

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL 1429

By: Fisher

COMMITTEE SUBSTITUTE

An Act relating to professions and occupations; amending 59 O.S. 2001, Sections 15.1, 15.1A, 15.4, 15.6A, 15.8, 15.9, 15.10A, 15.12, 15.13, 15.14, 15.15, 15.15A, 15.23, 15.26, 15.28 and 15.35, which relate to the Oklahoma Accountancy Act; deleting obsolete language; defining and deleting terms; making language gender neutral; modifying duties of secretary of Oklahoma Accountancy Board; clarifying types of information to be held confidential; deleting specified requirements for certification or licensure; establishing experience requirements for certification or licensure; deleting maximum fees for examination and reexamination; authorizing temporary practice by firms licensed outside the state; clarifying application requirements regarding continuing education; modifying basis for fee for certification or licensure; deleting obsolete language; deleting requirement for annual register; clarifying application; broadening authority of Board; modifying penalty; deleting criteria for specified disciplinary actions; modifying continuing education requirements; authorizing certain individuals to practice in state without licensure, certification or permit and subjecting such individuals to certain conditions and disciplinary actions; authorizing Board to take certain actions; providing criteria for specified disciplinary actions; providing for codification; and providing an effective date.

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 ~~Sections~~ Section 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~~

~~of this act~~ et seq. of Title 59 of the Oklahoma Statutes shall be known and may be cited as the "Oklahoma Accountancy Act".

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.

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 to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accounting shall be established.

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~~ "Attest" means providing the following financial statement services:

- a. any audit or other engagement to be performed in accordance with generally accepted auditing standards,
- b. any review of a financial statement to be performed in accordance with the generally accepted accounting and review service standards, and
- c. any examination of prospective financial information to be performed in accordance with generally accepted standards for attestation engagements.

The statements on standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking;

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. "Board" means the Oklahoma Accountancy Board;

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

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

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

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

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

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

16. "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. "Firm" means an entity which is either a sole proprietorship, partnership, or professional corporation including individual partners or shareholders which is engaged in accountancy;

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

19. "Individual" means a human being;

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

25. "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. "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. 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,
- (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. "Professional corporation" means a corporation organized pursuant to the laws of Oklahoma;

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

31. "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. "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. "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~~ the issuer 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;

34. "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. "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

36. "Substantial equivalency" is a determination by the Oklahoma Accountancy Board that:

- a. the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the Oklahoma Accountancy Act and rules of the Board, or

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

SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.4, is amended to read as follows:

Section 15.4 A. The Oklahoma Accountancy Board shall elect from its membership a ~~chairman~~ chair, a ~~vice-chairman~~ vice-chair and a secretary. The officers of the Board shall be elected each May, to take office on July 1 following the election, and shall hold office for a term of one (1) year.

B. The ~~chairman~~ chair shall preside at all meetings of the Board, call special meetings of the Board as are necessary, sign all certificates and licenses and perform such other duties as the Board shall direct.

C. The ~~vice-chairman~~ vice-chair shall exercise the powers of and perform the duties of the ~~chairman~~ chair in the absence or disability of the ~~chairman~~ chair, and perform such other duties as the Board shall direct.

D. The secretary shall preside at any meeting ~~or hearing~~ in the absence of the ~~chairman~~ chair and ~~vice-chairman~~ vice-chair, validate minutes of all of the meetings of the Board, in the manner prescribed in the rules of the Board, supervise the maintenance of the records of the Board, including the register of individuals and firms authorized to practice public accounting in this state, ~~receipts and expenditures of the Board,~~ and a record of all examination grades. The secretary shall perform such other duties as the Board shall direct.

E. At any regular or special meeting at which none of the officers are in attendance, the members of the Board in attendance shall elect a member to preside at that meeting.

SECTION 4. AMENDATORY 59 O.S. 2001, Section 15.6A, is amended to read as follows:

Section 15.6A A. The Oklahoma Accountancy Board, its employees, independent contractors, appointed committee members or other agents shall keep confidential all information obtained during an investigation into allegations of violations of the Oklahoma Accountancy Act, including any review or investigation made to determine whether to allow an applicant to take an examination, or whether the Board shall grant a certificate, license, or permit. All information obtained in the course of conducting a quality review, including quality review reports provided to the Board by a registrant, ~~unadministered examination papers~~ examinations and test scores shall also be held confidential by the Board, its employees and independent contractors.

B. To ensure the confidentiality of such information for the protection of the affected individual or entity, the information obtained shall not be deemed to be a "record" as that term is defined in the Oklahoma Open Records Act.

C. Rules adopted to implement the provisions of this subsection shall assure the privacy of the information obtained. Such rules shall include but not be limited to:

1. Assuring availability of the information for inspection by the individual or entity affected or their designated representatives during the normal business hours of the Board;

2. A method for obtaining a written release for the affected individual or entity to allow inspection of their confidential records to the public at large; and

3. A method for making available to the public all final written orders of the Board concerning an individual or entity.

D. Information obtained by the Board or any of its agents as set out in subsection A of this section shall be considered competent evidence in a court of competent jurisdiction only in

matters directly related to actions of the Board and the affected individual or entity as a result of the Board obtaining the information. Such information shall not be admissible as evidence in any other type of civil or criminal action.

SECTION 5. AMENDATORY 59 O.S. 2001, Section 15.8, is amended to read as follows:

Section 15.8 A. Every applicant for the certificate of certified public accountant or license of public accountant must be of good moral character, must be a resident of this state immediately prior to making application and, except as otherwise provided in this section, shall meet the education ~~and experience~~ requirements provided ~~herein:~~ in this section.

~~1. The educational requirement shall be graduation from an accredited high school or, in the opinion of the Oklahoma Accountancy Board, the equivalent thereof; and~~

~~2. The experience requirement shall be at least three (3) years of public accounting experience, at least one (1) year of which shall have been in this state, and the Board shall give consideration to equivalent experience as satisfying the requirement of three (3) years' public accounting experience, such equivalent experience to consist of work of a responsible and nonroutine accounting nature which requires independent judgment on accounting matters. Provided, however, that as to an applicant who is a graduate of an accredited four-year college or university with a major in accounting or with a non-accounting major supplemented by what the Board determines to be substantially the equivalent of an accounting major of any four-year college or university in this state or any other four-year college or university recognized by the Board, shall be deemed to have the equivalent of three (3) years' public accounting experience provided that the applicant has satisfactorily completed forty-eight (48) semester hours, or the equivalent thereof, in accounting and related subjects, of which not~~

~~less than thirty (30) semester hours, or the equivalent thereof, shall be in accounting courses at least one of which shall be in auditing, and the remainder of said forty-eight (48) semester hours shall be any or all of the subjects of economics, statistics, business law, finance, business management, marketing, business communication, financial information systems, or computer science or the equivalent of such subjects as determined by the Board.~~

B. On or after July 1, 1999, every applicant for the license of public accountant shall have graduated from an accredited four-year college or university with a major in accounting or with a nonaccounting major supplemented by what the Oklahoma Accountancy Board determines to be the equivalent of an accounting major of any four-year college or university in this state or any other four-year college or university recognized by the Board. Such major in accounting or nonaccounting major shall include satisfactory completion of forty-eight (48) semester hours, or the equivalent thereof, in accounting and related subjects. At least thirty (30) semester hours, or the equivalent thereof, of said forty-eight (48) semester hours, shall be in accounting courses, at least one of which shall be in auditing. The remainder of said forty-eight (48) semester hours, or the equivalent thereof, shall be in said related subjects, which shall be in any or all of the subjects of economics, statistics, business law, finance, business management, marketing, business communication, financial information systems or computer science or the equivalent of such subjects as determined by the Board.

C. On or after July 1, 1996, every applicant for the certificate of certified public accountant shall have graduated from an accredited four-year college or university with a major in accounting or with a nonaccounting major supplemented by a curriculum the Board determines to be substantially the equivalent of an accounting major of any four-year college or university in

this state or any other four-year college or university recognized by the Board. Such major in accounting or nonaccounting major shall include satisfactory completion of forty-eight (48) semester hours, or the equivalent thereof, in accounting and related subjects, of which not less than thirty (30) semester hours, or the equivalent thereof, shall be in accounting courses at least one of which shall be in auditing and the remainder of said forty-eight (48) semester hours shall be any or all of the subjects of economics, statistics, business law, finance, business management, marketing, business communication, financial information systems or computer science or the equivalent of such subjects as determined by the Board.

D. On or after July 1, 2003, every applicant for the certificate of certified public accountant shall have at least one hundred fifty (150) semester hours, or the equivalent thereof, of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board from an accredited four-year college or university in this state or any other accredited four-year college or university recognized by the Board. A minimum of seventy-six (76) semester hours must be earned at the upper-division level of college or above or the equivalent thereof as determined by the Board; this education requirement shall have been completed prior to submitting an application to the Board; the total educational program of the applicant shall include an accounting concentration or its equivalent as determined acceptable by the Board which shall include not less than thirty-six (36) semester hours, or the equivalent thereof, in accounting courses above principles of accounting or introductory accounting, with at least one course in auditing; the remaining accounting courses shall be selected from financial accounting, accounting theory, cost/managerial accounting, federal income tax, governmental or not for profit accounting, accounting information systems, accounting history and other accounting electives; at least nine (9) semester

hours shall be from any or all of the subjects of economics, statistics, business law, finance, business management, marketing, business communication, management information systems or computer science at the upper-division level of college or above or the equivalent of such subjects as determined by the Board; all the remaining semester hours, if any, shall be elective but shall be at the upper-division level of college or above.

SECTION 6. AMENDATORY 59 O.S. 2001, Section 15.9, is amended to read as follows:

Section 15.9 A. Upon payment of appropriate fees, the Oklahoma Accountancy Board shall grant a certificate or license to any individual of good character who meets the applicable education, experience and testing requirements provided for in Sections 15.8, 15.9 and 15.10 of Title 59 of the Oklahoma Statutes. For purposes of this subsection, good character means an individual who does not have a history of dishonest acts as demonstrated by documented evidence and has not been convicted, pled guilty, or pled nolo contendere to a felony charge. The Board may refuse to grant a certificate or license to an applicant for failure to satisfy the requirement of good character. Written notification specifying any grounds for denial of a certificate or license based on failure to meet the good character criterion shall be provided to the denied applicant by the Board. Appeal of the action of the Board may be made in accordance with the provisions of the Administrative Procedures Act.

B. The Board shall issue certificates as certified public accountants to those applicants who have met the qualifications required by the provisions of the Oklahoma Accountancy Act and the applicable rules of the Board, and have passed ~~a written~~ an examination in accounting and related subjects as the Board determines appropriate with such grades as satisfy the Board that they are competent to practice as certified public accountants.

C. The Board shall, upon request, issue licenses as public accountants only to those applicants who shall have qualified and complied with the provisions of this act and the rules of the Board, and shall have passed ~~a written~~ an 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.

D. An applicant for initial issuance of a certificate or license under this section shall show that the applicant has had one (1) year of experience. Experience shall be defined by the Board by rule and shall include providing a type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which shall be verified by a certificate or license holder. Upon completion of the requirements of Section 15.8 of Title 59 of the Oklahoma Statutes, the qualifying applicant may take the certified public accountant examination prior to earning the experience required in this subsection, but shall not be issued a certificate until the experience requirement has been met.

E. 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.

SECTION 7. AMENDATORY 59 O.S. 2001, Section 15.10A, is amended to read as follows:

Section 15.10A A. Each applicant who wants to sit for an examination shall pay a fee, to be determined by the Oklahoma Accountancy Board, ~~not to exceed Three Hundred Dollars (\$300.00) for the initial examination.~~

B. Each applicant who has failed one or more parts of the initial examination and who wants to sit for reexamination in those failed parts shall pay a fee ~~not to exceed Seventy-five Dollars (\$75.00) for each failed subject in which the applicant is reexamined. Any applicant sitting for reexamination in the subject of accounting practice shall pay a fee not to exceed One Hundred Fifty Dollars (\$150.00)~~ to be determined by the Board.

C. The applicable fee shall be paid by the applicant at the time the application for examination or reexamination is filed. The examination or reexamination fee shall not be refunded unless the Board determines that the applicant is, upon the initial review of the application, unqualified to sit for the examination or reexamination. Upon the determination that an applicant is not qualified to sit for examination or reexamination, the full amount of the fee shall be refunded.

SECTION 8. AMENDATORY 59 O.S. 2001, Section 15.12, is amended to read as follows:

Section 15.12 A. An individual who is not a certified public accountant or public accountant may serve as an employee of a firm composed of certified public accountants or public accountants holding a valid permit provided that such employee or assistant shall not issue any accounting or financial statements over ~~his~~ the employee's or assistant's name.

B. An individual or firm 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 or foreign country shall be allowed to engage in the practice of public accounting in this state without a permit or registering on a temporary basis. Such temporary practice must be a continuance of an engagement for a client located outside this state, which extends into this state

through common ownership, existence of a subsidiary, assets, or other operations located within this state.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15.12A of Title 59, unless there is created a duplication in numbering, reads as follows:

A. 1. An individual whose principal place of business is not in this state, having a valid certificate or license from any state which the Oklahoma Accountancy Board or its designee has verified to be substantially equivalent to the Certified Public Accountant and Public Accountant licensure requirements of Title 59 of the Oklahoma Statutes, shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate and license holders and licensees of this state without the need to obtain a certificate, license or permit required under Sections 15.9, 15.13 and 15.14A of Title 59 of the Oklahoma Statutes. However, an individual shall notify the Board of their intent to practice in the state under this provision.

2. An individual whose principal place of business is not in this state, having a valid certificate or license from any state which the Board or its designee has not verified to be substantially equivalent to the CPA and PA licensure requirements of Title 59 of the Oklahoma Statutes, shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate and license holders and licensees of this state without the need to obtain a certificate, license or permit required under Sections 15.9, 15.13 and 15.14A of Title 59 of the Oklahoma Statutes if such individual obtains from the Board or its designee verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of Title 59 of the Oklahoma Statutes. However, such individuals shall notify the Board of their intent to practice in the state under this provision.

3. Any licensee of another state exercising the privilege afforded under this section hereby consents, as a condition of the grant of this privilege:

- a. to the personal and subject matter jurisdiction and disciplinary authority of the Board,
- b. to comply with this act and the Board's rules, and
- c. to the appointment of the state board which issued the individual's license as the individual's agent upon whom process may be served in any action or proceeding by the Board against the licensee.

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

SECTION 10. 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~~ who is seeking a permit to practice under this section must also provide satisfactory documentation to the Board that such applicant has met the continuing professional education requirements, as provided in Section 15.35 of Title 59 of the Oklahoma Statutes, in effect on 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. A fee in the amount equal to the registration fee ~~required to sit for the initial CPA or PA examination~~ and permit fee, if

applicable, shall be paid by an applicant seeking a certificate or license pursuant to the provisions of this section.

SECTION 11. AMENDATORY 59 O.S. 2001, Section 15.14, is amended to read as follows:

Section 15.14 A. In addition to obtaining a certificate or license, certified public accountants and public accountants shall register with the Oklahoma Accountancy Board and pay a registration fee.

~~B. On or before July 31, 1992, every individual holding a valid certificate or license issued by the Oklahoma Accountancy Board shall register with the Board.~~

~~C.~~ On June 30, 1993, all valid certificates and licenses ending in an odd number shall expire. On June 30, 1994, all valid certificates and licenses ending in an even number shall expire. All such registrations shall expire on the last day of June and may be renewed for a period of two (2) years. The Board shall implement rules for the scheduling of expiration and renewal of certificates and licenses, including the prorating of fees.

~~D.~~ C. After the initial registration, renewal of registrations shall be accomplished by registrants in good standing upon filing of the registration and upon payment of the registration fee not later than June 30. Interim registration shall be at full rates.

~~E.~~ D. Not less than thirty (30) calendar days before the expiration of a valid certificate or license, written notice of the expiration date shall be mailed to the individual holding the valid certificate or license at the last-known address of such individual according to the official records of the Board.

~~F.~~ E. A certificate or license shall be renewed by payment prior to the expiration date of a renewal fee set by the Board which shall not exceed Two Hundred Dollars (\$200.00) for each two-year period.

1. To renew a certificate or license after expiration on June 30, but before the following June 30, the CPA or PA shall pay a fee set by the Board which shall not exceed Three Hundred Dollars (\$300.00).

2. To renew a certificate or license after expiration of a year or more, the CPA or PA shall pay a fee set by the Board which shall not exceed Six Hundred Dollars (\$600.00).

~~G.~~ F. The Board shall establish rules whereby the registration fee for certified public accountants and public accountants may, upon written application to the Board, be reduced or waived by the Board for registrants who have retired upon reaching retirement age, or who have attained the age of sixty-five (65) years, or who have become disabled to a degree precluding the continuance of their practice for six (6) months or more prior to the due date of any renewal fee. The Board shall use its discretion in determining conditions required for retirement or disability.

~~H.~~ G. All changes of professional status, employment or mailing address shall be reported to the Board within thirty (30) calendar days of such changes becoming effective.

~~I. An annual~~ H. A register may be printed and published for public distribution at the direction of the Board which shall contain the names arranged alphabetically of all individuals and firms holding valid certificates, licenses, permits, the names of the members of the Board, and such other matters as may be deemed proper by the Board. Copies of such register shall be mailed to each certificate and license holder and to such other persons as the Board deems proper.

SECTION 12. AMENDATORY 59 O.S. 2001, Section 15.15, is amended to read as follows:

Section 15.15 A. The Oklahoma Accountancy Board, upon application, shall register any firm seeking to provide professional services to the public in this state. All firms, except sole

proprietorships, shall pay an annual registration fee not to exceed One Hundred Dollars (\$100.00).

B. All such registrations shall expire on the last day of August of each year and may be renewed annually for a period of one (1) year by registrants in good standing upon filing the registration and upon payment of the annual fee not later than August 31 of each year.

C. Interim registrations shall be at full rates.

SECTION 13. 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 the partners or shareholders of the firm;
2. Changes in the structure of the firm;
3. Change of the designated manager of the firm;
4. Changes in the number or location of offices of the firm;

and

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

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

1. A list of all partners and shareholders at the time of dissolution;
 2. The location of each office of the firm at the time of dissolution;
 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 which serves Oklahoma clients, 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 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 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 14. AMENDATORY 59 O.S. 2001, Section 15.23, is amended to read as follows:

Section 15.23 A. The Oklahoma Accountancy Board shall conduct investigations and hearings when it believes a registrant ~~or,~~ individual practicing under Section 9 of this act, other individual or entity has violated any of the provisions of the Oklahoma Accountancy Act or rules promulgated thereunder wherever or whenever appropriate for the exercise of authority granted to the Board either on its own motion or on the complaint of any person or entity. Such proceedings shall be conducted in accordance with the provisions of the Administrative Procedures Act. The Board shall have all powers granted to administrative agencies for the conduct of individual proceedings; and judicial review thereof shall be in

accordance with the provisions of such general laws relating to administrative procedure.

B. At all hearings, the Attorney General of this state, or an Assistant Attorney General, shall represent the Board. If the Attorney General is unable or declines to provide the Board with counsel, the Board is authorized to employ other legal counsel to represent it at a hearing. The counsel who presents the evidence supporting the complaint shall not be the counsel who advises the Board.

~~C. All decisions of the Board at such hearings shall be by majority vote of the Board members present at the hearing.~~

SECTION 15. AMENDATORY 59 O.S. 2001, Section 15.26, is amended to read as follows:

Section 15.26 Any individual holding a certificate or license who knowingly falsifies any report or statement bearing on any examination, investigation, or audit made by ~~him~~ the individual or subject to ~~his~~ the individual's direction shall be guilty of a felony, and upon conviction shall be punishable by imprisonment for a period of not more than one (1) year, or by a fine of not more than Twenty-five Thousand Dollars (\$25,000.00) per occurrence, or by both such fine and imprisonment.

SECTION 16. AMENDATORY 59 O.S. 2001, Section 15.28, is amended to read as follows:

Section 15.28 ~~A.~~ The displaying or uttering by an individual or entity not registered in accordance with the Oklahoma Accountancy Act of a card, sign, advertisement, or other printed, engraved, or written instrument or device bearing the name of the individual or entity in conjunction with the words "Certified Public Accountant" or "Public Accountant" or any abbreviation thereof shall be prima facie evidence in any action brought pursuant to the provisions of the Oklahoma Accountancy Act that the individual or entity whose name is so displayed or uttered caused or procured the display or

uttering of such card, sign, advertisement or other printed, engraved or written instrument or device, and that such individual or entity is holding himself, herself or itself out to be a certified public accountant or public accountant holding a valid permit.

~~B. In any such action, evidence of the commission of a single act prohibited by the Oklahoma Accountancy Act shall be sufficient to justify an order to cease and desist, an injunction or a conviction without evidence of a general course of conduct.~~

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15.29A of Title 59, unless there is created a duplication in numbering, reads as follows:

Whenever, as a result of an investigation under Section 15.23 of Title 59 of the Oklahoma Statutes or otherwise, the Oklahoma Accountancy Board believes that any person or firm has engaged, or is about to engage, in any acts or practices which constitute or will constitute a violation of Section 15.11 of Title 59 of the Oklahoma Statutes, the Board may make application to the appropriate court for an order enjoining such acts or practices, and upon a showing by the Board that such person or firm has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or other order as may be appropriate shall be granted by such court.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 15.29B of Title 59, unless there is created a duplication in numbering, reads as follows:

In any action brought under Sections 15.24 or 15.27 of Title 59 of the Oklahoma Statutes, evidence of the commission of a single act prohibited by the Oklahoma Accountancy Act shall be sufficient to justify a penalty, injunction, restraining order, or conviction, respectively, without evidence of a general course of conduct.

SECTION 19. AMENDATORY 59 O.S. 2001, Section 15.35, is amended to read as follows:

Section 15.35 A. In order to assure continuing professional competence of individuals in accountancy, and as a condition for issuance or renewal of a permit to practice, certificate and license holders shall furnish evidence of participation in continuing professional education.

B. Certificate and license holders shall ~~complete at least one hundred twenty (120)~~ complete a minimum of forty (40) hours of continuing professional education within a three-year period with completion of not less than twenty-four (24) hours of continuing professional education in any year per compliance period to obtain a permit to practice public accounting. Continuing professional education compliance periods shall be established by rule.

C. The Oklahoma Accountancy Board shall adopt rules and regulations regarding such continuing professional education. Such rules shall include but not be limited to:

1. Requiring reporting of continuing professional education to coincide with the annual permit renewal date;

2. Provisions for exempting retired and disabled individuals and individuals not engaged in the practice of public accounting as defined by the Board in the rules for the requirement of continuing professional education; and

3. Adopt standards for determining approved continuing professional education courses.

SECTION 20. This act shall become effective November 1, 2002.

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