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February 20, 2023

SENATE BILL NO. 170

By: Dugger of the Senate

and

Kendrix of the House

An Act relating to the Oklahoma Accountancy Act; amending 59 O.S. 2021, Section 15.1A, as last amended by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp. 2022, Section 15.1A), which relates to definitions; expanding definition; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 59 O.S. 2021, Section 15.1A, as last amended by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp. 2022, 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 or permit and ~~said~~ the 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 engagements, review, or agreed upon procedures
19 engagement to be performed in accordance with the
20 SSAE, other than the exceptions described in
21 subparagraph 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 the examination for a certificate;

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

22 10. "Certified public accountant" means any person who has
23 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 this state to conduct business;

18 17. "Examination" means the test sections of Auditing and
19 Attestation, Business Environment and Concepts, Financial Accounting
20 and Reporting, and Regulation or their successors, administered,
21 supervised, and graded by, or at the direction of, the Board or
22 other jurisdiction that is required for a certificate as a certified
23 public accountant;

1 18. "Executive director" means the chief administrative officer
2 of the Board;

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

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

21 21. "Holding out" means any representation by an individual
22 that he or she holds a certificate or license and a valid permit, or
23 by an entity that it holds a valid permit. Any such representation
24 is presumed to invite the public to rely upon the professional

1 skills implied by the certificate or license and valid permit in
2 connection with the services or products offered;

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

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

7 24. "Individual" means a human being;

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

10 26. "License" means the Oklahoma document issued by the Board
11 to a candidate upon successful completion of the public accountant
12 examination designating the holder as a public accountant pursuant
13 to the laws of this state. ~~"License"~~ License shall also mean the
14 Oklahoma document issued by the Board by reciprocity to a public
15 accountant who has previously been licensed by examination in
16 another jurisdiction;

17 27. "Management advisory services", also known as "management
18 consulting services", "management services", "business advisory
19 services" or other similar designation, hereinafter collectively
20 referred to as "MAS", means the function of providing advice and/or
21 technical assistance, performed in accordance with standards for MAS
22 engagements and MAS consultations such as those issued by the
23 American Institute of Certified Public Accountants, where the
24 primary purpose is to help the client improve the use of its

1 capabilities and resources to achieve its objectives including but
2 not limited to:

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

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

18 28. "NASBA" means the National Association of State Boards of
19 Accountancy;

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

21 30. "Partnership" means a contractual relationship based upon a
22 written, oral, or implied agreement between two or more individuals
23 who combine their resources and activities in a joint enterprise and
24 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 31. "PCAOB" means the Public Company Accounting Oversight
4 Board;

5 32. ~~"Peer Review"~~ "Peer review" means a review performed
6 pursuant to a set of peer review rules established by the Board.
7 The term ~~"peer review"~~ peer review also encompasses the term
8 "quality review";

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

13 34. a. "Practice of public accounting", also known as
14 "practice public accounting", "practice" and "practice
15 accounting", refers to the activities of a registrant,
16 an individual granted practice privileges under
17 Section 15.12A of this title, or a firm exempt from
18 the permit and registration requirements under Section
19 15.15C of this title in reference to accountancy. An
20 individual or firm shall be deemed to be engaged in
21 the practice of public accounting if the individual or
22 firm holds itself out to the public in any manner as
23 one skilled in the knowledge, science, and practice of
24 accounting and auditing, taxation and management

1 advisory services and is qualified to render such
2 professional services as a certified public accountant
3 or public accountant, and performs the following:

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

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

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

23 (4) generally or incidentally to the work described
24 herein, renders professional services to clients

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

20 b. Except for an individual granted practice privileges
21 under Section 15.12A of this title or a firm exempt
22 from the permit and registration requirements under
23 Section 15.15C of this title, an individual or firm
24 not holding a certificate, license or permit shall not

1 be deemed to be engaged in the practice of public
2 accounting if the individual or firm does not hold
3 itself out, solicit, or advertise for clients using
4 the certified public accountant or public accountant
5 designation and engages only in the following
6 services:

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

- 1 (2) prepares or signs as the tax preparer, tax
2 returns for clients, consults with clients on tax
3 matters, conducts studies for clients on tax
4 matters and prepares reports for clients on tax
5 matters,
6 (3) prepares personal financial or investment plans
7 or provides to clients products or services of
8 others in implementation of personal financial or
9 investment plans, or
10 (4) provides management advisory services to clients.

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

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

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

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

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

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

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

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

9 41. "Qualification applicant" means an individual who has made
10 application to the Board to qualify to become a candidate for
11 examination;

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

16 43. "Report", when used with reference to any attest or
17 compilation service, means an opinion, report or other form of
18 language that states or implies assurance as to the reliability of
19 the attested information or complied financial statements, and that
20 also includes or is accompanied by any statement or implication that
21 the person or firm issuing it has special knowledge or competence in
22 accounting or auditing. Such a statement or implication of special
23 knowledge or competence may arise from use by the issuer of the
24 report of names or titles indicating that the person or firm is an

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

1 and accordingly do not express an opinion or any other form of
2 assurance on them.”;

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

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

18 46. “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
24

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, 2023.

14 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS AND COMMERCE
15 February 20, 2023 - DO PASS
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