

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

SENATE BILL NO. 395

99TH GENERAL ASSEMBLY
2017

1632S.01T

AN ACT

To repeal sections 326.256, 326.259, 326.265, 326.280, 326.283, 326.286, 326.289, 326.292, 326.307, 326.310, 326.313, 326.316, and 326.325, RSMo, and to enact in lieu thereof twelve new sections relating to the regulation of public accountants, with an existing penalty provision.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 326.256, 326.259, 326.265, 326.280, 326.283, 326.286, 2 326.289, 326.292, 326.307, 326.310, 326.313, 326.316, and 326.325, RSMo, are 3 repealed and twelve new sections enacted in lieu thereof, to be known as sections 4 326.256, 326.259, 326.265, 326.280, 326.283, 326.286, 326.289, 326.292, 326.307, 5 326.310, 326.316, and 326.325, to read as follows:

326.256. 1. As used in this chapter, the following terms mean:

- 2 (1) "AICPA", the American Institute of Certified Public Accountants;
- 3 (2) "Attest" or "attest services", providing the following [financial 4 statement] services:
- 5 (a) Any audit or other engagement to be performed in accordance with the 6 Statements on Auditing Standards (SAS);
- 7 (b) Any examination of prospective financial information to be performed 8 in accordance with the Statements on Standards for Attestation Engagements 9 (SSAE); [or]
- 10 (c) Any engagement to be performed in accordance with the auditing 11 standards and rules of the Public Company Accounting Oversight Board 12 (PCAOB);
- 13 (d) Any review of a financial statement to be performed in 14 accordance with the Statements on Standards for Accounting and 15 Review Services (SSARS); or

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

16 **(e) Any examination, review, or agreed upon procedures**
17 **engagement to be performed in accordance with the SSAE, other than**
18 **an examination described in paragraph (b) of this subdivision;**

19 (3) "Board", the Missouri state board of accountancy established under
20 section 326.259 or its predecessor pursuant to prior law;

21 (4) "Certificate", a certificate issued under section 326.060 prior to August
22 28, 2001;

23 (5) "Certified public accountant" or "CPA", the holder of a certificate or
24 license as defined in this section;

25 (6) "Certified public [accountant] **accounting** firm", "CPA firm" or "firm",
26 a sole proprietorship, a corporation, a partnership or any other form of
27 organization issued a permit under section 326.289;

28 (7) "Client", a person or entity that agrees with a licensee or licensee's
29 employer to receive any professional service;

30 (8) "Compilation", providing a service to be performed in accordance with
31 Statements on Standards for Accounting and Review Services (SSARS) that is
32 presented in the form of financial statements information that is the
33 representation of management (owners) without undertaking to express any
34 assurance on the statements;

35 (9) ["Home office", the location specified by the client as the address to
36 which attest, compilation, or review services are directed;

37 (10)] "License", a license issued under section 326.280, or privilege to
38 practice under section 326.283; or, in each case, an individual license or permit
39 issued pursuant to corresponding provisions of prior law;

40 [(11)] **(10)** "Licensee", the holder of a license as defined in this section;

41 [(12)] **(11)** "Manager", a manager of a limited liability company;

42 [(13)] **(12)** "Member", a member of a limited liability company;

43 [(14)] **(13)** "NASBA", the National Association of State Boards of
44 Accountancy;

45 **(14) "PCAOB", the Public Company Accounting Oversight Board;**

46 (15) "Peer review", a study, appraisal or review of one or more aspects of
47 the professional work of a licensee or certified public [accountant] **accounting**
48 firm that performs attest[, review] or compilation services, by licensees who are
49 not affiliated either personally or through their certified public [accountant]
50 **accounting** firm being reviewed pursuant to the Standards for Performing and
51 Reporting on Peer Reviews promulgated by the AICPA or such other standard

52 adopted by regulation of the board which meets or exceeds the AICPA standards;

53 (16) "Permit", a permit to practice as a certified public [accountant]
54 **accounting** firm issued under section 326.289 or corresponding provisions of
55 prior law or pursuant to corresponding provisions of the laws of other states;

56 (17) **"Principal place of business", the office location designated**
57 **by the licensee for purposes of substantial equivalency and reciprocity;**

58 (18) "Professional", arising out of or related to the specialized knowledge
59 or skills associated with certified public accountants;

60 [(18)] (19) "Public accounting":

61 (a) Performing or offering to perform for an enterprise, client or potential
62 client one or more services involving the use of accounting or auditing skills, or
63 one or more management advisory or consulting services, or the preparation of
64 tax returns or the furnishing of advice on tax matters by a person, firm, limited
65 liability company or professional corporation using the title "C.P.A." or "P.A." in
66 signs, advertising, directory listing, business cards, letterheads or other public
67 representations;

68 (b) Signing or affixing a name, with any wording indicating the person or
69 entity has expert knowledge in accounting or auditing to any opinion or certificate
70 attesting to the reliability of any representation or estimate in regard to any
71 person or organization embracing financial information or facts respecting
72 compliance with conditions established by law or contract, including but not
73 limited to statutes, ordinances, rules, grants, loans and appropriations; or

74 (c) Offering to the public or to prospective clients to perform, or actually
75 performing on behalf of clients, professional services that involve or require an
76 audit or examination of financial records leading to the expression of a written
77 attestation or opinion concerning these records;

78 [(19)] (20) "Report", when used with reference to [financial statements]
79 **any attest or compilation service**, means an opinion, report or other form of
80 language that states or implies assurance as to the reliability of [any] **the**
81 **attested information or compiled** financial statements, and that also includes
82 or is accompanied by any statement or implication that the person or firm issuing
83 it has special knowledge or competence in accounting or auditing. Such a
84 statement or implication of special knowledge or competence may arise from use
85 by the issuer of the report of names or titles indicating that the person or firm is
86 an accountant or auditor, or from the language of the report itself. The term
87 report includes any form of language which disclaims an opinion when such form

88 of language is conventionally understood to imply any positive assurance as to the
89 reliability of the **attested information or compiled** financial statements
90 referred to or special competence on the part of the person or firm issuing such
91 language, [or both,] and includes any other form of language that is
92 conventionally understood to imply such assurance or such special knowledge or
93 competence[, or both];

94 [(20) "Review", providing a service to be performed in accordance with
95 Statements on Standards for Accounting and Review Services (SSARS) that is
96 performing inquiry and analytical procedures that provide the accountant with
97 a reasonable basis for expressing limited assurance that there are no material
98 modifications that should be made to the statements for them to be in conformity
99 with generally accepted accounting principles or, if applicable, with another
100 comprehensive basis of accounting;]

101 (21) "State", any state of the United States, the District of Columbia,
102 Puerto Rico, the U.S. Virgin Islands, **the Commonwealth of the Northern**
103 **Mariana Islands**, and Guam; except that "this state" means the state of
104 Missouri;

105 (22) "Substantial equivalency" or "substantially equivalent", a
106 determination by the board of accountancy or its designee that the education,
107 examination and experience requirements contained in the statutes and
108 administrative rules of another jurisdiction are comparable to or exceed the
109 education, examination and experience requirements contained in this chapter or
110 that an individual certified public accountant's education, examination and
111 experience qualifications are comparable to or exceed the education, examination
112 and experience requirements contained in this chapter;

113 (23) "Transmittal", any transmission of information in any form, including
114 but not limited to any and all documents, records, minutes, computer files, disks
115 or information.

116 2. The statements on standards specified in this section shall be adopted
117 by reference by the board pursuant to rulemaking and shall be those developed
118 for general application by the AICPA or other recognized national accountancy
119 organization as prescribed by board rule.

326.259. 1. The "Missouri State Board of Accountancy" is hereby
2 established and shall consist of seven members, one of whom shall be a voting
3 public member, and shall have the functions, powers and duties prescribed in this
4 chapter.

5 2. Each member of the board, except the public member, shall be a
6 licensee pursuant to the laws of this state, and shall at the time of his or her
7 appointment be a citizen of the United States, a resident of this state for at least
8 one year and have practiced continuously as a licensee for a period of at least five
9 years immediately preceding his or her appointment. At the time of his or her
10 appointment, the public member shall be a citizen of the United States, a resident
11 of this state for a period of one year, a registered voter, a person who is not and
12 never was a member of any profession licensed or regulated pursuant to this
13 chapter or the immediate family member of such a person, and a person who does
14 not have and never has had a material financial interest in either providing
15 professional services regulated by this chapter, or an activity or organization
16 directly related to any profession licensed or regulated pursuant to this chapter.

17 3. Members of the Missouri state board of accountancy [appointed
18 pursuant to section 326.160 prior to August 28, 2001, shall serve the remainder
19 of their terms. Thereafter, the members of the board], including public members,
20 shall be chosen by the governor with the advice and consent of the senate from
21 lists submitted by the director of the division of professional registration. The
22 chair of the largest membership state organization of certified public accountants
23 which is dedicated to maintaining the high professional and ethical standards of
24 accountants as well as protection of the public may submit a list of five licensees
25 to the director of the division of professional registration for consideration as a
26 board member, other than the public member. To be considered by the director
27 of the division of professional registration, the list shall be submitted at least
28 ninety days prior to the expiration of the term of the board member or as soon as
29 feasible after a vacancy on the board occurs. The duties of the public member
30 shall not include the determination of the technical requirements for licensure,
31 whether any person meets the technical requirements, or the technical
32 competence or technical judgment of a certified public accountant or applicant for
33 licensure.

34 4. The term of office of each board member appointed shall be five
35 years. Vacancies shall be filled by the governor for the remainder of the
36 unexpired term. No person shall serve more than two consecutive terms or eleven
37 years, whichever is less; except that a member may hold office until his or her
38 successor is appointed and qualified. Any member who has served two complete
39 consecutive terms shall be ineligible to be reappointed until one year has lapsed.
40 No member whose term has been terminated for any reason, other than the term's

41 expiration, shall be eligible for reappointment until the lapse of one year. An
42 appointment to fill an unexpired term shall not be considered a complete term.

43 5. The governor may remove any member of the board for misconduct,
44 incompetency or neglect of official duties after giving the member written notice
45 of the charges and an opportunity to be heard.

326.265. 1. The board shall elect annually one of its members as
2 president, one as vice president, one as secretary and one as treasurer, and shall
3 make an annual report to the governor and the general assembly. The board
4 shall file and preserve all written applications, petitions, complaints, charges or
5 requests made or presented to the board and all affidavits and other verified
6 documents, and shall keep accurate records and minutes of its proceedings. A
7 copy of any entry in the register, or of any records or minutes of the board,
8 certified by the president or secretary of the board under its seal shall constitute
9 and have the full force and effect of the original.

10 2. The board may employ legal counsel and board personnel as defined in
11 [subdivision (4) of subsection 10 of] section 324.001 and incur such travel and
12 other expense as in its judgment shall be necessary for the effective
13 administration of this chapter.

14 3. The board may also appoint a continuing education committee of not
15 less than five members consisting of certified public accountants of this
16 state. Such committee shall:

17 (1) Evaluate continuing education programs to determine if they meet
18 continuing education regulations adopted by the board;

19 (2) Consider applications for exceptions to continuing education
20 regulations adopted pursuant to the provisions of section 326.271; and

21 (3) Consider other matters regarding continuing education as may be
22 assigned by the board.

326.280. 1. A license shall be granted by the board to any person who
2 meets the requirements of this chapter and who:

3 (1) Is a resident of this state or has a place of business in this state or, as
4 an employee, is regularly employed in this state;

5 (2) Has attained the age of [twenty-one] **eighteen** years;

6 (3) Is of good moral character;

7 (4) Either:

8 (a) Applied for the initial examination prior to June 30, 1999, and holds
9 a baccalaureate degree conferred by an accredited college or university recognized

10 by the board, with a concentration in accounting or the substantial equivalent of
11 a concentration in accounting as determined by the board; or

12 (b) Applied for the initial examination on or after June 30, 1999, and has
13 at least one hundred fifty semester hours of college education, including a
14 baccalaureate or higher degree conferred by an accredited college or university
15 recognized by the board, with the total educational program including an
16 accounting concentration or equivalent as determined by board rule to be
17 appropriate;

18 (5) Has passed an examination in accounting, auditing and such other
19 related subjects as the board shall determine is appropriate; and

20 (6) Has had one year of experience. Experience shall be verified by a
21 licensee and shall include any type of service or advice involving the use of
22 accounting, attest, [review,] compilation, management advisory, financial
23 advisory, tax or consulting skills including governmental accounting, budgeting
24 or auditing. The board shall promulgate rules and regulations concerning the
25 verifying licensee's review of the applicant's experience.

26 2. The board may prescribe by rule the terms and conditions for
27 reexaminations and fees to be paid for reexaminations.

28 3. A person who, on August 28, 2001, holds an individual permit issued
29 pursuant to the laws of this state shall not be required to obtain additional
30 licenses pursuant to sections 326.280 to 326.286, and the licenses issued shall be
31 considered licenses issued pursuant to sections 326.280 to 326.286. However,
32 such persons shall be subject to the provisions of section 326.286 for renewal of
33 licenses.

34 4. Upon application, the board may issue a temporary license to an
35 applicant pursuant to this subsection for a person who has made a prima facie
36 showing that the applicant meets all of the requirements for a license and
37 possesses the experience required. The temporary license shall be effective only
38 until the board has had the opportunity to investigate the applicant's
39 qualifications for licensure pursuant to subsection 1 of this section and notify the
40 applicant that the applicant's application for a license has been granted or
41 rejected. In no event shall a temporary license be in effect for more than twelve
42 months after the date of issuance nor shall a temporary license be reissued to the
43 same applicant. No fee shall be charged for a temporary license. The holder of
44 a temporary license which has not expired, been suspended or revoked shall be
45 deemed to be the holder of a license issued pursuant to this section until the

46 temporary license expires, is terminated, suspended or revoked.

47 5. An applicant for an examination who meets the educational
48 requirements of subdivision (4) of subsection 1 of this section or who reasonably
49 expects to meet those requirements within sixty days after the examination shall
50 be eligible for examination if the applicant also meets the requirements of
51 subdivisions (1), (2) and (3) of subsection 1 of this section. For an applicant
52 admitted to examination on the reasonable expectation that the applicant will
53 meet the educational requirements within sixty days, no license shall be issued
54 nor credit for the examination or any part thereof given unless the educational
55 requirement is in fact met within the sixty-day period.

326.283. 1. (1) An individual whose principal place of business, domicile,
2 or residency is not in this state and who holds a valid and unrestricted license to
3 practice public accounting from any state which the board or its designee has
4 determined by rule to be in substantial equivalence with the licensure
5 requirements of this chapter, or if the individual's qualifications are substantially
6 equivalent to the licensure requirements of this chapter, shall be presumed to
7 have qualifications substantially equivalent to this state's requirements and shall
8 have all the privileges of licensees of this state without the need to obtain a
9 license or to otherwise notify or register with the board or pay any fee. Provided,
10 however, the board may by rule require individuals with a valid but restricted
11 license to obtain a license.

12 (2) An individual who qualifies for the privilege to practice under this
13 section may offer or render professional services in this state, whether in person,
14 by mail, telephone, or electronic means, and no notice or other submission shall
15 be required of any such individual.

16 (3) An individual licensee of another state exercising the privilege
17 afforded under this section and the firm which employs such licensee hereby
18 simultaneously consent, as a condition of the grant of this privilege:

19 (a) To the personal and subject matter jurisdiction and disciplinary
20 authority of the board;

21 (b) To comply with this chapter and the board's rules;

22 (c) That in the event the license from any state is no longer valid or
23 unrestricted, the individual shall cease offering or rendering professional services
24 in this state individually and on behalf of a firm; and

25 (d) To the appointment of the state board that issued the individual's
26 license as his or her agent upon whom process may be served in any action or

27 proceeding by this board against the individual.

28 (4) An individual who has been granted the privilege to practice under
29 this section who performs attest **or compilation** services [for an entity with a
30 home office in this state shall only do so through a firm which has obtained a
31 permit issued under] **shall comply with the provisions of** section 326.289.

32 (5) Nothing in this chapter shall prohibit temporary practice in this state
33 for professional business incidental to a CPA's regular practice outside this
34 state. "Temporary practice" means that practice related to the direct purpose of
35 an engagement for a client located outside this state, which engagement began
36 outside this state and extends into this state through common ownership,
37 existence of a subsidiary, assets or other operations located within this state.

38 2. A licensee of this state offering or rendering services or using his or her
39 certified public accountant title in another state shall be subject to disciplinary
40 action in this state for an act committed in another state for which the licensee
41 would be subject to discipline for an act committed in the other
42 state. Notwithstanding the provisions of section 326.274 to the contrary, the
43 board may investigate any complaint made by the board of accountancy of another
44 state.

326.286. 1. The board may grant or renew licenses to persons who make
2 application and demonstrate that their qualifications, including the qualifications
3 prescribed by section 326.280, are in accordance with this section.

4 2. Licenses shall be initially issued and renewed for periods of not more
5 than three years and shall expire on the renewal date following issuance or
6 renewal. Applications for licenses shall be made in such form, and in the case of
7 applications for renewal, between such dates, as the board by rule shall
8 specify. Application and renewal fees shall be determined by the board by rule.

9 3. With regard to applicants that do not qualify for reciprocity pursuant
10 to subsection 1 of this section, [or a provisional license through the substantial
11 equivalency standard set out in subsection 1 of section 326.283,] the board may
12 issue a license to an applicant upon a showing that:

13 (1) The applicant passed the examination required for issuance of the
14 applicant's certificate with grades that would have been passing grades at the
15 time in this state;

16 (2) The applicant had four years of experience outside of this state of the
17 type described in subdivision (6) of subsection 1 of section 326.280 or meets
18 equivalent requirements prescribed by the board by rule, after passing the

19 examination upon which the applicant's license was based and within the ten
20 years immediately preceding the application; and

21 (3) If the applicant's certificate, license or permit was issued more than
22 four years prior to the application for issuance of a license pursuant to this
23 section, the applicant has fulfilled the requirements of continuing professional
24 education that would have been applicable pursuant to subsection 6 of this
25 section.

26 4. As an alternative to the requirements of subsection 3 of this section, a
27 certified public accountant licensed by another state who establishes a principal
28 place of business in this state shall request the issuance of a license from the
29 board prior to establishing the principal place of business. The board may issue
30 a license to the person who obtains verification from the NASBA National
31 Qualification Appraisal Service that the individual's qualifications are
32 substantially equivalent to the licensure requirements of sections 326.250 to
33 326.331.

34 5. An application pursuant to this section may be made through the
35 NASBA Qualification Appraisal Service.

36 6. [For renewal of a license pursuant to this section,] Each licensee shall
37 participate in a program of learning designed to maintain professional
38 competency. The program of learning shall comply with rules adopted by the
39 board. The board may create by rule an exception to such requirement for
40 licensees who do not perform or offer to perform for the public one or more kinds
41 of services involving the use of accounting or auditing skills, including issuance
42 of reports on financial statements or of one or more kinds of management
43 advisory, financial advisory or consulting services, or the preparation of tax
44 returns or the furnishing of advice on tax matters. Licensees granted an
45 exception by the board shall place the word "inactive" adjacent to their certified
46 public accountant title on any business card, letterhead or any other document
47 or device, except their certified public accountant certificate, on which their
48 certified public accountant title appears.

49 7. Applicants for initial issuance or renewal of licenses pursuant to this
50 section shall list all states in which they have applied for or hold certificates,
51 licenses or permits and list any past denial, revocation or suspension or any
52 discipline of a certificate, license or permit. Each holder of or applicant for a
53 license shall notify the board in writing within thirty days after its occurrence of
54 any issuance, denial, revocation or suspension or any discipline of a certificate,

55 license or permit by another state.

56 8. The board may issue a license to a holder of a substantially equivalent
57 foreign designation, provided that:

58 (1) The foreign authority which granted the designation makes similar
59 provisions to allow a person who holds a valid license issued by this state to
60 obtain such foreign authority's comparable designation; and

61 (2) The foreign designation:

62 (a) Was duly issued by a foreign authority that regulates the practice of
63 public accounting and the foreign designation has not expired or been revoked or
64 suspended;

65 (b) Entitles the holder to issue reports upon financial statements; and

66 (c) Was issued upon the basis of educational, examination and experience
67 requirements established by the foreign authority or by law; and

68 (3) The applicant:

69 (a) Received the designation based on educational and examination
70 standards substantially equivalent to those in effect in this state at the time the
71 foreign designation was granted;

72 (b) Completed an experience requirement substantially equivalent to the
73 requirement set out in subdivision (6) of subsection 1 of section 326.280 in the
74 jurisdiction which granted the foreign designation or has completed four years of
75 professional experience in this state, or meets equivalent requirements prescribed
76 by the board by rule within the ten years immediately preceding the application;
77 and

78 (c) Passed a uniform qualifying examination in national standards and an
79 examination on the laws, regulations and code of ethical conduct in effect in this
80 state acceptable to the board.

81 9. An applicant pursuant to subsection 8 of this section shall list all
82 jurisdictions, foreign and domestic, in which the applicant has applied for or
83 holds a designation to practice public accounting. Each holder of a license issued
84 pursuant to this subsection shall notify the board in writing within thirty days
85 after its occurrence of any issuance, denial, revocation, suspension or any
86 discipline of a designation or commencement of a disciplinary or enforcement
87 action by any jurisdiction.

88 10. The board has the sole authority to interpret the application of the
89 provisions of subsections 8 and 9 of this section.

326.289. 1. The board may grant or renew permits to practice as a

2 certified public accounting firm to applicants that demonstrate their
3 qualifications in accordance with this chapter.

4 (1) The following shall hold a permit issued under this chapter:

5 (a) Any firm with an office in this state, as defined by the board by rule,
6 **offering or performing attest or compilation services; or**

7 (b) Any firm with an office in this state that uses the title "CPA" or "CPA
8 firm"; and

9 (c) Any firm that does not have an office in this state performing attest
10 services for a client having a home office in this state].

11 (2) [A firm which does not have an office in this state may perform
12 compilation and review services for a client having a home office in this state and
13 may use the title "CPA" or "CPA firm" without a permit issued under this section
14 only if it:

15 (a) Has the qualifications described in subsections 4 and 9 of this section;
16 and

17 (b) Performs such services through an individual with the privilege to
18 practice under subsection 1 of section 326.283] **Any firm that does not have
19 an office in this state may offer or perform attest or compilation
20 services in this state without a valid permit only if it meets each of the
21 following requirements:**

22 (a) **It complies with the qualifications described in subdivision
23 (1) of subsection 4 of section 326.289;**

24 (b) **It complies with the requirements of peer review as set forth
25 in this chapter and the board's promulgated regulations;**

26 (c) **It performs such services through an individual with practice
27 privileges under section 326.283; and**

28 (d) **It can lawfully do so in the state where said individual with
29 the privilege to practice has his or her principal place of business.**

30 (3) A firm which is not subject to the requirements of subdivisions (1) or
31 (2) of this subsection may perform [other professional services] **other nonattest
32 or noncompilation services** while using the title "CPA" or "CPA firm" in this
33 state without a permit issued under this section only if it:

34 (a) [Has qualifications described in subsection 4 of this section;

35 (b)] Performs such services through an individual with the privilege to
36 practice under section 326.283; and

37 [(c)] (b) Can lawfully do so in the state where said individual with

38 privilege to practice has his or her principal place of business.

39 **(4) All firms practicing public accounting in this state shall**
40 **register with the secretary of state.**

41 **(a) Firms which may be exempt from this requirement include:**

42 **a. Sole proprietorships;**

43 **b. Trusts created pursuant to revocable trust agreements, of**
44 **which the trustee is a natural person who holds a license or privilege**
45 **to practice as set forth in sections 326.280, 326.283, or 326.286;**

46 **c. General partnerships not operating as a limited liability**
47 **partnership; or**

48 **d. Foreign professional corporations which do not meet criteria**
49 **of Chapter 356 due to name or ownership, shall obtain a certificate of**
50 **authority as a general corporation. Notwithstanding the provisions of**
51 **chapter 356, the secretary of state may issue a certificate of authority**
52 **to a foreign professional corporation which does not meet the criteria**
53 **of chapter 356 due to name or ownership, if the corporation meets the**
54 **requirements of section 326.289 and the rules of the board.**

55 2. Permits shall be initially issued and renewed for periods of not more
56 than three years or for a specific period as prescribed by board rule following
57 issuance or renewal.

58 3. The board shall determine by rule the form for application and renewal
59 of permits and shall annually determine the fees for permits and their renewals.

60 4. An applicant for initial issuance or renewal of a permit to practice
61 under this section shall be required to show that:

62 (1) A simple majority of the ownership of the firm, in terms of financial
63 interests and voting rights of all partners, officers, principals, shareholders,
64 members or managers, belongs to licensees who are licensed in some state, and
65 the partners, officers, principals, shareholders, members or managers, whose
66 principal place of business is in this state and who perform professional services
67 in this state are licensees under section 326.280 or the corresponding provision
68 of prior law. Although firms may include nonlicensee owners, the firm and its
69 ownership shall comply with rules promulgated by the board;

70 (2) Any certified public accounting firm may include owners who are not
71 licensees provided that:

72 (a) The firm designates a licensee of this state, or in the case of a firm
73 which must have a permit under this section designates a licensee of another

74 state who meets the requirements of section 326.283, who is responsible for the
75 proper registration of the firm and identifies that individual to the board;

76 (b) All nonlicensee owners are active individual participants in the
77 certified public accounting firm or affiliated entities;

78 (c) All owners are of good moral character; and

79 (d) The firm complies with other requirements as the board may impose
80 by rule;

81 (3) Any licensee[, initially licensed on or after August 28, 2001,] who is
82 responsible for supervising attest services, or signs or authorizes someone to sign
83 the licensee's report on the financial statements on behalf of the firm, shall meet
84 competency requirements as determined by the board by rule which shall include
85 one year of experience in addition to the experience required under subdivision
86 (6) of subsection 1 of section 326.280 and shall be verified by a licensee. The
87 additional experience required by this subsection shall include experience in
88 attest work supervised by a licensee[;

89 (4) Any licensee who is responsible for supervising review services or
90 signs or authorizes someone to sign review reports shall meet the competency
91 requirements as determined by board by rule which shall include experience in
92 review services].

93 5. An applicant for initial issuance or renewal of a permit to practice shall
94 register each office of the firm within this state with the board and show that all
95 attest[, review] and compilation services rendered in this state are under the
96 charge of a licensee.

97 6. No licensee or firm holding a permit under this chapter shall use a
98 professional or firm name or designation that is misleading as to:

99 (1) The legal form of the firm;

100 (2) The persons who are partners, officers, members, managers or
101 shareholders of the firm; or

102 (3) Any other matter.

103 The names of one or more former partners, members or shareholders may be
104 included in the name of a firm or its successor unless the firm becomes a sole
105 proprietorship because of the death or withdrawal of all other partners, officers,
106 members or shareholders. A firm may use a fictitious name if the fictitious name
107 is registered with the board and is not otherwise misleading. The name of a firm
108 shall not include the name or initials of an individual who is not a present or a
109 past partner, member or shareholder of the firm or its predecessor. The name of

110 the firm shall not include the name of an individual who is not a licensee.

111 7. Applicants for initial issuance or renewal of permits shall list in their
112 application all states in which they have applied for or hold permits as certified
113 public accounting firms and list any past denial, revocation, suspension or any
114 discipline of a permit by any other state. Each holder of or applicant for a permit
115 under this section shall notify the board in writing within thirty days after its
116 occurrence of any change in the identities of partners, principals, officers,
117 shareholders, members or managers whose principal place of business is in this
118 state; any change in the number or location of offices within this state; any
119 change in the identity of the persons in charge of such offices; and any issuance,
120 denial, revocation, suspension or any discipline of a permit by any other state.

121 8. Firms which fall out of compliance with the provisions of this section
122 due to changes in firm ownership or personnel after receiving or renewing a
123 permit shall take corrective action to bring the firm back into compliance as
124 quickly as possible. The board may grant a reasonable period of time for a firm
125 to take such corrective action. Failure to bring the firm back into compliance
126 within a reasonable period as defined by the board may result in the suspension
127 or revocation of the firm permit.

128 9. The board shall require by rule, as a condition to the renewal of
129 permits, that firms undergo, no more frequently than once every three years, peer
130 reviews conducted in a manner as the board shall specify. The review shall
131 include a verification that individuals in the firm who are responsible for
132 supervising attest[, review] and compilation services or sign or authorize someone
133 to sign the accountant's report on the financial statements on behalf of the firm
134 meet the competency requirements set out in the professional standards for such
135 services, provided that any such rule:

136 (1) Shall include reasonable provision for compliance by a firm showing
137 that it has within the preceding three years undergone a peer review that is a
138 satisfactory equivalent to peer review generally required under this subsection;

139 (2) May require, with respect to peer reviews, that peer reviews be subject
140 to oversight by an oversight body established or sanctioned by board rule, which
141 shall periodically report to the board on the effectiveness of the review program
142 under its charge and provide to the board a listing of firms that have participated
143 in a peer review program that is satisfactory to the board; and

144 (3) Shall require, with respect to peer reviews, that the peer review
145 processes be operated and documents maintained in a manner designed to

146 preserve confidentiality, and that the board or any third party other than the
147 oversight body shall not have access to documents furnished or generated in the
148 course of the peer review of the firm except as provided in subdivision (2) of this
149 subsection.

150 10. [Prior to January 1, 2008, licensees who perform fewer than three
151 attest services during each calendar year shall be exempt from the requirements
152 of subsection 9 of this section.

153 11.] The board may, by rule, charge a fee for oversight of peer reviews,
154 provided that the fee charged shall be substantially equivalent to the cost of
155 oversight.

156 [12.] **11.** In connection with proceedings before the board or upon receipt
157 of a complaint involving the licensee performing peer reviews, the board shall not
158 have access to any documents furnished or generated in the course of the
159 performance of the peer reviews except for peer review reports, letters of comment
160 and summary review memoranda. The documents shall be furnished to the board
161 only in a redacted manner that does not specifically identify any firm or licensee
162 being peer reviewed or any of their clients.

163 [13.] **12.** The peer review processes shall be operated and the documents
164 generated thereby be maintained in a manner designed to preserve their
165 confidentiality. No third party, other than the oversight body, the board, subject
166 to the provisions of subsection [12] **11** of this section, or the organization
167 performing peer review shall have access to documents furnished or generated in
168 the course of the review. All documents shall be privileged and closed records for
169 all purposes and all meetings at which the documents are discussed shall be
170 considered closed meetings under subdivision (1) of section 610.021. The
171 proceedings, records and workpapers of the board and any peer review subjected
172 to the board process shall be privileged and shall not be subject to discovery,
173 subpoena or other means of legal process or introduction into evidence at any civil
174 action, arbitration, administrative proceeding or board proceeding. No member
175 of the board or person who is involved in the peer review process shall be
176 permitted or required to testify in any civil action, arbitration, administrative
177 proceeding or board proceeding as to any matters produced, presented, disclosed
178 or discussed during or in connection with the peer review process or as to any
179 findings, recommendations, evaluations, opinions or other actions of such
180 committees or any of its members; provided, however, that information,
181 documents or records that are publicly available shall not be subject to discovery

182 or use in any civil action, arbitration, administrative proceeding or board
183 proceeding merely because they were presented or considered in connection with
184 the peer review process.

326.292. 1. Only licensees may issue a report on financial statements of
2 any person, firm, organization or governmental unit or offer to render or render
3 any attest service. Such restriction shall not prohibit any act of a public official
4 or public employee in the performance of the person's duties as such; nor prohibit
5 the performance by any nonlicensee of other services involving the use of
6 accounting skills, including the preparation of tax returns, management advisory
7 services and the preparation of nonattest financial statements. Nonlicensees may
8 prepare financial statements and issue nonattest transmittals or information
9 thereon which do not purport to be in compliance with the Statements on
10 Standards for Accounting and Review Services (SSARS).

11 2. Only certified public accountants shall use or assume the title certified
12 public accountant, or the abbreviation CPA or any other title, designation, words,
13 letters, abbreviation, sign, card or device tending to indicate that such person is
14 a certified public accountant. Nothing in this section shall prohibit:

15 (1) A certified public accountant whose certificate was in full force and
16 effect, issued pursuant to the laws of this state prior to August 28, 2001, and who
17 does not engage in the practice of public accounting, auditing, bookkeeping or any
18 similar occupation, from using the title certified public accountant or abbreviation
19 CPA;

20 (2) A person who holds a certificate, then in force and effect, issued
21 pursuant to the laws of this state prior to August 28, 2001, and who is regularly
22 employed by or is a director or officer of a corporation, partnership, association
23 or business trust, in his or her capacity as such, from signing, delivering or
24 issuing any financial, accounting or related statement, or report thereon relating
25 to such corporation, partnership, association or business trust provided the
26 capacity is so designated, and provided in the signature line the title CPA or
27 certified public accountant is not designated.

28 3. No firm shall provide attest **or compilation** services or assume or use
29 the title certified public accountants or the abbreviation CPAs, or any other title,
30 designation, words, letters, abbreviation, sign, card or device tending to indicate
31 that such firm is a certified public accounting firm unless:

32 (1) The firm holds a valid permit issued under section 326.289 or is a firm
33 exempt from the permit requirement under subdivisions (2) and (3) of subsection

34 1 of section 326.289 and complies with all other applicable provisions of that
35 section; and

36 (2) Ownership of the firm is in accord with section 326.289 and rules
37 promulgated by the board.

38 4. Only persons holding a valid license or permit issued under section
39 326.280 or 326.289, or persons qualifying for the privilege to practice under
40 section 326.283, and firms exempt from the permit requirement under subsection
41 1 of section 326.289, shall assume or use the title certified accountant, chartered
42 accountant, enrolled accountant, licensed accountant, registered accountant,
43 accredited accountant or any other title or designation likely to be confused with
44 the titles certified public accountant or public accountant, or use any of the
45 abbreviations CA, LA, RA, AA or similar abbreviation likely to be confused with
46 the abbreviation CPA or PA. The title enrolled agent or EA shall only be used
47 by individuals so designated by the Internal Revenue Service. Nothing in this
48 section shall prohibit the use or issuance of a title for nonattest services provided
49 that the organization and the title issued by the organization existed prior to
50 August 28, 2001.

51 5. (1) Nonlicensees shall not use language in any statement relating to
52 the financial affairs of a person or entity that is conventionally used by certified
53 public accountants in reports on financial statements. Nonlicensees may use the
54 following safe harbor language:

55 (a) For compilations:

56 "I (We) have prepared the accompanying (financial statements) of (name
57 of entity) as of (time period) for the (period) then ended. This presentation is
58 limited to preparing in the form of a financial statement information that is the
59 representation of management (owners). I (We) have not audited or reviewed the
60 accompanying financial statements and accordingly do not express an opinion or
61 any other form of assurance on them."

62 (b) For reviews:

63 "I (We) reviewed the accompanying (financial statements) of (name of
64 entity) as of (time period) for the (period) then ended. These financial statements
65 (information) are (is) the responsibility of the company's management. I (We)
66 have not audited the accompanying financial statements and accordingly do not
67 express an opinion or any other form of assurance on them."

68 (2) Only persons or firms holding a valid license or permit issued under
69 section 326.280 or 326.289 shall assume or use any title or designation that

70 includes the words accountant or accounting in connection with any other
71 language, including the language of a report, that implies that the person or firm
72 holds a license or permit or has special competence as an accountant or auditor;
73 provided, however, that this subsection shall not prohibit any officer, partner,
74 principal, member, manager or employee of any firm or organization from affixing
75 such person's own signature to any statement in reference to the financial affairs
76 of the firm or organization with any wording designating the position, title or
77 office that the person holds therein nor prohibit any act of a public official or
78 employee in the performance of the person's duties as such. Nothing in this
79 subsection shall prohibit the singular use of "accountant" or "accounting" for
80 nonattest purposes.

81 6. Licensees signing or authorizing someone to sign reports on financial
82 statements when performing attest[, review] or compilation services shall provide
83 those services in accordance with professional standards as determined by the
84 board by rule.

85 7. No licensee or firm holding a permit under sections 326.280 to 326.289
86 shall use a professional or firm name or designation that is misleading about the
87 legal form of the firm, or about the persons who are partners, principals, officers,
88 members, managers or shareholders of the firm, or about any other matter.

89 8. None of the foregoing provisions of this section shall apply to a person
90 or firm holding a certification, designation, degree or license granted in a foreign
91 country entitling the holder to engage in the practice of public accounting or its
92 equivalent in the country whose activities in this state are limited to the
93 provision of professional services to persons or firms who are residents of,
94 governments of, or business entities of the country in which the person holds the
95 entitlement, who performs no attest[, review] or compilation services and who
96 issues no reports with respect to the financial statements of any other persons,
97 firms or governmental units in this state, and who does not use in this state any
98 title or designation other than the one under which the person practices in such
99 country, followed by a translation of such title or designation into the English
100 language, if it is in a different language, and by the name of such country.

101 9. No licensee [whose license is issued under section 326.280 or issued
102 pursuant to prior law] shall perform attest **or compilation** services through any
103 certified public accounting firm that does not hold a valid permit issued under
104 section 326.289.

105 10. Nothing herein shall prohibit a practicing attorney or firm of attorneys

106 from preparing or presenting records or documents customarily prepared by an
107 attorney or firm of attorneys in connection with the attorney's professional work
108 in the practice of law.

109 11. Nothing herein shall prohibit any trustee, executor, administrator,
110 referee or commissioner from signing and certifying financial reports incident to
111 his or her duties in that capacity.

112 12. Nothing herein shall prohibit any director or officer of a corporation,
113 partner or a partnership, sole proprietor of a business enterprise, member of a
114 joint venture, member of a committee appointed by stockholders, creditors or
115 courts, or an employee of any of the foregoing, in his or her capacity as such, from
116 signing, delivering or issuing any financial, accounting or related statement, or
117 report thereon, relating to the corporation, partnership, business enterprise, joint
118 venture or committee, provided the capacity is designated on the statement or
119 report.

120 13. (1) A licensee shall not for a commission recommend or refer to a
121 client any product or service, or for a commission recommend or refer any product
122 or service to be supplied by a client, or receive a commission, when the licensee
123 also performs for that client:

124 (a) [An audit or review of a financial statement] **Attest services**; or

125 (b) A compilation of a financial statement when the licensee expects, or
126 reasonably may expect, that a third party will use the financial statement and
127 the licensee's compilation report does not disclose a lack of independence; or

128 (c) An examination of prospective financial information.

129 Such prohibition applies during the period in which the licensee is engaged to
130 perform any of the services listed above and the period covered by any historical
131 financial statements involved in such listed services.

132 (2) A licensee who is not prohibited by this section from performing
133 services for or receiving a commission and who is paid or expects to be paid a
134 commission shall disclose in writing that fact to any person or entity to whom the
135 licensee recommends or refers a product or service to which the commission
136 relates.

137 (3) Any licensee who accepts a referral fee for recommending or referring
138 any service of a licensee to any person or entity or who pays a referral fee to
139 obtain a client shall disclose in writing the acceptance or payment to the client.

140 14. (1) A licensee shall not:

141 (a) Perform for a contingent fee any professional services for, or receive

142 a fee from, a client for whom the licensee or the licensees's firm performs:

143 a. [An audit or review of a financial statement; or] **Attest services;**

144 b. A compilation of a financial statement when the licensee expects, or
145 reasonably might expect, that a third party will use the financial statement and
146 the licensee's compilation report does not disclose a lack of independence; or

147 c. An examination of prospective financial information;

148 (b) Prepare an original tax return or claim for a tax refund for a
149 contingent fee for any client; or

150 (c) Prepare an amended tax return or claim for a tax refund for a
151 contingent fee for any client, unless permitted by board rule.

152 (2) The prohibition in subdivision (1) of this subsection applies during the
153 period in which the licensee is engaged to perform any of those services and the
154 period covered by any historical financial statements involved in any services.

155 (3) A contingent fee is a fee established for the performance of any service
156 pursuant to an arrangement in which no fee will be charged unless a specified
157 finding or result is attained, or in which the amount of the fee is otherwise
158 dependent upon the finding or result of the service. Solely for purposes of this
159 section, fees are not regarded as being contingent if fixed by courts or other public
160 authorities, or, in tax matters, if determined based on the results of judicial
161 proceedings or the findings of governmental agencies. A licensee's fees may vary
162 depending, for example, on the complexity of services rendered.

163 15. Any person who violates any provision of subsections 1 to 5 of this
164 section shall be guilty of a class A misdemeanor. Whenever the board has reason
165 to believe that any person has violated this section it may certify the facts to the
166 attorney general of this state or bring other appropriate proceedings.

326.307. The display or uttering by a person of a card, sign, advertisement
2 or other printed, engraved or written instrument or device, printed or through
3 electronic media, bearing a person's name in conjunction with the words "certified
4 public accountant" or any abbreviation thereof, or "public accountant" or any
5 abbreviation thereof, shall be prima facie evidence in any action brought pursuant
6 to section 326.298 that the person whose name is so displayed caused or procured
7 the display or uttering of such card, sign, advertisement or other printed,
8 engraved or written instrument or device and that such person is holding himself
9 or herself out to be a certified public accountant or a public accountant holding
10 a license [pursuant to section 326.280]. In any such action evidence of the
11 commission of a single act prohibited by this chapter shall be sufficient to justify

12 an injunction or a conviction without evidence of a general course of conduct.

326.310. 1. The board may refuse to issue any license or permit required
2 pursuant to this chapter for one or any combination of causes stated in subsection
3 2 of this section. The board shall notify the applicant in writing of the reasons
4 for the refusal and shall advise the applicant of the applicant's right to file a
5 complaint with the administrative hearing commission as provided by chapter
6 621.

7 2. The board may file a complaint with the administrative hearing
8 commission as provided by chapter 621 or may initiate settlement procedures as
9 provided by section 621.045 against any certified public accountant or permit
10 holder required by this chapter or any person who fails to renew or surrenders
11 the person's certificate, license or permit for any one or any combination of the
12 following causes:

13 (1) Use of any controlled substance, as defined in chapter 195, or alcoholic
14 beverage to an extent that the use impairs a person's ability to perform the work
15 of any profession licensed or regulated by this chapter;

16 (2) The person has been finally adjudicated and found guilty, or entered
17 a plea of guilty or nolo contendere, in a criminal prosecution under the laws of
18 any state or of the United States, for any offense reasonably related to the
19 qualifications, functions or duties of any profession licensed or regulated
20 pursuant to this chapter, for any offense an essential element of which is fraud,
21 dishonesty or an act of violence, or for any offense involving moral turpitude,
22 whether or not sentence is imposed;

23 (3) Use of fraud, deception, misrepresentation or bribery in securing any
24 certificate, permit or license issued pursuant to this chapter or in obtaining
25 permission to take any examination given or required pursuant to this chapter;

26 (4) Obtaining or attempting to obtain any fee, charge, tuition or other
27 compensation by fraud, deception or misrepresentation;

28 (5) Incompetency, misconduct, gross negligence, fraud, misrepresentation
29 or dishonesty in the performance of the functions or duties of any profession
30 licensed or regulated by this chapter;

31 (6) Violation of, or assisting or enabling any person to violate, any
32 provision of this chapter or any lawful rule or regulation adopted pursuant to this
33 chapter;

34 (7) Impersonation of any person holding a certificate or permit or allowing
35 any person to use his or her certificate or permit or diploma from any school;

36 (8) Revocation, suspension, restriction, modification, limitation,
37 reprimand, warning, censure, probation or other final disciplinary action against
38 the holder of or applicant for a license or other right to practice any profession
39 regulated by this chapter by another state, territory, federal agency or country,
40 whether voluntarily agreed to by the certified public accountant or applicant,
41 including but not limited to the denial of licensure, surrender of a license,
42 allowing a license to expire or lapse, or discontinuing or limiting the practice of
43 accounting while subject to an investigation or while actually under investigation
44 by any licensing authority, branch of the Armed Forces of the United States of
45 America, court, agency of the state or federal government, **PCAOB**, or employer;

46 (9) A person is finally adjudged insane or incompetent by a court of
47 competent jurisdiction;

48 (10) Assisting or enabling any person to practice or offer to practice
49 accountancy pursuant to this chapter who is not eligible to practice pursuant to
50 this chapter;

51 (11) Issuance of a [certificate] **license** or permit based upon a material
52 mistake of fact;

53 (12) Failure to display a valid certificate, **license**, or permit required by
54 this chapter or any rule promulgated pursuant to this chapter;

55 (13) Violation of any professional trust or confidence;

56 (14) Use of any advertisement or solicitation which is false, misleading or
57 deceptive to the general public or persons to whom the advertisement or
58 solicitation is primarily directed;

59 (15) Violation of professional standards or rules of professional conduct
60 applicable to the accountancy profession as promulgated by the board;

61 (16) Failure to comply with any final order of a court of competent
62 jurisdiction enforcing a subpoena or subpoena duces tecum from the board;

63 (17) Failure to comply with any final order of the board;

64 (18) Failure to maintain documentation evidencing compliance with the
65 board's continuing professional education requirements;

66 (19) Failure, on the part of a holder of a certificate, license or permit
67 pursuant to section 326.280 or 326.289, to maintain compliance with the
68 requirements for issuance or renewal of such certificate, license, permit or
69 provisional license or to report changes to the board pursuant to sections 326.280
70 to 326.289;

71 (20) Making any false or misleading statement or verification in support

72 of an application for a certificate, license or permit filed by another.

73 3. Proceedings pursuant to this section shall be conducted in accordance
74 with the provisions of chapter 621. Upon a finding that the grounds provided in
75 subsection 2 of this section for disciplinary action are met, the board may, singly
76 or in combination, assess an administrative penalty not to exceed two thousand
77 dollars per violation, censure or place on probation on such terms and conditions
78 as the board deems appropriate for a period not to exceed five years, or may
79 suspend for a period not to exceed three years or revoke the certificate, license or
80 permit. In any order of revocation, the board may provide that the person shall
81 not apply for a new license for a maximum of three years and one day following
82 the date of the order of revocation. All stay orders shall toll this time period. In
83 lieu of or in addition to any remedy specifically provided in subsection 1 of this
84 section, the board may require of a licensee:

85 (1) A peer review conducted as the board may specify; or

86 (2) Satisfactory completion of continuing professional education programs
87 **or other training** as the board may specify; or

88 (3) A peer review conducted as the board may specify and satisfactory
89 completion of continuing professional education programs as the board may
90 specify.

 326.316. Upon application in writing and after hearing pursuant to notice,
2 the board may issue a new license to a licensee whose license has been revoked,
3 or may reissue or modify the suspension of any **certificate, license, or permit**
4 to practice public accounting which has been revoked or suspended.

 326.325. 1. Subject to the provisions of section 326.322, all statements,
2 records, schedules, working papers and memoranda made by a licensee or a
3 partner, shareholder, officer, director, member, manager or employee of a
4 licensee, incident to, or in the course of, rendering services to a client while a
5 licensee, except the reports submitted by the licensee to the client and except for
6 records that are part of the client's records, shall be and remain the property of
7 the licensee in the absence of an express agreement between the licensee and the
8 client to the contrary. No statement, record, schedule, working paper or
9 memorandum shall be sold, transferred or bequeathed without the consent of the
10 client or the client's personal representative or assignee to anyone other than one
11 or more surviving partners, stockholders, members or new partners, new
12 stockholders or new members of the licensee, or any combined or merged firm or
13 successor in interest to the licensee. Nothing in this section should be construed

14 as prohibiting any temporary transfer of workpapers or other material necessary
15 in the course of carrying out peer reviews or as otherwise interfering with the
16 disclosure of information pursuant to section 326.322.

17 2. A licensee shall furnish to a client or former client, upon request and
18 reasonable notice:

19 (1) A copy of the licensee's working papers to the extent that the working
20 papers include records that would ordinarily constitute part of the client's records
21 and are not otherwise available to the client; and

22 (2) Any accounting or other records belonging to, or obtained from or on
23 behalf of, the client that the licensee removed from the client's premises or
24 received for the client's account. The licensee may make and retain copies of such
25 documents of the client when they form the basis for work done by the licensee.

26 3. Nothing in this section shall require a licensee to keep any paperwork
27 beyond the period prescribed in any other applicable statute, nor shall it prohibit
28 a licensee from charging a reasonable fee for furnishing the requested materials.

29 [4. Notwithstanding the provisions of this chapter to the contrary,
30 documents otherwise subject to lawful discovery in a court proceeding pursuant
31 to the Missouri rules of civil procedure prior to August 28, 2001, shall remain
32 subject to such lawful discovery.]

 [326.313. After notice and hearings as provided in chapter
2 621, the board may revoke the permit of a CPA firm if it does not
3 have all the qualifications prescribed by section 326.289; or may
4 revoke, suspend or censure the permit holder for any of the causes
5 enumerated in section 326.310.]

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