and

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

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

1. Each authorized individual partner or shareholder is engaged in the practice of public accounting in the State of Oklahoma as public accountants; and

2. Each designated manager has received a license and permit to practice as a public accountant or certificate and permit to practice as a certified public accountant pursuant to the laws of this state.

SECTION 9. AMENDATORY 59 O.S. 2001, Section 15.16, is amended to read as follows:

Section 15.16 A. After notice and hearing the Oklahoma Accountancy Board shall revoke the registration and all permits of a firm if at any time it does not have all of the qualifications required for registration pursuant to the provisions of the Oklahoma Accountancy Act.

B. After notice and hearing, the Board may impose any one or more of the penalties authorized in Section 24 15.24 of ~~the Oklahoma~~

~~Accountancy Act~~ this title on a firm for any one or more of the following causes:

1. The revocation or suspension of the certificate or license of any partner or shareholder issued in accordance with the Oklahoma Accountancy Act;

2. Failure of the firm or any authorized individual partner or shareholder to register with the Board or pay the annual registration fee;

3. The revocation or suspension of a professional certificate, license, permit, or their equivalent of a nonlicensed partner or shareholder;

4. Final adjudication of guilt of a felony charge pursuant to the laws of the District of Columbia or any other state or territory of the United States or foreign country brought against any partner or shareholder;

5. Failure to maintain compliance with the requirements for issuance or renewal of the permit of the firm;

~~4.~~ 6. Failure to sign accountants' opinions in the firm name, except in instances in which a governmental agency shall require the signature to be that of an individual;

~~5.~~ 7. Fraud or deceit by any partner or shareholder in obtaining the firm permit;

~~6.~~ 8. Failure to file income tax returns in the name of the firm; and

~~7.~~ 9. Dishonesty, fraud, or gross negligence in the practice of public accounting by any partner, shareholder, or employee of the firm in the name of the firm.

SECTION 10. This act shall become effective July 1, 2002.

SECTION 11. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

48-2-8641 EAP 6/12/15