

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                           1st Session of the 59th Legislature (2023)

4 ENGROSSED SENATE

5 BILL NO. 170

By: Dugger of the Senate

6   and

7   Kendrix of the House

8  
9           An Act relating to the Oklahoma Accountancy Act;  
10           amending 59 O.S. 2021, Section 15.1A, as last amended  
11           by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp.  
12           2022, Section 15.1A), which relates to definitions;  
13           expanding definition; updating statutory language;  
14           and providing an effective date.

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

16           SECTION 1.           AMENDATORY           59 O.S. 2021, Section 15.1A, as  
17           last amended by Section 1, Chapter 26, O.S.L. 2022 (59 O.S. Supp.  
18           2022, Section 15.1A), is amended to read as follows:

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

20           1. "Accountancy" means the profession or practice of  
21           accounting;

22           2. "AICPA" means the American Institute of Certified Public  
23           Accountants;

1 3. "Applicant" means an individual or entity that has made  
2 application to the Board for a certificate or permit and ~~said~~ the  
3 application has not been approved;

4 4. "Assurance" means independent professional services that  
5 improve the quality of information, or its context, for decision  
6 makers;

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

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

1       The statements on standards specified in this definition shall  
2 be adopted by reference by the Board pursuant to rulemaking and  
3 shall be those developed for general application by recognized  
4 national accountancy organizations, such as the AICPA, IFAC and the  
5 PCAOB;

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

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

16       8. "Candidate" means an individual who has been qualified and  
17 approved by the Board to take the examination for a certificate;

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

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

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

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

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

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

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

18       16. "Entity" means an organization whether for profit or not,  
19 recognized by this state to conduct business;

20       17. "Examination" means the test sections of Auditing and  
21 Attestation, Business Environment and Concepts, Financial Accounting  
22 and Reporting, and Regulation or their successors, administered,  
23 supervised, and graded by, or at the direction of, the Board or  
24

1 other jurisdiction that is required for a certificate as a certified  
2 public accountant;

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

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

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

23 21. "Holding out" means any representation by an individual  
24 that he or she holds a certificate or license and a valid permit, or

1 by an entity that it holds a valid permit. Any such representation  
2 is presumed to invite the public to rely upon the professional  
3 skills implied by the certificate or license and valid permit in  
4 connection with the services or products offered;

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

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

9 24. "Individual" means a human being;

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

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

19 27. "Management advisory services", also known as "management  
20 consulting services", "management services", "business advisory  
21 services" or other similar designation, hereinafter collectively  
22 referred to as "MAS", means the function of providing advice and/or  
23 technical assistance, performed in accordance with standards for MAS  
24 engagements and MAS consultations such as those issued by the

1 American Institute of Certified Public Accountants, where the  
2 primary purpose is to help the client improve the use of its  
3 capabilities and resources to achieve its objectives including but  
4 not limited to:

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

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

20 28. "NASBA" means the National Association of State Boards of  
21 Accountancy;

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

23 30. "Partnership" means a contractual relationship based upon a  
24 written, oral, or implied agreement between two or more individuals

1 who combine their resources and activities in a joint enterprise and  
2 share in varying degrees and by specific agreement in the management  
3 and in the profits or losses. A partnership may be general or  
4 limited as the laws of this state define those terms;

5 31. "PCAOB" means the Public Company Accounting Oversight  
6 Board;

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

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

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



1 one skilled in the knowledge, science, and practice of  
2 accounting and auditing, taxation and management  
3 advisory services and is qualified to render such  
4 professional services as a certified public accountant  
5 or public accountant, and performs the following:

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

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

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

- 1 (4) generally or incidentally to the work described  
2 herein, renders professional services to clients  
3 in any or all matters relating to accounting  
4 procedure and to the recording, presentation, or  
5 certification of financial information or data,  
6 (5) keeps books, or prepares trial balances,  
7 financial statements, or reports, all as a part  
8 of bookkeeping services for clients,  
9 (6) prepares or signs as the tax preparer, tax  
10 returns for clients, consults with clients on tax  
11 matters, conducts studies for clients on tax  
12 matters and prepares reports for clients on tax  
13 matters, unless the services are uncompensated  
14 and are limited solely to the registrant's, or  
15 the registrant's spouse's lineal and collateral  
16 heirs,  
17 (7) prepares personal financial or investment plans  
18 or provides to clients products or services of  
19 others in implementation of personal financial or  
20 investment plans, or  
21 (8) provides management advisory services to clients.  
22 b. Except for an individual granted practice privileges  
23 under Section 15.12A of this title or a firm exempt  
24 from the permit and registration requirements under

1 Section 15.15C of this title, an individual or firm  
2 not holding a certificate, license or permit shall not  
3 be deemed to be engaged in the practice of public  
4 accounting if the individual or firm does not hold  
5 itself out, solicit, or advertise for clients using  
6 the certified public accountant or public accountant  
7 designation and engages only in the following  
8 services:

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

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

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

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

12 (4) provides management advisory services to clients.

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

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

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

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

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

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

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

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

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

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

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

19       43. "Report", when used with reference to any attest or  
20 compilation service, means an opinion, report or other form of  
21 language that states or implies assurance as to the reliability of  
22 the attested information or complied financial statements, and that  
23 also includes or is accompanied by any statement or implication that  
24 the person or firm issuing it has special knowledge or competence in

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

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

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

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

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

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



1 education, examination and experience requirements  
2 contained in the AICPA/NASBA Uniform Accountancy Act,  
3 or

- 4 b. that an individual certified public accountant's or  
5 public accountant's education, examination and  
6 experience qualifications are comparable to or exceed  
7 the education, examination and experience requirements  
8 contained in the Oklahoma Accountancy Act and rules of  
9 the Board.

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

14 SECTION 2. This act shall become effective November 1, 2023.

15  
16 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS AND COMMERCE, dated  
17 04/05/2023 - DO PASS.  
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