

1 **SENATE FLOOR VERSION**

2 February 10, 2022

3 SENATE BILL NO. 1253

By: Dugger and Stanley

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6 An Act relating to the Oklahoma Accountancy Act;
7 amending 59 O.S. 2021, Section 15.1A, which relates
8 to definitions; modifying definition to include
9 certain examination; updating statutory language; and
10 providing an effective date.

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

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

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

- 15 1. "Accountancy" means the profession or practice of
16 accounting;
- 17 2. "AICPA" means the American Institute of Certified Public
18 Accountants;
- 19 3. "Applicant" means an individual or entity that has made
20 application to the Board for a certificate, license, or permit and
21 said application has not been approved;
- 22 4. "Assurance" means independent professional services that
23 improve the quality of information, or its context, for decision
24 makers;

1 5. "Attest" means providing the following services:

- 2 a. any audit or other engagement to be performed in
3 accordance with the Statements on Auditing Standards
4 (SAS),
5 b. any review of a financial statement to be performed in
6 accordance with the Statements on Standards for
7 Accounting and Review Services (SSARS),
8 c. any engagement performed in accordance with the
9 Statements on Standards for Attestation Engagements
10 (SSAE), and
11 d. any engagement to be performed in accordance with the
12 Auditing Standards of the Public Company Accounting
13 Oversight Board (PCAOB).

14 The statements on standards specified in this definition shall
15 be adopted by reference by the Board pursuant to rulemaking and
16 shall be those developed for general application by recognized
17 national accountancy organizations, such as the AICPA, IFAC and the
18 PCAOB;

19 6. "Audit" can only be performed by an individual or entity who
20 is registered with the Board and holding a valid permit issued
21 pursuant to the Oklahoma Accountancy Act, or an individual granted
22 practice privileges under Section 15.12A of this title, and means a
23 systematic investigation or appraisal of information, procedures, or
24 operations performed in accordance with generally accepted auditing

1 standards in the United States, for the purpose of determining
2 conformity with established criteria and communicating the results
3 to interested parties;

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

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

8 9. "Certificate" means the Oklahoma document issued by the
9 Board to a candidate upon successful completion of the certified
10 public accountant examination designating the holder as a certified
11 public accountant pursuant to the laws of Oklahoma. "Certificate"
12 shall also mean the Oklahoma document issued by reciprocity to an
13 individual who has previously been certified in another
14 jurisdiction;

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

17 11. "Client" means the individual or entity which retains a
18 registrant, an individual granted practice privileges under Section
19 15.12A of this title, or a firm exempt from the permit and
20 registration requirements under Section 15.15C of this title to
21 perform professional services;

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

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

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

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

9 16. "Entity" means an organization whether for profit or not,
10 recognized by ~~the State of Oklahoma~~ this state to conduct business;

11 17. "Examination" means ~~the test sections of Auditing and~~
12 ~~Attestation, Business Environment and Concepts, Financial Accounting~~
13 ~~and Reporting, and Regulation or their successors, administered,~~
14 ~~supervised, and graded by, or at the direction of, the Board or~~
15 ~~other jurisdiction that is required for a certificate as a certified~~
16 ~~public accountant or a license as a public accountant~~ all or any
17 part of the Uniform Certified Public Accountant Examination
18 developed and scored by the American Institute of Certified Public
19 Accountants as approved or designated by the Board;

20 18. "Executive director" means the chief administrative officer
21 of the Board;

22 19. "Financial statements" means statements and footnotes
23 related thereto that undertake to present an actual or anticipated
24 financial position as of a point in time, or results of operations,

1 cash flow, or changes in financial position for a period of time, in
2 conformity with generally accepted accounting principles or another
3 comprehensive basis of accounting. The term does not include
4 incidental financial data included in management advisory service
5 reports to support recommendations to a client; nor does it include
6 tax returns and supporting schedules;

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

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

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

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

5 24. "Individual" means a human being;

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

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

15 27. "Management advisory services", also known as "management
16 consulting services", "management services", "business advisory
17 services" or other similar designation, hereinafter collectively
18 referred to as "MAS", means the function of providing advice and/or
19 technical assistance, performed in accordance with standards for MAS
20 engagements and MAS consultations such as those issued by the
21 American Institute of Certified Public Accountants, where the
22 primary purpose is to help the client improve the use of its
23 capabilities and resources to achieve its objectives including but
24 not limited to:

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

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

16 28. "NASBA" means the National Association of State Boards of
17 Accountancy;

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

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

1 31. "PCAOB" means the Public Company Accounting Oversight
2 Board;

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

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

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

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

1 (5) keeps books, or prepares trial balances,
2 financial statements, or reports, all as a part
3 of bookkeeping services for clients,

4 (6) prepares or signs as the tax preparer, tax
5 returns for clients, consults with clients on tax
6 matters, conducts studies for clients on tax
7 matters and prepares reports for clients on tax
8 matters, unless the services are uncompensated
9 and are limited solely to the registrant's, or
10 the registrant's spouse's lineal and collateral
11 heirs,

12 (7) prepares personal financial or investment plans
13 or provides to clients products or services of
14 others in implementation of personal financial or
15 investment plans, or

16 (8) provides management advisory services to clients.

17 b. Except for an individual granted practice privileges
18 under Section 15.12A of this title or a firm exempt
19 from the permit and registration requirements under
20 Section 15.15C of this title, an individual or firm
21 not holding a certificate, license or permit shall not
22 be deemed to be engaged in the practice of public
23 accounting if the individual or firm does not hold
24 itself out, solicit, or advertise for clients using

1 the certified public accountant or public accountant
2 designation and engages only in the following
3 services:

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

1 matters and prepares reports for clients on tax
2 matters,

3 (3) prepares personal financial or investment plans
4 or provides to clients products or services of
5 others in implementation of personal financial or
6 investment plans, or

7 (4) provides management advisory services to clients.

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

22 d. A person is not deemed to be practicing public
23 accounting within the meaning of this section solely
24 by displaying an Oklahoma CPA certificate or a PA

1 license in an office, identifying himself or herself
2 as a CPA or PA on letterhead or business cards, or
3 identifying himself or herself as a CPA or PA.
4 However, the designation of CPA or PA on such
5 letterheads, business cards, public signs,
6 advertisements, publications directed to clients or
7 potential clients, financial or tax documents of a
8 client, performance of any attest service or issuance
9 of a report constitutes the practice of public
10 accounting and requires a permit, practice privileges
11 under Section 15.12A of this title, or an exemption
12 from the permit and registration requirements under
13 Section 15.15C of this title;

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

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

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

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

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

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

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

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

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

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

1 letterheads, business cards, office doors, advertisements, and
2 listings conveying the fact that an individual or entity holds a
3 certificate, license or permit;

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

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

- 16 a. the education, examination and experience requirements
17 contained in the statutes and administrative rules of
18 another jurisdiction are comparable to, or exceed, the
19 education, examination and experience requirements
20 contained in the AICPA/NASBA Uniform Accountancy Act,
21 or
22 b. that an individual certified public accountant's or
23 public accountant's education, examination and
24 experience qualifications are comparable to or exceed

1 the education, examination and experience requirements
2 contained in the Oklahoma Accountancy Act and rules of
3 the Board.

4 In ascertaining substantial equivalency as used in the Oklahoma
5 Accountancy Act, the Board or its designee shall take into account
6 the qualifications without regard to the sequence in which
7 experience, education, or examination requirements were attained.

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

9 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS, COMMERCE AND TOURISM
10 February 10, 2022 - DO PASS
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