

1 **SENATE FLOOR VERSION**

2 February 22, 2011

3 SENATE BILL NO. 270

By: Burrage of the Senate

4 and

5 Martin (Scott) of the House

6
7
8 An Act relating to Oklahoma Accountancy Act; amending
9 59 O.S. 2001, Sections 15.12A, as last amended by
10 Section 6, Chapter 85, O.S.L. 2010, 15.15A, as last
11 amended by Section 12, Chapter 85, O.S.L. 2010, and
12 15.30, as amended by Section 25, Chapter 125, O.S.L.
13 2004 (59 O.S. Supp. 2010, Sections 15.12A, 15.15A and
14 15.30), which relate to licensee's jurisdiction, firm
15 permits and peer reviews; modifying types of services
16 and standards of practice for certain permit;
17 clarifying proof of firm ownership; requiring firm
18 compliance with certain rules under permit; declaring
19 nonlicensed firm owners active participants of the
20 firm; requiring certain persons to meet certain
21 competency requirements for certain services and
22 reports; authorizing peer reviews for certain
23 services upon issuance or renewal of permits;
24 providing an effective date; and declaring an
emergency.

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

SECTION 1. AMENDATORY 59 O.S. 2001, Section 15.12A, as
last amended by Section 6, Chapter 85, O.S.L. 2010 (59 O.S. Supp.
2010, 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 and who holds a valid certificate or

1 license as a Certified Public Accountant or Public Accountant from
2 any jurisdiction which the Oklahoma Accountancy Board's designee has
3 verified to be in substantial equivalence to the Certified Public
4 Accountant and Public Accountant licensure requirements of the
5 AICPA/NASBA Uniform Accountancy Act shall be presumed to have
6 qualifications substantially equivalent to this state's requirements
7 and shall have all the privileges of certificate and license holders
8 of this state without the need to obtain a certificate, license or
9 permit required under Sections 15.9, 15.13, 15.14A, 15.15 and 15.15A
10 of this title. An individual who offers or renders professional
11 services, whether in person or by mail, telephone or electronic
12 means, under this section shall be granted practice privileges in
13 this state and no notice, fee or submission shall be provided by any
14 such individual. Such an individual shall be subject to the
15 requirements in paragraph 3 of this subsection.

16 2. An individual whose principal place of business is not in
17 this state who holds a valid certificate or license as a Certified
18 Public Accountant or Public Accountant from any jurisdiction which
19 the Oklahoma Accountancy Board's designee has not verified to be in
20 substantial equivalence to the Certified Public Accountant licensure
21 requirements of the AICPA/NASBA Uniform Accountancy Act shall be
22 presumed to have qualifications substantially equivalent to this
23 state's requirements and shall have all the privileges of
24 certificate and license holders of this state without the need to

1 obtain a certificate, license or permit required under Sections
2 15.9, 15.13, 15.14A, 15.15 and 15.15A of this title. Any individual
3 who passed the Uniform CPA Examination and holds a valid certificate
4 or license issued by any other state prior to January 1, 2012, may
5 be exempt from the education requirement of the Uniform Accountancy
6 Act for purposes of this paragraph. An individual who offers or
7 renders professional services, whether in person, or by mail,
8 telephone or electronic means, under this section, shall be granted
9 practice privileges in this state and no notice, fee or submission
10 shall be provided by any such individual. Such an individual shall
11 be subject to the requirements in paragraph 3 of this subsection.

12 3. An individual certificate holder or license holder of
13 another jurisdiction exercising the privilege afforded under this
14 section, and any firm which employs that certificate holder or
15 license holder hereby simultaneously consent, as a condition of the
16 granting of this privilege:

- 17 a. to the personal and subject matter jurisdiction and
18 disciplinary authority of the Board,
- 19 b. to comply with the Oklahoma Accountancy Act and the
20 Board's rules,
- 21 c. that in the event the certificate holder or license
22 holder from the jurisdiction of the individual's
23 principal place of business is no longer valid, the
24 individual will cease offering or rendering

1 professional services in this state individually or on
2 behalf of a firm, and

3 d. to the appointment of the state board which issued the
4 certificate or license as the agent upon whom process
5 may be served in any action or proceeding by the Board
6 against the certificate or license holder.

7 4. A certified public accounting or public accounting firm that
8 is licensed and has its primary place of business in another state,
9 does not have an office in this state and does not provide the
10 professional services described in subparagraphs a, b, and c of
11 paragraph 5 of this subsection for a client whose home office is in
12 this state, may practice in this state without a firm license,
13 permit, or notice to the Board if the firm's practice in this state
14 is performed by an individual who is licensed in Oklahoma or who has
15 been granted practice privileges under paragraph 1 or 2 of this
16 subsection.

17 5. An individual who has been granted practice privileges under
18 this section who, for any entity with its home office in this state,
19 performs any of the following services:

20 a. any ~~financial statement~~ audit or other engagement to
21 be performed in accordance with Statements on Auditing
22 Standards,
23
24

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

4 c. ~~any examination of prospective financial information~~
5 ~~to be report~~ performed in accordance with Statements
6 on Standards for Attestation Engagements (SSAE), ~~or~~
7 and

8 ~~e.~~ d. any engagement to be performed in accordance with
9 the Auditing Standards of the Public Company

10 Accounting Oversight Board (PCAOB) ~~auditing standards,~~

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

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

20 SECTION 2. AMENDATORY 59 O.S. 2001, Section 15.15A, as
21 last amended by Section 12, Chapter 85, O.S.L. 2010 (59 O.S. Supp.
22 2010, Section 15.15A), is amended to read as follows:

23 Section 15.15A A. The Oklahoma Accountancy Board, upon
24 application, shall issue a permit to practice public accounting to

1 each firm seeking to provide professional services to the public in
2 this state except that a firm not required to register with the
3 Board under paragraph 4 of subsection A of Section 15.12A of this
4 title shall also not be required to obtain a permit under this
5 section. Renewals of firm permits shall be applied for during the
6 month of May of each year.

7 B. Applicants for initial firm permits shall provide the Board
8 with the following information:

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

12 2. Relevant details as to a denial, revocation, or suspension
13 of a permit or its equivalent of the firm, or any partner or
14 shareholder of the firm in any other state or jurisdiction;

15 3. Documentary proof that the firm has complied with the
16 requirements of the Oklahoma Office of the Secretary of State
17 applicable to such entities; and

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

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

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

- 1 2. Changes in the structure of the firm;
- 2 3. Change of the designated manager of the firm;
- 3 4. Changes in the number or location of offices of the firm;
- 4 and
- 5 5. Denial, revocation, or suspension of certificates, licenses,
- 6 permits, or their equivalent to the firm or its partners,
- 7 shareholders, or employees other than in this state.

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

- 15 1. A list of all partners and shareholders at the time of
16 dissolution;
- 17 2. The location of each office of the firm at the time of
18 dissolution; and
- 19 3. The date the dissolution became effective.

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

23 F. Each firm seeking a permit to practice accounting as a CPA
24 firm shall be issued a permit by the Board upon application and

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

3 1. ~~Each partner or shareholder is~~ A simple majority of the
4 ownership of the firm, in terms of financial interests and voting
5 rights, belongs to partners or shareholders engaged in the practice
6 of public accounting in the United States and ~~is~~ holding a
7 certificate as a certified public accountant in one or more
8 jurisdictions. Although firms may include non-certificate holder
9 owners, the firm and its ownership must comply with rules
10 promulgated by the Board; and

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

14 3. All nonlicensed owners are active individual participants in
15 the public accounting firm or affiliated entities.

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

20 1. ~~Each partner or shareholder is~~ A simple majority of the
21 ownership of the firm, in terms of financial interests and voting
22 rights, belongs to partners or shareholders engaged in the practice
23 of public accounting in the United States and ~~holds~~ holding a
24 license as a public accountant ~~or certificate as a certified public~~

1 ~~accountant~~ in one or more jurisdictions. Although firms may include
2 nonlicense holder owners, the firm and its ownership must comply
3 with rules promulgated by the Board; and

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

8 3. All nonlicensed owners are active individual participants in
9 the public accounting firm or affiliated entities.

10 H. Any individual licensee who is responsible for supervising
11 attest or compilation services and signs or authorizes someone to
12 sign the accountant's report on the financial statement on behalf of
13 the firm shall meet the competency requirements set out in the
14 professional standards for such services.

15 I. Any individual licensee who signs or authorizes someone to
16 sign the accountant's report on the financial statements on behalf
17 of the firm shall meet the competency requirements of the prior
18 subsection.

19 SECTION 3. AMENDATORY 59 O.S. 2001, Section 15.30, as
20 amended by Section 29, Chapter 125, O.S.L. 2004 (59 O.S. Supp. 2010,
21 Section 15.30), is amended to read as follows:

22 Section 15.30 A. As a condition for issuance or renewal of
23 permits, the Board may require applicants who perform ~~review or~~
24 ~~audit services~~ attest services, except those services described in

1 subparagraph d of paragraph 5 of Section 15.1A of this title, to
2 undergo peer reviews conducted not less than once every three (3)
3 years.

4 B. Peer reviews shall be conducted in such manner and in
5 accordance with such standards as the Board may specify by rule.

6 C. The rules may provide for a registrant to comply by
7 providing documented proof of a satisfactory peer review conducted
8 for some other purpose which meets the purposes and standards of the
9 Board peer review program within three (3) years preceding the date
10 the Oklahoma peer review is to be conducted.

11 D. Failure of any registrant to provide full cooperation with
12 the Board or any individual acting at the direction of the Board in
13 performing a peer review shall after notice and a hearing be subject
14 to the penalties provided in the Oklahoma Accountancy Act.

15 E. The Board by rule may establish a fee in an amount not to
16 exceed One Hundred Dollars (\$100.00) for each peer review required
17 by the Board under this section.

18 SECTION 4. This act shall become effective July 1, 2011.

19 SECTION 5. It being immediately necessary for the preservation
20 of the public peace, health and safety, an emergency is hereby
21 declared to exist, by reason whereof this act shall take effect and
22 be in full force from and after its passage and approval.

23 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS & COMMERCE, dated 2-17-11
24 - DO PASS, As Coauthored.