

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 SENATE BILL 1845

By: Dugger

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5
6 AS INTRODUCED

7 An Act relating to the Oklahoma Accountancy Act;
8 amending 59 O.S. 2021, Section 15.1A, which relates
9 to definitions; expanding definition; changing
10 definition after certain time; and providing an
11 effective date.

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

13 SECTION 1. AMENDATORY 59 O.S. 2021, Section 15.1A, is
14 amended to read as follows:

15 Section 15.1A. As used in the Oklahoma Accountancy Act:

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

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

20 3. "Applicant" means an individual or entity that has made
21 application to the Board for a certificate, license, or permit and
22 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 services:

- 5 a. any audit or other engagement to be performed in
6 accordance with the Statements on Auditing Standards
7 (SAS),
8 b. any review of a financial statement to be performed in
9 accordance with the Statements on Standards for
10 Accounting and Review Services (SSARS),
11 c. any ~~engagement~~ examination of prospective financial
12 information to be performed in accordance with the
13 Statements on Standards for Attestation Engagements
14 (SSAE), and
15 d. any engagement to be performed in accordance with the
16 Auditing Standards of the Public Company Accounting
17 Oversight Board (PCAOB), and
18 e. any engagement, review, or agreed upon procedures
19 engagement to be performed in accordance with the
20 SSAE, other than the exceptions described in
21 subparagraph of c of paragraph 34 of this section.

22 The statements on standards specified in this definition shall
23 be adopted by reference by the Board pursuant to rulemaking and
24 shall be those developed for general application by recognized

1 national accountancy organizations, such as the AICPA, IFAC and the
2 PCAOB;

3 6. "Audit" can only be performed by an individual or entity who
4 is registered with the Board and holding a valid permit issued
5 pursuant to the Oklahoma Accountancy Act, or an individual granted
6 practice privileges under Section 15.12A of this title, and means a
7 systematic investigation or appraisal of information, procedures, or
8 operations performed in accordance with generally accepted auditing
9 standards in the United States, for the purpose of determining
10 conformity with established criteria and communicating the results
11 to interested parties;

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

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

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

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

1 11. "Client" means the individual or entity which retains a
2 registrant, an individual granted practice privileges under Section
3 15.12A of this title, or a firm exempt from the permit and
4 registration requirements under Section 15.15C of this title to
5 perform professional services;

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

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

11 14. "Designated manager" means the Oklahoma certified public
12 accountant or public accountant appointed by the firm partners or
13 shareholders to be responsible for the administration of the office;

14 15. "Designee" means the National Association of State Boards
15 of Accountancy (NASBA) or other entities so designated by the Board;

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

18 17. "Examination" means, until December 31, 2023, the test
19 sections of Auditing and Attestation, Business Environment and
20 Concepts, Financial Accounting and Reporting, and Regulation or
21 their successors, administered, supervised, and graded by, or at the
22 direction of, the Board or other jurisdiction that is required for a
23 certificate as a certified public accountant or a license as a
24 public accountant. After January 1, 2024, examinations means all or

1 part of the Uniform Certified Public Accountant Examination
2 developed and scored by the America Institute of Certified Public
3 Accountants as approved or designated by the Board;

4 18. "Executive director" means the chief administrative officer
5 of the Board;

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

15 20. "Firm" means an entity that is either a sole
16 proprietorship, partnership, professional limited liability company,
17 professional limited liability partnership, limited liability
18 partnership or professional corporation, or any other professional
19 form of organization organized under the laws of the State of
20 Oklahoma or the laws of another jurisdiction and issued a permit in
21 accordance with Section 15.15A of this title or exempt from the
22 permit requirement under Section 15.15C of this title, including
23 individual partners or shareholders, that is engaged in accountancy;

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

7 22. "Home office" means the location specified by the client as
8 the address to which a service described in Section 15.12A of this
9 title is directed;

10 23. "IFAC" means the International Federation of Accountants;

11 24. "Individual" means a human being;

12 25. "Jurisdiction" means any state or territory of the United
13 States and the District of Columbia;

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

21 27. "Management advisory services", also known as "management
22 consulting services", "management services", "business advisory
23 services" or other similar designation, hereinafter collectively
24 referred to as "MAS", means the function of providing advice and/or

1 technical assistance, performed in accordance with standards for MAS
2 engagements and MAS consultations such as those issued by the
3 American Institute of Certified Public Accountants, where the
4 primary purpose is to help the client improve the use of its
5 capabilities and resources to achieve its objectives including but
6 not limited to:

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

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

22 28. "NASBA" means the National Association of State Boards of
23 Accountancy;

24 29. "PA" or "P.A." means public accountant;

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

7 31. "PCAOB" means the Public Company Accounting Oversight
8 Board;

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

12 33. "Permit" means the written authority granted annually by
13 the Board to individuals or firms to practice public accounting in
14 Oklahoma, which is issued pursuant to the Oklahoma Accountancy Act;

15 34. a. "Practice of public accounting", also known as
16 "practice public accounting", "practice" and "practice
17 accounting", refers to the activities of a registrant,
18 an individual granted practice privileges under
19 Section 15.12A of this title, or a firm exempt from
20 the permit and registration requirements under Section
21 15.15C of this title in reference to accountancy. An
22 individual or firm shall be deemed to be engaged in
23 the practice of public accounting if the individual or
24 firm holds itself out to the public in any manner as
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1 one skilled in the knowledge, science, and practice of
2 accounting and auditing, taxation and management
3 advisory services and is qualified to render such
4 professional services as a certified public accountant
5 or public accountant, and performs the following:

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

- 1 (4) generally or incidentally to the work described
2 herein, renders professional services to clients
3 in any or all matters relating to accounting
4 procedure and to the recording, presentation, or
5 certification of financial information or data,
6 (5) keeps books, or prepares trial balances,
7 financial statements, or reports, all as a part
8 of bookkeeping services for clients,
9 (6) prepares or signs as the tax preparer, tax
10 returns for clients, consults with clients on tax
11 matters, conducts studies for clients on tax
12 matters and prepares reports for clients on tax
13 matters, unless the services are uncompensated
14 and are limited solely to the registrant's, or
15 the registrant's spouse's lineal and collateral
16 heirs,
17 (7) prepares personal financial or investment plans
18 or provides to clients products or services of
19 others in implementation of personal financial or
20 investment plans, or
21 (8) provides management advisory services to clients.

22 b. Except for an individual granted practice privileges
23 under Section 15.12A of this title or a firm exempt
24 from the permit and registration requirements under
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1 Section 15.15C of this title, an individual or firm
2 not holding a certificate, license or permit shall not
3 be deemed to be engaged in the practice of public
4 accounting if the individual or firm does not hold
5 itself out, solicit, or advertise for clients using
6 the certified public accountant or public accountant
7 designation and engages only in the following
8 services:

- 9 (1) keeps books, or prepares trial balances,
10 financial statements, or reports, provided such
11 instruments do not use the terms "audit",
12 "audited", "exam", "examined", "review" or
13 "reviewed" or are not exhibited as having been
14 prepared by a certified public accountant or
15 public accountant. Except for an individual
16 granted practice privileges under Section 15.12A
17 of this title or a firm exempt from the permit
18 and registration requirements under Section
19 15.15C of this title, nonregistrants may use the
20 following disclaimer language in connection with
21 financial statements and be in compliance with
22 the Oklahoma Accountancy Act: "I (we) have not
23 audited, examined or reviewed the accompanying
24 financial statements and accordingly do not

1 express an opinion or any other form of assurance
2 on them.",

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

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

12 (4) provides management advisory services to clients.

13 c. Only permit holders, individuals granted practice
14 privileges under Section 15.12A of this title, or
15 firms exempt from the permit and registration
16 requirements under Section 15.15C of this title may
17 render or offer to render any attest service, as
18 defined herein, or issue a report on financial
19 statements which purport to be in compliance with the
20 Statements on Standards for Accounting and Review
21 Services (SSARS). This restriction shall not prohibit
22 any act of a public official or public employee in the
23 performance of that person's duties. This restriction
24 shall not be construed to prohibit the performance by

1 any unlicensed individual of other services as set out
2 in subparagraph b of this paragraph.

3 d. A person is not deemed to be practicing public
4 accounting within the meaning of this section solely
5 by displaying an Oklahoma CPA certificate or a PA
6 license in an office, identifying himself or herself
7 as a CPA or PA on letterhead or business cards, or
8 identifying himself or herself as a CPA or PA.
9 However, the designation of CPA or PA on such
10 letterheads, business cards, public signs,
11 advertisements, publications directed to clients or
12 potential clients, financial or tax documents of a
13 client, performance of any attest service or issuance
14 of a report constitutes the practice of public
15 accounting and requires a permit, practice privileges
16 under Section 15.12A of this title, or an exemption
17 from the permit and registration requirements under
18 Section 15.15C of this title;

19 35. "Preissuance review" means a review performed pursuant to a
20 set of procedures that include review of engagement document,
21 report, and clients' financial statements in order to permit the
22 reviewer to assess compliance with all applicable professional
23 standards;

1 36. "Principal place of business" means the office location
2 designated by the licensee for the purposes of substantial
3 equivalency and reciprocity;

4 37. "Professional corporation" means a corporation organized
5 pursuant to the laws of this state;

6 38. "Professional" means arising out of or related to the
7 specialized knowledge or skills associated with CPAs or PAs;

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

10 40. "Public interest" means the collective well-being of the
11 community of people and institutions the profession serves;

12 41. "Qualification applicant" means an individual who has made
13 application to the Board to qualify to become a candidate for
14 examination;

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

19 43. "Report", when used with reference to any attest or
20 compilation service, means an opinion, report or other form of
21 language that states or implies assurance as to the reliability of
22 the attested information or complied financial statements, and that
23 also includes or is accompanied by any statement or implication that
24 the person or firm issuing it has special knowledge or competence in
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1 accounting or auditing. Such a statement or implication of special
2 knowledge or competence may arise from use by the issuer of the
3 report of names or titles indicating that the person or firm is an
4 accountant or auditor, or from the language of the report itself.
5 The term "report" includes any form of language which disclaims an
6 opinion when such form of language is conventionally understood to
7 imply any positive assurance as to the reliability of the attested
8 information or compiled financial statements referred to and/or
9 special competence on the part of the person or firm issuing such
10 language; and it includes any other form of language that is
11 conventionally understood to imply such assurance and/or such
12 special knowledge or competence. This definition is not intended to
13 include a report prepared by a person not holding a certificate or
14 license or not granted practice privileges under Section 15.12A of
15 this title. However, such report shall not refer to "audit",
16 "audited", "exam", "examined", "review" or "reviewed", nor use the
17 language "in accordance with standards established by the American
18 Institute of Certified Public Accountants" or successor of said
19 entity, or governmental agency approved by the Board, except for the
20 Internal Revenue Service. Except for an individual granted practice
21 privileges under Section 15.12A of this title or a firm exempt from
22 the permit and registration requirements under Section 15.15C of
23 this title, nonregistrants may use the following disclaimer language
24 in connection with financial statements not to be in violation of

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

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

9 45. "Review", when used with reference to financial statements,
10 means a registrant or an individual granted practice privileges
11 under Section 15.12A of this title, or a firm exempt from the permit
12 and registration requirements under Section 15.15C of this title
13 performing inquiry and analytical procedures that provide the
14 registrant with a reasonable basis for expressing limited assurance
15 that there are no material modifications that should be made to the
16 statements in order for them to be in conformity with generally
17 accepted accounting principles or, if applicable, with another
18 comprehensive basis of accounting; and

19 46. "Substantial equivalency" is a determination by the
20 Oklahoma Accountancy Board or its designee that:

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

1 contained in the AICPA/NASBA Uniform Accountancy Act,
2 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 In ascertaining substantial equivalency as used in the Oklahoma
10 Accountancy Act, the Board or its designee shall take into account
11 the qualifications without regard to the sequence in which
12 experience, education, or examination requirements were attained.

13 SECTION 2. This act shall become effective November 1, 2022.

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