

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL NO. 370

By: Halligan

6
7 COMMITTEE SUBSTITUTE

8 An Act relating to the practice of accounting;
9 amending 59 O.S. 2011, Sections 15.15A and 15.15B,
10 which relate to firm permits and required designation
11 of a manager; providing certain exceptions for
12 succession of business; authorizing continuation of
13 certain business for certain time; defining term;
14 requiring certain notice upon death of certain
15 persons; requiring notice on completion of sale or
16 transfer; stating content of notice; providing for
17 extended time to complete sale or transfer;
18 construing provisions; allowing injunctive relief for
19 violations; and providing an effective date.

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

21 SECTION 1. AMENDATORY 59 O.S. 2011, Section 15.15A, is
22 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
each firm seeking to provide professional services to the public in
this state except that a firm not required to register with the
Board under paragraph 4 of subsection A of Section 15.12A of this
title shall also not be required to obtain a permit under this

1 section. Renewals of firm permits shall be applied for during the
2 month of May of each year.

3 B. Applicants for initial firm permits shall provide the Board
4 with the following information:

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

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

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

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

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

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

21 2. Changes in the structure of the firm;

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

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

24 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:

23 1. A Except as authorized in Section 15.15B of this title, a
24 simple majority of the ownership of the firm, in terms of financial

1 interests and voting rights, belongs to partners or shareholders
2 engaged in the practice of public accounting in the United States
3 and holding a certificate as a certified public accountant in one or
4 more jurisdictions. Although firms may include non-certificate
5 holder owners, the firm and its ownership must comply with rules
6 promulgated by the Board; and

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

10 3. All nonlicensed owners are active individual participants in
11 the public accounting firm or affiliated entities, except as
12 authorized in Section 15.15B of this title.

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

17 1. ~~A~~ Except as authorized in Section 15.15B of this title, a
18 simple majority of the ownership of the firm, in terms of financial
19 interests and voting rights, belongs to partners or shareholders
20 engaged in the practice of public accounting in the United States
21 and holding a license as a public accountant in one or more
22 jurisdictions. Although firms may include nonlicense holder owners,
23 the firm and its ownership must comply with rules promulgated by the
24 Board; and

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

5 3. All nonlicensed owners are active individual participants in
6 the public accounting firm or affiliated entities, except as
7 authorized in Section 15.15B of this title.

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

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

17 SECTION 2. AMENDATORY 59 O.S. 2011, Section 15.15B, is
18 amended to read as follows:

19 Section 15.15B. A. ~~Each~~ Except as authorized in subsection B
20 of this section, each office established or maintained in this state
21 for the practice of public accounting shall be under the direct
22 supervision of a designated manager.

1 1. The designated manager must be the holder of a certificate
2 in order for the title "Certified Public Accountant" or the
3 abbreviation "C.P.A." to be used in connection with such office; or

4 2. The designated manager must be the holder of a certificate
5 or a license in order for the title "Public Accountant" or the
6 abbreviation "P.A." to be used in connection with such office.

7 B. 1. For the purposes of a sale or transfer of an existing
8 office established or maintained in this state for the practice of
9 public accounting, the office is authorized to continue its
10 accounting practice during the pendency of its sale or transfer to a
11 qualified person or entity only upon the actual review of all client
12 documents by a qualified certified public accountant or public
13 accountant in this state. The sale or transfer of an existing
14 office shall be completed within a reasonable time period,
15 preferably not exceeding sixty (60) days. For purposes of this
16 subsection, the term "sale or transfer" means and includes, but is
17 not limited to:

18 a. the succession of an office established or maintained
19 in this state for the practice of public accounting by
20 the sale or transfer to another person or entity
21 authorized by law to practice public accountancy in
22 this state, or

23 b. the succession of an office established or maintained
24 in this state for the practice of public accounting by

1 transfer to a grantor trust upon the death of the
2 holder of a permit to practice public accounting as an
3 interim interest holder before being transferred to
4 qualified individual owners as set out in paragraph F
5 or G of Section 15.15A of this title.

6 2. Upon the death of a sole proprietor, single owner of a firm
7 or a majority stockholder of a firm, notice shall be given to the
8 executive director of the Oklahoma Accountancy Board by letter
9 within ten (10) days of the death expressing any intention to sell,
10 transfer or assume responsibility of the office, and declaring the
11 name of the qualified person or entity who has agreed to continue
12 the business or review the client documents during pendency of the
13 sale or transfer.

14 3. Upon completion of a sale or transfer authorized by this
15 subsection, notice shall be given to the executive director of the
16 Oklahoma Accountancy Board by affidavit within ten (10) days of
17 conclusion of the sale or transfer stating the date of completion of
18 the sale or transfer, the name of the designated manager who
19 reviewed client documents or continued the business through
20 completion of the sale or transfer, and the name of the purchaser or
21 transferee that has assumed responsibility for the office, if
22 different from the designated manager.

1 4. If a sale or transfer cannot be completed within sixty (60)
2 days, the executive director of the Oklahoma Accountancy Board shall
3 be notified monthly until the sale or transfer has been completed.

4 5. Nothing in this subsection shall prohibit the executive
5 director of the Oklahoma Accountancy Board from seeking an action
6 for injunctive relief or disciplinary action if there is reasonable
7 cause to believe a person is violating the law or is not acting in
8 good faith to complete a sale or transfer authorized by this
9 subsection.

10 C. The Board shall prescribe such rules as are necessary to
11 implement ~~registration pursuant to~~ the provisions of this section.

12 SECTION 3. This act shall become effective November 1, 2015.

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