STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL 1010 By: Morgan

COMMITTEE SUBSTITUTE

[professions and occupations - Oklahoma Accountancy Act - modifying provision - designating certain professional standards - emergency]

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

SECTION 1. AMENDATORY 59 O.S. 2001, Section 15.1A, as last amended by Section 2, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.1A), is amended to read as follows:

Section 15.1A As used in the Oklahoma Accountancy Act:

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

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

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

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

5. "Attest" means providing the following financial statement services:

a. any audit or other engagement to be performed in accordance with ~~generally accepted~~ auditing standards generally accepted in the United States, government auditing standards generally accepted in the United States or international auditing standards,

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

c. any report performed in accordance with the Statements on Standards for Attestation Engagements (SSAE), and

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

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

6. "Audit" can only be performed by an individual or entity who is registered with the Board and holding a valid permit issued

pursuant to the Oklahoma Accountancy Act and means a systematic investigation or appraisal of information, procedures, or operations performed in accordance with generally accepted auditing standards in the United States, for the purpose of determining conformity with established criteria and communicating the results to interested parties;

7. "Board" means the Oklahoma Accountancy Board;

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

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

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

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

12. "Compilation" when used with reference to financial statements, means presenting information in the form of financial

statements which is the representation of management or owners without undertaking to express any assurance on the statements;

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

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

~~15.~~ "Designee" means the National Association of State Boards of Accountancy (NASBA), American Institute of Certified Public Accountants (AICPA) or other professional bodies approved as acceptable to the Board to provide a qualification appraisal in determining whether any jurisdiction's qualifications for certificate or license are substantially equivalent to Oklahoma's requirements;

~~16.~~ 15. "Entity" means an organization whether for profit or not, recognized by the State of Oklahoma to conduct business;

~~17.~~ 16. "Examination" means the test administered, supervised, and graded by, or at the direction of, the Board or other jurisdiction that is required for a certificate as a certified public accountant or a license as a public accountant;

~~18.~~ 17. "Executive director" means the chief administrative officer of the Board;

~~19.~~ 18. "Financial statements" means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations,

cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules;

~~20.~~ 19. "Firm" means an entity that is either a sole proprietorship, partnership, professional limited liability company, professional limited liability partnership, limited liability partnership or professional corporation, or any other professional form of organization recognized by the State of Oklahoma and issued a permit in accordance with Section 15.15A of this title, including individual partners or shareholders, that is engaged in accountancy;

~~21.~~ 20. "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;

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

22. "Individual" means a human being;

23. “Jurisdiction” means any state or territory of the United States and the District of Columbia;

24. “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;

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

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

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

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

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

MAS shall not include recommendations and comments prepared as a direct result of observations made while performing an audit, review, or compilation of financial statements or while providing tax services, including tax consultations;

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

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

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

29. "PCAOB" means the Public Company Auditing Oversight Board;

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

~~30.~~ 31. "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;

~~31.~~

32. a. "Practice of public accounting", also known as "practice public accounting", "practice" and "practice 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 is qualified to render such professional services as a certified public accountant or public accountant, and performs the following:

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

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

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

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

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

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

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

(8) provides management advisory services to clients.

b. An individual or firm not holding a certificate, license or permit shall not be deemed to be engaged in the practice of public accounting if the individual or firm does not hold itself out, solicit, or advertise for clients using the certified public accountant or public accountant designation and engages only in the following services:

(1) keeps books, or prepares trial balances, financial statements, or reports, provided such instruments do not use the terms "audit", "audited", "exam", "examined", "review" or

"reviewed" or are not exhibited as having been prepared by a certified public accountant or public accountant. Nonregistrants may use the following disclaimer language in connection with financial statements to not be in violation of the Oklahoma Accountancy Act: "I (we) have not audited, examined or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.",

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

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

(4) provides management advisory services to clients.

c. Only permit holders may render or offer to render any attest service, as defined herein, or issue a report on financial statements which purport to be in compliance with the Statements on Standards for

Accounting and Review Services (SSARS). This restriction shall not prohibit any act of a public official or public employee in the performance of that person's duties. This restriction shall not be construed to prohibit the performance by any unlicensed individual of other services as set out in subparagraph b of this paragraph~~,~~.

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

~~32.~~ 33. "Principal place of business" means that physical location identified by an individual to another jurisdiction's accountancy regulatory agency where substantial administrative or management activities are conducted. For purposes of substantial equivalency, the physical location cannot be in this state.

~~33.~~ 34. "Professional corporation" means a corporation organized pursuant to the laws of this state;

~~34.~~ 35. "Professional" means arising out of or related to the specialized knowledge or skills associated with CPAs or ~~Pas~~ PAs;

~~35.~~ 36. "Public accountant" means any individual who has received a license from the Board;

~~36.~~ 37. "Public interest" means the collective well-being of the community of people and institutions the profession serves;

~~37.~~ 38. "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;

~~38.~~ 39. "Report", when used with reference to financial statements, or specified elements, accounts or items of a financial statement, means an opinion, report 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 the person or firm 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", "exam", "examined", "review" or "reviewed", nor use the language "in accordance with standards established by the American Institute of Certified Public Accountants" or successor of said entity, or governmental agency approved by the Board, except for the Internal Revenue Service. Nonregistrants may use the following disclaimer language in connection with financial statements to not be in violation of the Oklahoma Accountancy Act: "I (we) have not audited, examined, or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.";

~~39.~~ 40. "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;

~~40.~~ 41. "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

~~41.~~ 42. "Substantial equivalency" is a determination by the Oklahoma Accountancy Board or its designee that:

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

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

SECTION 2. AMENDATORY 59 O.S. 2001, Section 15.5, as amended by Section 5, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.5), is amended to read as follows:

Section 15.5 A. The Oklahoma Accountancy Board shall be responsible for the administration and enforcement of the Oklahoma Accountancy Act. A majority of the Board shall constitute a quorum for the transaction of business.

B. In addition to the other duties imposed on the Board by law, the Board shall:

1. Have a seal that shall be judicially noticed and shall be affixed to all certificates and licenses, and such other documents as the Board deems appropriate;

2. Keep correct records of all official proceedings including minutes of meetings, applications and related documents of applicants, registry of the names and addresses of registrants, official documents filed in any hearings conducted by the Board and in any proceeding in any court arising out of any provision of the Oklahoma Accountancy Act or the rules and regulations adopted by the Board. Copies of said records certified by the secretary under the seal of the Board shall, if material, be admissible in evidence;

3. Employ such executive staff as may be necessary to implement and administer the Oklahoma Accountancy Act, to fix and pay their salaries or fees. Such executive staff shall include an Executive Director, Deputy Director and legal counsel. The Board shall have

the authority to employ other staff and contract with or hire special prosecutors, investigators, expert witnesses, hearing examiners and clerical personnel in furtherance of its duties under the Oklahoma Accountancy Act;

4. Lease office space and pay the rent thereon, purchase office equipment and supplies, and make such other expenditures as are necessary for the administration and enforcement of the provisions of the Oklahoma Accountancy Act;

5. Pay the costs of such research programs in accounting and other subjects as in the determination of the Board would be beneficial to registrants; and

6. Adopt rules and regulations for the implementation of the provisions of the Oklahoma Accountancy Act in accordance with the procedures prescribed in the Administrative Procedures Act.

C. The Board may delegate to the Executive Director the authority to employ other staff and clerical personnel.

SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.8, as last amended by Section 8, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.8), is amended to read as follows:

Section 15.8 A. An applicant ~~for the examination~~ to qualify as a candidate shall file ~~an application for qualification on~~ a form to be approved by the Oklahoma Accountancy Board. The fee for the qualification application shall be determined by the Board and shall not exceed Three Hundred Dollars ($300.00). Every applicant for the

examination for the certificate of certified public accountant or license of public accountant must be of good moral character, shall submit to a national criminal history record check, 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 in this section.

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, 2003, every applicant for examination 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 for examination shall include an accounting concentration or its equivalent as determined acceptable by the Board which shall include not less than thirty (30) semester hours, or the equivalent thereof, in accounting courses above principles of accounting or introductory accounting, with at least one course in auditing or assurance; the remaining accounting courses shall be selected from financial accounting, accounting theory, cost/managerial accounting, federal income tax, governmental, 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, risk management, insurance, 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.

D. The costs associated with the national criminal history record check shall be paid by the applicant.

SECTION 4. AMENDATORY 59 O.S. 2001, Section 15.9, as last amended by Section 9, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, 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 this section and in Sections 15.8 and 15.10 of this title. 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. The Board shall provide to the denied applicant written notification specifying grounds for denial of a certificate

or license including failure to meet the good character criterion. 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 an examination in accounting, auditing and related subjects as the Board determines appropriate with such grades that satisfy the Board that each applicant is competent to practice as a certified public accountant.

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~~ the Oklahoma Accountancy Act and the rules of the Board, and shall have passed an examination in accounting, auditing, and other related subjects not to exceed seventy-five percent (75%) of the CPA Examination subjects with such grades that satisfy the Board that each applicant is competent to practice as a public accountant. The subjects examined shall be covered by the same examination, and grading thereon for passing, as those used by the Board to test candidates for the certified public accountant's certificate.

D. The Board may make use of all or any part of the Uniform Certified Public Accountant Examination and any organization that assists in providing this examination.

E. 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, and be satisfied through work experience in government, industry, academia or public practice, all of which shall be verified by a certificate or license holder or an individual approved by the Board. Upon completion of the requirements of Section 15.8 of this title, a qualified applicant for the examination may take the certified public accountant or 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.~~ F. On or after July 1, 2005, every applicant for the certificate of certified public accountant or license of public accountant shall provide evidence of successful completion of an ethics examination prescribed by the Board.

~~F. The Board may make use of all or any part of the Uniform Certified Public Accountant's Examination and any organization that assists in providing this examination.~~

SECTION 5. AMENDATORY 59 O.S. 2001, Section 15.10A, as amended by Section 11, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.10A), is amended to read as follows:

Section 15.10A Each candidate shall pay fees, to be determined by the Oklahoma Accountancy Board, not to exceed One Thousand Dollars ($1,000.00) for each examination. An application fee, payable to the Board, shall be paid by the candidate at the time the application for the examination is filed. The application fee shall not be refunded unless the Board determines that the candidate is unqualified to sit for the examination or for such other good causes as determined by the Board on a case-by-case basis. Also, each candidate shall pay test fees to the organizations designated by the Board to provide a computer-based examination. In no event shall the total fees paid by a candidate for each examination exceed One Thousand Dollars ($1,000.00).

SECTION 6. AMENDATORY 59 O.S. 2001, Section 15.12, as last amended by Section 13, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.12), is amended to read as follows:

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

SECTION 7. AMENDATORY Section 8, Chapter 312, O.S.L. 2002, as amended by Section 14, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.12A), is amended to read as follows:

Section 15.12A A. 1. An individual whose principal place of business is not in this state~~, having~~ and who holds a valid certificate or license as a certified public accountant or public accountant from any jurisdiction which the Oklahoma Accountancy Board or its designee has verified to be ~~substantially equivalent~~ in substantial equivalence to the ~~Certified Public Accountant and Public Accountant~~ certified public accountant or public accountant licensure requirements of this title, shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges, including responsibilities and obligations, of certificate and license holders of this state without the need to obtain a certificate, license or permit required under Sections 15.9, ~~and~~ 15.13, 15.14A, 15.15 and 15.15A of this title. ~~However,~~ Notwithstanding any other provision of law, an individual ~~shall notify the Board of the individual's intent to practice in the state under this provision. Notification shall be waived to a certificate or license holder of another jurisdiction exercising the privilege afforded under this section by that jurisdiction to an Oklahoma certificate or license holder for the equivalent privilege to practice in that jurisdiction~~ who offers or renders professional services, whether in person, by mail, telephone or electronic means, shall, as provided in this section, be granted practice privileges in this state and no notice or submission shall

be provided by any such individual; provided, the individual shall be subject to the requirements in paragraph 3 of this subsection.

2. An individual whose principal place of business is not in this state~~, having~~ who holds a valid certificate or license as a certified public accountant or public accountant from any jurisdiction which the Oklahoma Accountancy Board or its designee has not verified to be ~~substantially equivalent~~ in substantial equivalence to the ~~CPA and PA~~ certified public accountant or public accountant licensure requirements of this title, shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges, including responsibilities and obligations, of certificate and license holders of this state without the need to obtain a certificate, license or permit required under Sections 15.9, ~~and~~ 15.13, 15.14A, 15.15 and 15.15A of this title, if such individual obtains from the Board or its designee verification that such individual's ~~CPA or PA~~ certified public accountant or public accountant qualifications are substantially equivalent to the ~~CPA or PA~~ certified public accountant or public accountant licensure requirements of this title. ~~However, such individuals shall notify the Board of their intent to practice in the state under this provision. Notification shall be waived to a certificate or license holder of another jurisdiction exercising the privilege afforded under this section by that jurisdiction to an Oklahoma certificate or license holder for~~

~~the equivalent privilege to practice in that jurisdiction~~

Notwithstanding any other provisions of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, shall, as provided in this section, be granted practice privileges in this state and no notice or submission shall be provided by any such individual; provided, the individual shall be subject to the requirements in paragraph 3 of this subsection.

3. Any individual certificate holder or license holder of another jurisdiction exercising the privilege afforded under this section and the certified public accounting or public accounting firm which employs that certificate holder or license holder hereby ~~consents~~ simultaneously consent, as a condition of the granting of this privilege:

a. to the personal and subject matter jurisdiction and disciplinary authority of the Board,

b. to comply with the Oklahoma Accountancy Act and the Board's rules, ~~and~~

c. that in the event the certificate holder or license holder from the jurisdiction of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually or on

behalf of a certified public accounting or public accounting firm, and

d. 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 certificate or license holder.

4. ~~The Oklahoma Accountancy Board shall charge a fee to a certificate or license holder of another jurisdiction exercising the privilege afforded under this section in an amount equal to the fees charged by that jurisdiction to an Oklahoma certificate or license holder for the equivalent privilege to practice in that jurisdiction.~~ An individual who has been granted practice privileges under this section who, for any entity with its home office in this state, performs any of the following services:

a. any financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards,

b. any examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements, or

c. any engagement to be performed in accordance with Public Company Accounting Oversight Board (PCAOB) auditing standards,

may only do so through a firm which has obtained a permit issued under Section 15.15A of this title.

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

SECTION 8. AMENDATORY 59 O.S. 2001, Section 15.14, as last amended by Section 17, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, 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. All valid certificates and licenses ending in an odd number shall expire on July 31 of each odd-numbered year. All valid certificates and licenses ending in an even number shall expire on July 31 of each even-numbered year. All such registrations shall expire on the last day of July 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.

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 July 31. Interim registration shall be at full rates.

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.

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

1. Upon failure of an individual to pay registration fees on or before July 31, the Board shall notify the individual in writing by certified mail to the last known address of the individual, as reflected in the records of the Board, of the individual's failure to comply with the Oklahoma Accountancy Act.

2. A certificate or license granted under authority of the Oklahoma Accountancy Act shall automatically be revoked if the individual fails to pay registration fees on or before August 31.

3. Any individual whose certificate or license is automatically revoked by this provision may be reinstated by the Board upon payment of:

a. a fee set by the Board which shall not exceed Three Hundred Dollars ($300.00) for a renewal within one (1) year of the due date, or

b. a fee set by the Board which shall not exceed Six Hundred Dollars ($600.00) for a renewal after the expiration of a year.

However, an individual whose certificate or license has been expired, surrendered or revoked under this section for five (5) years or more may not renew the certificate or license. The individual may obtain a new certificate or license by complying with the requirements and procedures, including the examination requirements, for obtaining an original certificate or license. This provision shall not apply to an individual who is licensed to practice in another jurisdiction five (5) years prior to reapplication.

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.

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.

H. At the direction of the Board, a register may be printed and/or published in any media format the Board considers appropriate for public distribution. Any such publication 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 information as may be deemed appropriate by the Board.

SECTION 9. 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 or herself out as being engaged in the practice of public accounting as a certified public accountant or public accountant in this state such person shall obtain a permit from the Oklahoma Accountancy Board. 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~~ holding a license and permit ~~holder~~, or without holding 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~~;

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~~ 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~~ July 31 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 10. AMENDATORY 59 O.S. 2001, Section 15.14B, as amended by Section 18, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.14B), is amended to read as follows:

Section 15.14B After notice and hearing the Oklahoma Accountancy Board may impose any one or more of the penalties authorized in Section 15.24 of this title on a certified public accountant or a public accountant for any one or more of the following causes:

1. Fraud or deceit in obtaining a certificate, license or permit;

2. Dishonesty, fraud, or gross negligence in accountancy or financially related activities;

3. Conviction, plea of guilty, or plea of nolo contendere of a felony in a court of competent jurisdiction of any state or federal court of the United States if the acts involved would have constituted a felony under the laws of this state;

4. Conviction, plea of guilty, or plea of nolo contendere of any misdemeanor, an element of which is dishonesty or fraud, pursuant to the laws of the United States or any jurisdiction if the acts involved would have constituted a misdemeanor under the laws of this state;

5. Failure to comply with professional standards ~~as~~ in the Board's professional code of conduct to the attest and/or compilation competency requirement for those who supervise attest

and/or compilation engagements and sign the report on financial statements or other compilation communications with respect to financial statements; and

6. Violation of any of the provisions of the Oklahoma Accountancy Act and rules promulgated for its implementation by the Board.

SECTION 11. AMENDATORY 59 O.S. 2001, Section 15.15, as last amended by Section 19, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, 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 public accounting 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 ~~May 31~~ June 30 of each year and may be renewed annually for a period of one (1) year by registrants in good standing upon filing the registration and upon payment of the annual fee not later than ~~May 31~~ June 30 of each year.

C. Interim registrations shall be at full rates.

D. Upon failure of a firm to pay registration fees on or before the last day of ~~May~~ June, the Board shall notify the firm in writing by certified mail to the last known address of the firm, as

reflected in the records of the Board, of the firm's failure to comply with the Oklahoma Accountancy Act.

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

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

SECTION 12. AMENDATORY 59 O.S. 2001, Section 15.15A, as last amended by Section 20, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, Section 15.15A), is amended to read as follows:

Section 15.15A A. The Oklahoma Accountancy Board, upon application, shall issue a permit to practice public accounting to each firm seeking to provide professional services to the public in this state. Renewals of firm permits shall be applied for during the month of ~~May~~ June 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; and

3. The date the dissolution became effective.

E. The Board shall set a fee of not more than Two Hundred Dollars ($200.00) for each initial or renewal firm permit except for sole proprietorships.

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

1. Each partner or shareholder is engaged in the practice of public accounting in the United States and ~~is~~ holding a certificate as a certified public accountant in one or more jurisdictions; and

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

G. Each firm seeking a permit to practice accounting as a PA firm shall be issued a permit by the Board upon application and

payment of appropriate fees. A firm applying for a permit shall provide documentary proof to the Board that:

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

2. Each designated manager of an office in this state has received an Oklahoma license and permit to practice as a public accountant or certificate and permit to practice as a certified public accountant.

SECTION 13. AMENDATORY 59 O.S. 2001, Section 15.35, as last amended by Section 30, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2007, 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 of a certificate or license and/or renewal of a permit to practice, certificate and license holders shall furnish evidence of participation in continuing professional education.

B. ~~All certificate and license holders shall complete a minimum of forty (40) hours of continuing professional education per compliance period to obtain a permit to practice.~~ Continuing professional education compliance periods shall be established by rule.

C. ~~Effective January 1, 2006, all~~ All certificate and license holders shall complete at least one hundred twenty (120) hours of

continuing professional education within a three-year period with completion of not less than twenty (20) hours of continuing professional education in any year.

D. 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, inactive and disabled individuals as defined by the Board in the rules from the requirement of continuing professional education; and

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

SECTION 14. 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.

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