

1 ENGROSSED SENATE  
2 BILL NO. 1253

By: Dugger and Stanley of the  
Senate

3 and

4 Kendrix of the House  
5

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

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

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

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

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

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

20 3. "Applicant" means an individual or entity that has made  
21 application to the Board for a certificate, license, or permit and  
22 said application has not been approved;

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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 performed in accordance with the  
12 Statements on Standards for Attestation Engagements  
13 (SSAE), and

14 d. any engagement to be performed in accordance with the  
15 Auditing Standards of the Public Company Accounting  
16 Oversight Board (PCAOB).

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

22 6. "Audit" can only be performed by an individual or entity who  
23 is registered with the Board and holding a valid permit issued  
24 pursuant to the Oklahoma Accountancy Act, or an individual granted

1 practice privileges under Section 15.12A of this title, and means a  
2 systematic investigation or appraisal of information, procedures, or  
3 operations performed in accordance with generally accepted auditing  
4 standards in the United States, for the purpose of determining  
5 conformity with established criteria and communicating the results  
6 to interested parties;

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

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

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

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

20 11. "Client" means the individual or entity which retains a  
21 registrant, an individual granted practice privileges under Section  
22 15.12A of this title, or a firm exempt from the permit and  
23 registration requirements under Section 15.15C of this title to  
24 perform professional services;

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

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

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

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

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

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

22 18. "Executive director" means the chief administrative officer  
23 of the Board;

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

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

20        21. "Holding out" means any representation by an individual  
21 that he or she holds a certificate or license and a valid permit, or  
22 by an entity that it holds a valid permit. Any such representation  
23 is presumed to invite the public to rely upon the professional  
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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 Oklahoma. "License" shall also mean the Oklahoma  
14 document issued by the Board by reciprocity to a public accountant  
15 who has previously been licensed by examination in another  
16 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" means a review performed pursuant to a set of  
6 peer review rules established by the Board. The term "peer review"  
7 also encompasses the term "quality review";

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

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

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

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

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

22 (4) generally or incidentally to the work described  
23 herein, renders professional services to clients  
24 in any or all matters relating to accounting

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

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

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

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

- 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.

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

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

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

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

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

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

- 18           a. the education, examination and experience requirements  
19                contained in the statutes and administrative rules of  
20                another jurisdiction are comparable to, or exceed, the  
21                education, examination and experience requirements  
22                contained in the AICPA/NASBA Uniform Accountancy Act,  
23                or

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