

CS for SB 1010

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

THE STATE SENATE
Wednesday, February 20, 2008

Committee Substitute for
Senate Bill No. 1010

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 1010 - By: MORGAN of the Senate and JOHNSON (Rob) of the House.

[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;

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

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

- 6 a. any audit or other engagement to be performed in
7 accordance with ~~generally accepted~~ auditing standards
8 generally accepted in the United States, government
9 auditing standards generally accepted in the United
10 States or international auditing standards,
- 11 b. any review of a financial statement to be performed in
12 accordance with the Statements on Standards for
13 Accounting and Review Services (SSARS), ~~and~~
- 14 c. any report performed in accordance with the Statements
15 on Standards for Attestation Engagements (SSAE), and
- 16 d. any engagement to be performed in accordance with the
17 standards of the Public Company Auditing Oversight
18 Board (PCAOB).

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

1 6. "Audit" can only be performed by an individual or entity who
2 is registered with the Board and holding a valid permit issued
3 pursuant to the Oklahoma Accountancy Act and means a systematic
4 investigation or appraisal of information, procedures, or operations
5 performed in accordance with generally accepted auditing standards
6 in the United States, for the purpose of determining conformity with
7 established criteria and communicating the results to interested
8 parties;

9 7. "Board" means the Oklahoma Accountancy Board;

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

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

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

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

1 12. "Compilation" when used with reference to financial
2 statements, means presenting information in the form of financial
3 statements which is the representation of management or owners
4 without undertaking to express any assurance on the statements;

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

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

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

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

18 ~~17.~~ 16. "Examination" means the test administered, supervised,
19 and graded by, or at the direction of, the Board or other
20 jurisdiction that is required for a certificate as a certified
21 public accountant or a license as a public accountant;

22 ~~18.~~ 17. "Executive director" means the chief administrative
23 officer of the Board;

1 ~~19.~~ 18. "Financial statements" means statements and footnotes
2 related thereto that undertake to present an actual or anticipated
3 financial position as of a point in time, or results of operations,
4 cash flow, or changes in financial position for a period of time, in
5 conformity with generally accepted accounting principles or another
6 comprehensive basis of accounting. The term does not include
7 incidental financial data included in management advisory service
8 reports to support recommendations to a client; nor does it include
9 tax returns and supporting schedules;

10 ~~20.~~ 19. "Firm" means an entity that is either a sole
11 proprietorship, partnership, professional limited liability company,
12 professional limited liability partnership, limited liability
13 partnership or professional corporation, or any other professional
14 form of organization recognized by the State of Oklahoma and issued
15 a permit in accordance with Section 15.15A of this title, including
16 individual partners or shareholders, that is engaged in accountancy;

17 ~~21.~~ 20. "Holding out" means any representation by an individual
18 that he or she holds a certificate or license and a valid permit, or
19 by an entity that it holds a valid permit. Any such representation
20 is presumed to invite the public to rely upon the professional
21 skills implied by the certificate or license and valid permit in
22 connection with the services or products offered;

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

4 22. "Individual" means a human being;

5 23. "Jurisdiction" means any state or territory of the United
6 States and the District of Columbia;

7 24. "License" means the Oklahoma document issued by the Board
8 to a candidate upon successful completion of the public accountant
9 examination designating the holder as a public accountant pursuant
10 to the laws of Oklahoma. "License" shall also mean the Oklahoma
11 document issued by the Board by reciprocity to a public accountant
12 who has previously been licensed by examination in another
13 jurisdiction;

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

- 1 a. counseling management in analysis, planning,
2 organizing, operating, risk management and controlling
3 functions,
4 b. conducting special studies, preparing recommendations,
5 proposing plans and programs, and providing advice and
6 technical assistance in their implementation,
7 c. reviewing and suggesting improvement of policies,
8 procedures, systems, methods, and organization
9 relationships, and
10 d. introducing new ideas, concepts, and methods to
11 management.

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

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

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

19 28. "Partnership" means a contractual relationship based upon a
20 written, oral, or implied agreement between two or more individuals
21 who combine their resources and activities in a joint enterprise and
22 share in varying degrees and by specific agreement in the management

1 and in the profits or losses. A partnership may be general or
2 limited as the laws of this state define those terms;

3 29. “PCAOB” means the Public Company Auditing Oversight Board;

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

7 ~~30.~~ 31. “Permit” means the written authority granted annually
8 by the Board to individuals or firms to practice public accounting
9 in Oklahoma, which is issued pursuant to the Oklahoma Accountancy
10 Act;

11 ~~31.~~

12 32. a. “Practice of public accounting”, also known as
13 “practice public accounting”, “practice” and “practice
14 accounting”, refers to the activities of a registrant
15 in reference to accountancy. An individual or firm
16 shall be deemed to be engaged in the practice of
17 public accounting if the individual or firm holds
18 itself out to the public in any manner as one skilled
19 in the knowledge, science, and practice of accounting
20 and auditing, taxation and management advisory
21 services and is qualified to render such professional
22 services as a certified public accountant or public
23 accountant, and performs the following:

- 1 (1) maintains an office for the transaction of
2 business as a certified public accountant or
3 public accountant,
- 4 (2) offers to prospective clients to perform or who
5 does perform on behalf of clients professional
6 services that involve or require an audit,
7 verification, investigation, certification,
8 presentation, or review of financial transactions
9 and accounting records or an attestation
10 concerning any other written assertion,
- 11 (3) prepares or certifies for clients reports on
12 audits or investigations of books or records of
13 account, balance sheets, and other financial,
14 accounting and related schedules, exhibits,
15 statements, or reports which are to be used for
16 publication or for the purpose of obtaining
17 credit, or for filing with a court of law or with
18 any governmental agency, or for any other
19 purpose,
- 20 (4) generally or incidentally to the work described
21 herein, renders professional services to clients
22 in any or all matters relating to accounting

1 procedure and to the recording, presentation, or
2 certification of financial information or data,
3 (5) keeps books, or prepares trial balances,
4 financial statements, or reports, all as a part
5 of bookkeeping services for clients,
6 (6) prepares or signs as the tax preparer, tax
7 returns for clients, consults with clients on tax
8 matters, conducts studies for clients on tax
9 matters and prepares reports for clients on tax
10 matters, unless the services are uncompensated
11 and are limited solely to the registrant's, or
12 the registrant's spouse's lineal and collateral
13 heirs,
14 (7) prepares personal financial or investment plans
15 or provides to clients products or services of
16 others in implementation of personal financial or
17 investment plans, or
18 (8) provides management advisory services to clients.
19 b. An individual or firm not holding a certificate,
20 license or permit shall not be deemed to be engaged in
21 the practice of public accounting if the individual or
22 firm does not hold itself out, solicit, or advertise
23 for clients using the certified public accountant or

1 public accountant designation and engages only in the
2 following services:

3 (1) keeps books, or prepares trial balances,
4 financial statements, or reports, provided such
5 instruments do not use the terms "audit",
6 "audited", "exam", "examined", "review" or
7 "reviewed" or are not exhibited as having been
8 prepared by a certified public accountant or
9 public accountant. Nonregistrants may use the
10 following disclaimer language in connection with
11 financial statements to not be in violation of
12 the Oklahoma Accountancy Act: "I (we) have not
13 audited, examined or reviewed the accompanying
14 financial statements and accordingly do not
15 express an opinion or any other form of assurance
16 on them.",

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

22 (3) prepares personal financial or investment plans
23 or provides to clients products or services of

1 others in implementation of personal financial or
2 investment plans, or

3 (4) provides management advisory services to clients.

4 c. Only permit holders may render or offer to render any
5 attest service, as defined herein, or issue a report
6 on financial statements which purport to be in
7 compliance with the Statements on Standards for
8 Accounting and Review Services (SSARS). This
9 restriction shall not prohibit any act of a public
10 official or public employee in the performance of that
11 person's duties. This restriction shall not be
12 construed to prohibit the performance by any
13 unlicensed individual of other services as set out in
14 subparagraph b of this paragraph.

15 d. A person is not deemed to be practicing public
16 accounting within the meaning of this section solely
17 by displaying a CPA certificate or a PA license in an
18 office, identifying himself or herself as a CPA or PA
19 on letterhead or business cards, or identifying
20 himself or herself as a CPA or PA. However, the
21 designation of CPA or PA on such letterheads, business
22 cards, public signs, advertisements, publications
23 directed to clients or potential clients, or financial

1 or tax documents of a client constitutes the practice
2 of public accounting and requires a permit;

3 ~~32.~~ 33. "Principal place of business" means that physical
4 location identified by an individual to another jurisdiction's
5 accountancy regulatory agency where substantial administrative or
6 management activities are conducted. For purposes of substantial
7 equivalency, the physical location cannot be in this state.

8 ~~33.~~ 34. "Professional corporation" means a corporation
9 organized pursuant to the laws of this state;

10 ~~34.~~ 35. "Professional" means arising out of or related to the
11 specialized knowledge or skills associated with CPAs or ~~Pas~~ PAs;

12 ~~35.~~ 36. "Public accountant" means any individual who has
13 received a license from the Board;

14 ~~36.~~ 37. "Public interest" means the collective well-being of
15 the community of people and institutions the profession serves;

16 ~~37.~~ 38. "Registrant" means a CPA, PA, or firm composed of
17 certified public accountants or public accountants or combination of
18 both currently registered with the Board pursuant to the authority
19 of the Oklahoma Accountancy Act;

20 ~~38.~~ 39. "Report", when used with reference to financial
21 statements, or specified elements, accounts or items of a financial
22 statement, means an opinion, report or other form of language that
23 states or implies assurance as to the reliability of any financial

1 statements, or specified elements, accounts or items of a financial
2 statement, and that also includes or is accompanied by any statement
3 or implication that the person or firm issuing it has special
4 knowledge or competence in accounting or auditing. Such a statement
5 or implication of special knowledge or competence may arise from use
6 by the issuer of the report of names or titles indicating that the
7 person or firm is an accountant or auditor, or from the language of
8 the report itself. The term "report" includes any form of language
9 which disclaims an opinion when such form of language is
10 conventionally understood to imply any positive assurance as to the
11 reliability of the financial statements referred to and/or special
12 competence on the part of the person or firm issuing such language;
13 and it includes any other form of language that is conventionally
14 understood to imply such assurance and/or such special knowledge or
15 competence. This definition is not intended to include a report on
16 financial statements prepared by a person not holding a certificate
17 or license. However, such report shall not refer to "audit",
18 "audited", "exam", "examined", "review" or "reviewed", nor use the
19 language "in accordance with standards established by the American
20 Institute of Certified Public Accountants" or successor of said
21 entity, or governmental agency approved by the Board, except for the
22 Internal Revenue Service. Nonregistrants may use the following
23 disclaimer language in connection with financial statements to not

1 be in violation of the Oklahoma Accountancy Act: "I (we) have not
2 audited, examined, or reviewed the accompanying financial statements
3 and accordingly do not express an opinion or any other form of
4 assurance on them.";

5 ~~39.~~ 40. "Representation" means any oral or written
6 communication including but not limited to the use of title or
7 legends on letterheads, business cards, office doors,
8 advertisements, and listings conveying the fact that an individual
9 or entity holds a certificate, license or permit;

10 ~~40.~~ 41. "Review", when used with reference to financial
11 statements, means a registrant performing inquiry and analytical
12 procedures that provide the registrant with a reasonable basis for
13 expressing limited assurance that there are no material
14 modifications that should be made to the statements in order for
15 them to be in conformity with generally accepted accounting
16 principles or if applicable, with another comprehensive basis of
17 accounting; and

18 ~~41.~~ 42. "Substantial equivalency" is a determination by the
19 Oklahoma Accountancy Board or its designee that:

20 a. the education, examination and experience requirements
21 contained in the statutes and administrative rules of
22 another jurisdiction are comparable to, or exceed, the
23 education, examination and experience requirements

1 contained in the Oklahoma Accountancy Act and rules of
2 the Board, or

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

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

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

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

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

21 2. Keep correct records of all official proceedings including
22 minutes of meetings, applications and related documents of
23 applicants, registry of the names and addresses of registrants,

1 official documents filed in any hearings conducted by the Board and
2 in any proceeding in any court arising out of any provision of the
3 Oklahoma Accountancy Act or the rules and regulations adopted by the
4 Board. Copies of said records certified by the secretary under the
5 seal of the Board shall, if material, be admissible in evidence;

6 3. Employ such executive staff as may be necessary to implement
7 and administer the Oklahoma Accountancy Act, to fix and pay their
8 salaries or fees. Such executive staff shall include an Executive
9 Director, Deputy Director and legal counsel. The Board shall have
10 the authority to employ other staff and contract with or hire
11 special prosecutors, investigators, expert witnesses, hearing
12 examiners and clerical personnel in furtherance of its duties under
13 the Oklahoma Accountancy Act;

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

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

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

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

3 SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.8, as
4 last amended by Section 8, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
5 2007, Section 15.8), is amended to read as follows:

6 Section 15.8 A. An applicant ~~for the examination~~ to qualify as
7 a candidate shall file ~~an application for qualification on~~ a form to
8 be approved by the Oklahoma Accountancy Board. The fee for the
9 qualification application shall be determined by the Board and shall
10 not exceed Three Hundred Dollars (\$300.00). Every applicant for the
11 examination for the certificate of certified public accountant or
12 license of public accountant must be of good moral character, shall
13 submit to a national criminal history record check, must be a
14 resident of this state immediately prior to making application and,
15 except as otherwise provided in this section, shall meet the
16 education and experience requirements provided in this section.

17 B. On or after July 1, 1999, every applicant for the license of
18 public accountant shall have graduated from an accredited four-year
19 college or university with a major in accounting or with a
20 nonaccounting major supplemented by what the Oklahoma Accountancy
21 Board determines to be the equivalent of an accounting major of any
22 four-year college or university in this state or any other four-year
23 college or university recognized by the Board. Such major in

1 accounting or nonaccounting major shall include satisfactory
2 completion of forty-eight (48) semester hours, or the equivalent
3 thereof, in accounting and related subjects. At least thirty (30)
4 semester hours, or the equivalent thereof, of said forty-eight (48)
5 semester hours, shall be in accounting courses, at least one of
6 which shall be in auditing. The remainder of said forty-eight (48)
7 semester hours, or the equivalent thereof, shall be in said related
8 subjects, which shall be in any or all of the subjects of economics,
9 statistics, business law, finance, business management, marketing,
10 business communication, financial information systems or computer
11 science or the equivalent of such subjects as determined by the
12 Board.

13 C. On or after July 1, 2003, every applicant for examination
14 for the certificate of certified public accountant shall have at
15 least one hundred fifty (150) semester hours, or the equivalent
16 thereof, of college education including a baccalaureate or higher
17 degree conferred by a college or university acceptable to the Board
18 from an accredited four-year college or university in this state or
19 any other accredited four-year college or university recognized by
20 the Board. A minimum of seventy-six (76) semester hours must be
21 earned at the upper-division level of college or above or the
22 equivalent thereof as determined by the Board; this education
23 requirement shall have been completed prior to submitting an

1 application to the Board; the total educational program of the
2 applicant for examination shall include an accounting concentration
3 or its equivalent as determined acceptable by the Board which shall
4 include not less than thirty (30) semester hours, or the equivalent
5 thereof, in accounting courses above principles of accounting or
6 introductory accounting, with at least one course in auditing or
7 assurance; the remaining accounting courses shall be selected from
8 financial accounting, accounting theory, cost/managerial accounting,
9 federal income tax, governmental, not for profit accounting,
10 accounting information systems, accounting history and other
11 accounting electives; at least nine (9) semester hours shall be from
12 any or all of the subjects of economics, statistics, business law,
13 finance, business management, marketing, business communication,
14 risk management, insurance, management information systems or
15 computer science at the upper-division level of college or above or
16 the equivalent of such subjects as determined by the Board; all the
17 remaining semester hours, if any, shall be elective but shall be at
18 the upper-division level of college or above.

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

21 SECTION 4. AMENDATORY 59 O.S. 2001, Section 15.9, as
22 last amended by Section 9, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
23 2007, Section 15.9), is amended to read as follows:

1 Section 15.9 A. Upon payment of appropriate fees, the Oklahoma
2 Accountancy Board shall grant a certificate or license to any
3 individual of good character who meets the applicable education,
4 experience and testing requirements provided for in this section and
5 in Sections 15.8 and 15.10 of this title. For purposes of this
6 subsection, good character means an individual who does not have a
7 history of dishonest acts as demonstrated by documented evidence and
8 has not been convicted, pled guilty, or pled nolo contendere to a
9 felony charge. The Board may refuse to grant a certificate or
10 license to an applicant for failure to satisfy the requirement of
11 good character. The Board shall provide to the denied applicant
12 written notification specifying grounds for denial of a certificate
13 or license including failure to meet the good character criterion.
14 Appeal of the action of the Board may be made in accordance with the
15 provisions of the Administrative Procedures Act.

16 B. The Board shall issue certificates as certified public
17 accountants to those applicants who have met the qualifications
18 required by the provisions of the Oklahoma Accountancy Act and the
19 applicable rules of the Board, and have passed an examination in
20 accounting, auditing and related subjects as the Board determines
21 appropriate with such grades that satisfy the Board that each
22 applicant is competent to practice as a certified public accountant.

1 C. The Board shall, upon request, issue licenses as public
2 accountants only to those applicants who shall have qualified and
3 complied with the provisions of ~~this act~~ the Oklahoma Accountancy
4 Act and the rules of the Board, and shall have passed an examination
5 in accounting, auditing, and other related subjects not to exceed
6 seventy-five percent (75%) of the CPA Examination subjects with such
7 grades that satisfy the Board that each applicant is competent to
8 practice as a public accountant. The subjects examined shall be
9 covered by the same examination, and grading thereon for passing, as
10 those used by the Board to test candidates for the certified public
11 accountant's certificate.

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

15 E. An applicant for initial issuance of a certificate or
16 license under this section shall show that the applicant has had one
17 (1) year of experience. Experience shall be defined by the Board by
18 rule and shall include providing a type of service or advice
19 involving the use of accounting, attest, compilation, management
20 advisory, financial advisory, tax or consulting skills, and be
21 satisfied through work experience in government, industry, academia
22 or public practice, all of which shall be verified by a certificate
23 or license holder or an individual approved by the Board. Upon

1 completion of the requirements of Section 15.8 of this title, a
2 qualified applicant for the examination may take the certified
3 public accountant or public accountant examination prior to earning
4 the experience required in this subsection, but shall not be issued
5 a certificate until the experience requirement has been met.

6 ~~E.~~ F. On or after July 1, 2005, every applicant for the
7 certificate of certified public accountant or license of public
8 accountant shall provide evidence of successful completion of an
9 ethics examination prescribed by the Board.

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

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

16 Section 15.10A Each candidate shall pay fees, to be determined
17 by the Oklahoma Accountancy Board, not to exceed One Thousand
18 Dollars (\$1,000.00) for each examination. An application fee,
19 payable to the Board, shall be paid by the candidate at the time the
20 application for the examination is filed. The application fee shall
21 not be refunded unless the Board determines that the candidate is
22 unqualified to sit for the examination or for such other good causes
23 as determined by the Board on a case-by-case basis. Also, each

1 candidate shall pay test fees to the organizations designated by the
2 Board to provide a computer-based examination. In no event shall
3 the total fees paid by a candidate for each examination exceed One
4 Thousand Dollars (\$1,000.00).

5 SECTION 6. AMENDATORY 59 O.S. 2001, Section 15.12, as
6 last amended by Section 13, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
7 2007, Section 15.12), is amended to read as follows:

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

14 SECTION 7. AMENDATORY Section 8, Chapter 312, O.S.L.
15 2002, as amended by Section 14, Chapter 125, O.S.L. 2004 (59 O.S.
16 Supp. 2007, Section 15.12A), is amended to read as follows:

17 Section 15.12A A. 1. An individual whose principal place of
18 business is not in this state, ~~having~~ and who holds a valid
19 certificate or license as a certified public accountant or public
20 accountant from any jurisdiction which the Oklahoma Accountancy
21 Board or its designee has verified to be ~~substantially equivalent~~ in
22 substantial equivalence to the ~~Certified Public Accountant and~~
23 ~~Public Accountant~~ certified public accountant or public accountant

1 licensure requirements of this title, shall be presumed to have
2 qualifications substantially equivalent to this state's requirements
3 and shall have all the privileges, including responsibilities and
4 obligations, of certificate and license holders of this state
5 without the need to obtain a certificate, license or permit required
6 under Sections 15.9, and 15.13, 15.14A, 15.15 and 15.15A of this
7 title. ~~However,~~ Notwithstanding any other provision of law, an
8 ~~individual shall notify the Board of the individual's intent to~~
9 ~~practice in the state under this provision. Notification shall be~~
10 ~~waived to a certificate or license holder of another jurisdiction~~
11 ~~exercising the privilege afforded under this section by that~~
12 ~~jurisdiction to an Oklahoma certificate or license holder for the~~
13 ~~equivalent privilege to practice in that jurisdiction~~ who offers or
14 renders professional services, whether in person, by mail, telephone
15 or electronic means, shall, as provided in this section, be granted
16 practice privileges in this state and no notice or submission shall
17 be provided by any such individual; provided, the individual shall
18 be subject to the requirements in paragraph 3 of this subsection.

19 2. An individual whose principal place of business is not in
20 this state, ~~having~~ who holds a valid certificate or license as a
21 certified public accountant or public accountant from any
22 jurisdiction which the Oklahoma Accountancy Board or its designee
23 has not verified to be substantially equivalent in substantial

1 equivalence to the CPA and PA certified public accountant or public
2 accountant licensure requirements of this title, shall be presumed
3 to have qualifications substantially equivalent to this state's
4 requirements and shall have all the privileges, including
5 responsibilities and obligations, of certificate and license holders
6 of this state without the need to obtain a certificate, license or
7 permit required under Sections 15.9, and 15.13, 15.14A, 15.15 and
8 15.15A of this title, if such individual obtains from the Board or
9 its designee verification that such individual's CPA or PA certified
10 public accountant or public accountant qualifications are
11 substantially equivalent to the CPA or PA certified public
12 accountant or public accountant licensure requirements of this
13 title. However, such individuals shall notify the Board of their
14 intent to practice in the state under this provision. Notification
15 shall be waived to a certificate or license holder of another
16 jurisdiction exercising the privilege afforded under this section by
17 that jurisdiction to an Oklahoma certificate or license holder for
18 the equivalent privilege to practice in that jurisdiction
19 Notwithstanding any other provisions of law, an individual who
20 offers or renders professional services, whether in person, by mail,
21 telephone or electronic means, shall, as provided in this section,
22 be granted practice privileges in this state and no notice or
23 submission shall be provided by any such individual; provided, the

1 individual shall be subject to the requirements in paragraph 3 of
2 this subsection.

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

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

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

13 c. that in the event the certificate holder or license
14 holder from the jurisdiction of the individual's
15 principal place of business is no longer valid, the
16 individual will cease offering or rendering
17 professional services in this state individually or on
18 behalf of a certified public accounting or public
19 accounting firm, and

20 d. to the appointment of the state board which issued the
21 ~~individual's~~ license as the ~~individual's~~ agent upon
22 whom process may be served in any action or proceeding

1 by the Board against the certificate or license
2 holder.

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

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

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

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

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

22 B. A registrant of this state offering or rendering services or
23 using the registrant's CPA or PA title in another jurisdiction shall

1 be subject to disciplinary action in this state for an act committed
2 in another jurisdiction which would subject the certificate or
3 license holder to discipline in that jurisdiction. The Board shall
4 be required to investigate any complaint made by the board of
5 accountancy of another jurisdiction.

6 SECTION 8. AMENDATORY 59 O.S. 2001, Section 15.14, as
7 last amended by Section 17, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
8 2007, Section 15.14), is amended to read as follows:

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

13 B. All valid certificates and licenses ending in an odd number
14 shall expire on July 31 of each odd-numbered year. All valid
15 certificates and licenses ending in an even number shall expire on
16 July 31 of each even-numbered year. All such registrations shall
17 expire on the last day of July and may be renewed for a period of
18 two (2) years. The Board shall implement rules for the scheduling
19 of expiration and renewal of certificates and licenses, including
20 the prorating of fees.

21 C. After the initial registration, renewal of registrations
22 shall be accomplished by registrants in good standing upon filing of

1 the registration and upon payment of the registration fee not later
2 than July 31. Interim registration shall be at full rates.

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

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

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

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

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

- 1 a. a fee set by the Board which shall not exceed Three
2 Hundred Dollars (\$300.00) for a renewal within one (1)
3 year of the due date, or
- 4 b. a fee set by the Board which shall not exceed Six
5 Hundred Dollars (\$600.00) for a renewal after the
6 expiration of a year.

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

16 F. The Board shall establish rules whereby the registration fee
17 for certified public accountants and public accountants may, upon
18 written application to the Board, be reduced or waived by the Board
19 for registrants who have retired upon reaching retirement age, or
20 who have attained the age of sixty-five (65) years, or who have
21 become disabled to a degree precluding the continuance of their
22 practice for six (6) months or more prior to the due date of any

1 renewal fee. The Board shall use its discretion in determining
2 conditions required for retirement or disability.

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

6 H. At the direction of the Board, a register may be printed
7 and/or published in any media format the Board considers appropriate
8 for public distribution. Any such publication shall contain the
9 names arranged alphabetically of all individuals and firms holding
10 valid certificates, licenses, permits, the names of the members of
11 the Board, and such other information as may be deemed appropriate
12 by the Board.

13 SECTION 9. AMENDATORY 59 O.S. 2001, Section 15.14A, is
14 amended to read as follows:

15 Section 15.14A A. Before any individual may practice public
16 accounting or hold himself or herself out as being engaged in the
17 practice of public accounting as a certified public accountant or
18 public accountant in this state such person shall obtain a permit
19 from the Oklahoma Accountancy Board. Any individual, corporation or
20 partnership or any other entity who provides any of the services
21 defined hereinabove as the "practice of public accounting" without
22 ~~being~~ holding a license and permit ~~holder~~, or without holding a

1 certificate and permit ~~holder~~, shall be assessed a fine not to
2 exceed Ten Thousand Dollars (\$10,000.00) for each separate offense.

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

7 1. Any individual seeking a permit must have a valid
8 certificate or license ~~on the date the permit is applied for;~~

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

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

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

15 C. All such individuals shall, upon application and compliance
16 with the rules establishing qualifications for obtaining a permit
17 and payment of the fees, be granted an annual permit to practice
18 public accounting in this state. All permits issued shall expire on
19 ~~June 30~~ July 31 of each year and may be renewed from year to year.
20 The Board may issue interim permits upon payment of the same fees
21 required for annual permits.

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

4 E. The Board shall charge a fee for each individual permit not
5 to exceed One Hundred Dollars (\$100.00).

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

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

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

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

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

22 4. Conviction, plea of guilty, or plea of nolo contendere of
23 any misdemeanor, an element of which is dishonesty or fraud,

1 pursuant to the laws of the United States or any jurisdiction if the
2 acts involved would have constituted a misdemeanor under the laws of
3 this state;

4 5. Failure to comply with professional standards ~~as~~ in the
5 Board's professional code of conduct to the attest and/or
6 compilation competency requirement for those who supervise attest
7 and/or compilation engagements and sign the report on financial
8 statements or other compilation communications with respect to
9 financial statements; and

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

13 SECTION 11. AMENDATORY 59 O.S. 2001, Section 15.15, as
14 last amended by Section 19, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
15 2007, Section 15.15), is amended to read as follows:

16 Section 15.15 A. The Oklahoma Accountancy Board, upon
17 application, shall register any firm seeking to provide public
18 accounting services to the public in this state. All firms, except
19 sole proprietorships, shall pay an annual registration fee not to
20 exceed One Hundred Dollars (\$100.00).

21 B. All such registrations shall expire on ~~May 31~~ June 30 of
22 each year and may be renewed annually for a period of one (1) year
23 by registrants in good standing upon filing the registration and

1 upon payment of the annual fee not later than ~~May 31~~ June 30 of each
2 year.

3 C. Interim registrations shall be at full rates.

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

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

12 F. A firm whose registration is automatically revoked pursuant
13 to this section may be reinstated by the Board upon payment of a fee
14 to be set by the Board which shall not exceed Two Hundred Dollars
15 (\$200.00).

16 SECTION 12. AMENDATORY 59 O.S. 2001, Section 15.15A, as
17 last amended by Section 20, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
18 2007, Section 15.15A), is amended to read as follows:

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

1 B. Applicants for initial firm permits shall provide the Board
2 with the following information:

3 1. A list of all states in which the firm has applied for or
4 been issued a permit or its equivalent within the five (5) years
5 immediately preceding the date of application;

6 2. Relevant details as to a denial, revocation, or suspension
7 of a permit or its equivalent of the firm, or any partner or
8 shareholder of the firm other than in this state;

9 3. Documentary proof that the firm has complied with the
10 requirements of the Oklahoma Office of the Secretary of State
11 applicable to such entities; and

12 4. Such other information as the Board deems appropriate for
13 demonstrating that the qualifications of the firm are sufficient for
14 the practice of public accounting in this state.

15 C. The following changes in a firm affecting the offices in
16 this state shall be reported to the Board within thirty (30)
17 calendar days from the date of occurrence:

18 1. Changes in the partners or shareholders of the firm;

19 2. Changes in the structure of the firm;

20 3. Change of the designated manager of the firm;

21 4. Changes in the number or location of offices of the firm;

22 and

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

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

11 1. A list of all partners and shareholders at the time of
12 dissolution;

13 2. The location of each office of the firm at the time of
14 dissolution; and

15 3. The date the dissolution became effective.

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

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

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

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

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

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

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

18 SECTION 13. AMENDATORY 59 O.S. 2001, Section 15.35, as
19 last amended by Section 30, Chapter 125, O.S.L. 2004 (59 O.S. Supp.
20 2007, Section 15.35), is amended to read as follows:

21 Section 15.35 A. In order to assure continuing professional
22 competence of individuals in accountancy, and as a condition for
23 issuance of a certificate or license and/or renewal of a permit to

1 practice, certificate and license holders shall furnish evidence of
2 participation in continuing professional education.

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

8 C. ~~Effective January 1, 2006, all~~ All certificate and license
9 holders shall complete at least one hundred twenty (120) hours of
10 continuing professional education within a three-year period with
11 completion of not less than twenty (20) hours of continuing
12 professional education in any year.

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

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

18 2. Provisions for exempting retired, inactive and disabled
19 individuals as defined by the Board in the rules from the
20 requirement of continuing professional education; and

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

1 SECTION 14. It being immediately necessary for the preservation
2 of the public peace, health and safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.
5 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated 2-18-08
6 - DO PASS, As Amended and Coauthored.