

FIRST REGULAR SESSION

HOUSE BILL NO. 1060

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SOMMER.

2112H.011

D. ADAM CRUMBLISS, Chief Clerk

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.

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326.265, 326.280, 326.283, 326.286, 326.289, 326.292, 326.307, 326.310, 326.313, 326.316, and 326.325, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 326.256, 326.259, 326.265, 326.280, 326.283, 326.286, 326.289, 326.292, 326.307,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

- 326.256. 1. As used in this chapter, the following terms mean:
- (1) "AICPA", the American Institute of Certified Public Accountants;
 - (2) "Attest" or "attest services", providing the following ~~financial statement~~ services:
 - (a) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - (b) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); ~~or~~
 - (c) Any engagement to be performed in accordance with the auditing standards and rules of the Public Company Accounting Oversight Board (PCAOB);
 - (d) Any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); or**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

20 (6) "Certified public ~~accountant~~ **accounting** firm", "CPA firm" or "firm", a sole
21 proprietorship, a corporation, a partnership or any other form of organization issued a permit
22 under section 326.289;

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

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

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

31 ~~———(10)]~~ "License", a license issued under section 326.280, or privilege to practice under
32 section 326.283; or, in each case, an individual license or permit issued pursuant to
33 corresponding provisions of prior law;

34 ~~[(11)]~~ **(10) "Licensee"**, the holder of a license as defined in this section;

35 ~~[(12)]~~ **(11) "Manager"**, a manager of a limited liability company;

36 ~~[(13)]~~ **(12) "Member"**, a member of a limited liability company;

37 ~~[(14)]~~ **(13) "NASBA"**, the National Association of State Boards of Accountancy;

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

39 (15) "Peer review", a study, appraisal or review of one or more aspects of the
40 professional work of a licensee or certified public ~~accountant~~ **accounting** firm that performs
41 attest~~[-review]~~ or compilation services, by licensees who are not affiliated either personally or
42 through their certified public ~~accountant~~ **accounting** firm being reviewed pursuant to the
43 Standards for Performing and Reporting on Peer Reviews promulgated by the AICPA or such
44 other standard adopted by regulation of the board which meets or exceeds the AICPA standards;

45 (16) "Permit", a permit to practice as a certified public ~~accountant~~ **accounting** firm
46 issued under section 326.289 or corresponding provisions of prior law or pursuant to
47 corresponding provisions of the laws of other states;

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

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

52 ~~[(18)]~~ (19) "Public accounting":

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

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

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

67 ~~[(19)]~~ (20) "Report", when used with reference to ~~[financial statements]~~ **any attest or**
68 **compilation service**, means an opinion, report or other form of language that states or implies
69 assurance as to the reliability of ~~[any]~~ **the attested information or compiled** financial
70 statements, and that also includes or is accompanied by any statement or implication that the
71 person or firm issuing it has special knowledge or competence in accounting or auditing. Such
72 a statement or implication of special knowledge or competence may arise from use by the issuer
73 of the report of names or titles indicating that the person or firm is an accountant or auditor, or
74 from the language of the report itself. The term report includes any form of language which
75 disclaims an opinion when such form of language is conventionally understood to imply any
76 positive assurance as to the reliability of the **attested information or compiled** financial
77 statements referred to or special competence on the part of the person or firm issuing such
78 language, ~~[or both,]~~ and includes any other form of language that is conventionally understood
79 to imply such assurance or such special knowledge or competence~~[-or both];~~

80 ~~[(20)]~~ "Review", ~~providing a service to be performed in accordance with Statements on~~
81 ~~Standards for Accounting and Review Services (SSARS) that is performing inquiry and~~
82 ~~analytical procedures that provide the accountant with a reasonable basis for expressing limited~~
83 ~~assurance that there are no material modifications that should be made to the statements for them~~

84 ~~to be in conformity with generally accepted accounting principles or, if applicable, with another~~
85 ~~comprehensive basis of accounting;]~~

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

89 (22) "Substantial equivalency" or "substantially equivalent", a determination by the
90 board of accountancy or its designee that the education, examination and experience
91 requirements contained in the statutes and administrative rules of another jurisdiction are
92 comparable to or exceed the education, examination and experience requirements contained in
93 this chapter or that an individual certified public accountant's education, examination and
94 experience qualifications are comparable to or exceed the education, examination and experience
95 requirements contained in this chapter;

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

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

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

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

14 3. Members of the Missouri state board of accountancy ~~appointed pursuant to section~~
15 ~~326.160 prior to August 28, 2001, shall serve the remainder of their terms. Thereafter, the~~
16 ~~members of the board~~], including public members, shall be chosen by the governor with the
17 advice and consent of the senate from lists submitted by the director of the division of
18 professional registration. The chair of the largest membership state organization of certified
19 public accountants which is dedicated to maintaining the high professional and ethical standards

20 of accountants as well as protection of the public may submit a list of five licensees to the
21 director of the division of professional registration for consideration as a board member, other
22 than the public member. To be considered by the director of the division of professional
23 registration, the list shall be submitted at least ninety days prior to the expiration of the term of
24 the board member or as soon as feasible after a vacancy on the board occurs. The duties of the
25 public member shall not include the determination of the technical requirements for licensure,
26 whether any person meets the technical requirements, or the technical competence or technical
27 judgment of a certified public accountant or applicant for licensure.

28 4. The term of office of each board member appointed shall be five years. Vacancies
29 shall be filled by the governor for the remainder of the unexpired term. No person shall serve
30 more than two consecutive terms or eleven years, whichever is less; except that a member may
31 hold office until his or her successor is appointed and qualified. Any member who has served
32 two complete consecutive terms shall be ineligible to be reappointed until one year has lapsed.
33 No member whose term has been terminated for any reason, other than the term's expiration,
34 shall be eligible for reappointment until the lapse of one year. An appointment to fill an
35 unexpired term shall not be considered a complete term.

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

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

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

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

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

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

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

326.280. 1. A license shall be granted by the board to any person who meets the
2 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 an employee,
4 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 a baccalaureate
9 degree conferred by an accredited college or university recognized by the board, with a
10 concentration in accounting or the substantial equivalent of a concentration in accounting as
11 determined by the board; or

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

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

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

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

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

31 4. Upon application, the board may issue a temporary license to an applicant pursuant
32 to this subsection for a person who has made a prima facie showing that the applicant meets all
33 of the requirements for a license and possesses the experience required. The temporary license
34 shall be effective only until the board has had the opportunity to investigate the applicant's

35 qualifications for licensure pursuant to subsection 1 of this section and notify the applicant that
36 the applicant's application for a license has been granted or rejected. In no event shall a
37 temporary license be in effect for more than twelve months after the date of issuance nor shall
38 a temporary license be reissued to the same applicant. No fee shall be charged for a temporary
39 license. The holder of a temporary license which has not expired, been suspended or revoked
40 shall be deemed to be the holder of a license issued pursuant to this section until the temporary
41 license expires, is terminated, suspended or revoked.

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

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

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

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

16 (a) To the personal and subject matter jurisdiction and disciplinary authority of the
17 board;

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

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

22 (d) To the appointment of the state board that issued the individual's license as his or her
23 agent upon whom process may be served in any action or proceeding by this board against the
24 individual.

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

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

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

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

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

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

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

15 (2) The applicant had four years of experience outside of this state of the type described
16 in subdivision (6) of subsection 1 of section 326.280 or meets equivalent requirements prescribed
17 by the board by rule, after passing the examination upon which the applicant's license was based
18 and within the ten years immediately preceding the application; and

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

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

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

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

42 7. Applicants for initial issuance or renewal of licenses pursuant to this section shall list
43 all states in which they have applied for or hold certificates, licenses or permits and list any past
44 denial, revocation or suspension or any discipline of a certificate, license or permit. Each holder
45 of or applicant for a license shall notify the board in writing within thirty days after its
46 occurrence of any issuance, denial, revocation or suspension or any discipline of a certificate,
47 license or permit by another state.

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

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

53 (2) The foreign designation:

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

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

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

59 (3) The applicant:

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

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

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

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

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

326.289. 1. The board may grant or renew permits to practice as a certified public
2 accounting firm to applicants that demonstrate their qualifications in accordance with this
3 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, **offering or**
6 performing attest **or compilation** services; **or**

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

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

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

13 ~~—— (a) Has the qualifications described in subsections 4 and 9 of this section; and~~
14 ~~—— (b) Performs such services through an individual with the privilege to practice under~~
15 ~~subsection 1 of section 326.283]~~ **Any firm that does not have an office in this state may offer**
16 **or perform attest or compilation services in this state without a valid permit only if it meets**
17 **each of the following requirements:**

18 **(a) It complies with the qualifications described in subdivision (1) of subsection 4**
19 **of this section;**

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

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

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

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

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

31 ~~—— (b)]~~ **Performs such services through an individual with the privilege to practice under**
32 **section 326.283; and**

33 ~~[(e)]~~ **(b) Can lawfully do so in the state where said individual with privilege to practice**
34 **has his or her principal place of business.**

35 **(4) All firms practicing public accounting in this state shall register with the**
36 **secretary of state. Firms which may be exempt from this requirement include:**

37 **(a) Sole proprietorships;**

38 **(b) Trusts created under revocable trust agreements, of which the trustee is a**
39 **natural person who holds a license or privilege to practice as set forth in section 326.280,**
40 **326.283, or 326.286;**

41 **(c) General partnerships not operating as a limited liability partnership; or**

42 **(d) Foreign professional corporations which do not meet criteria of chapter 356 due**
43 **to name or ownership. Such corporations shall obtain a certificate of authority as a**
44 **general corporation. Notwithstanding the provisions of chapter 356, the secretary of state**
45 **may issue a certificate of authority to a foreign professional corporation which does not**
46 **meet the criteria of chapter 356 due to name or ownership, if the corporation meets the**
47 **requirements of section 326.289 and the rules of the board.**

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

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

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

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

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

63 (a) The firm designates a licensee of this state, or in the case of a firm which must have
64 a permit under this section designates a licensee of another state who meets the requirements of
65 section 326.283, who is responsible for the proper registration of the firm and identifies that
66 individual to the board;

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

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

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

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

78 ~~—— (4) Any licensee who is responsible for supervising review services or signs or~~
79 ~~authorizes someone to sign review reports shall meet the competency requirements as determined~~
80 ~~by board by rule which shall include experience in review services].~~

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

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

86 (1) The legal form of the firm;

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

89 (3) Any other matter.

90 The names of one or more former partners, members or shareholders may be included in the
91 name of a firm or its successor unless the firm becomes a sole proprietorship because of the
92 death or withdrawal of all other partners, officers, members or shareholders. A firm may use a
93 fictitious name if the fictitious name is registered with the board and is not otherwise misleading.
94 The name of a firm shall not include the name or initials of an individual who is not a present
95 or a past partner, member or shareholder of the firm or its predecessor. The name of the firm
96 shall not include the name of an individual who is not a licensee.

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

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

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

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

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

(3) Shall require, with respect to peer reviews, that the peer review processes be operated and documents maintained in a manner designed to preserve confidentiality, and that the board or any third party other than the oversight body shall not have access to documents furnished or generated in the course of the peer review of the firm except as provided in subdivision (2) of this subsection.

~~10. [Prior to January 1, 2008, licensees who perform fewer than three attest services during each calendar year shall be exempt from the requirements of subsection 9 of this section. ———11.]~~ The board may, by rule, charge a fee for oversight of peer reviews, provided that the fee charged shall be substantially equivalent to the cost of oversight.

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

~~[13:]~~ **12.** The peer review processes shall be operated and the documents generated thereby be maintained in a manner designed to preserve their confidentiality. No third party, other than the oversight body, the board, subject to the provisions of subsection ~~[12]~~ **11** of this section, or the organization performing peer review shall have access to documents furnished or generated in the course of the review. All documents shall be privileged and closed records for all purposes and all meetings at which the documents are discussed shall be considered closed meetings under subdivision (1) of section 610.021. The proceedings, records and workpapers of the board and any peer review subjected to the board process shall be privileged and shall not be subject to discovery, subpoena or other means of legal process or introduction into evidence at any civil action, arbitration, administrative proceeding or board proceeding. No member of the board or person who is involved in the peer review process shall be permitted or required to testify in any civil action, arbitration, administrative proceeding or board proceeding as to any matters produced, presented, disclosed or discussed during or in connection with the peer review

155 process or as to any findings, recommendations, evaluations, opinions or other actions of such
156 committees or any of its members; provided, however, that information, documents or records
157 that are publicly available shall not be subject to discovery or use in any civil action, arbitration,
158 administrative proceeding or board proceeding merely because they were presented or considered
159 in connection with the peer review process.

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

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

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

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

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

29 (1) The firm holds a valid permit issued under section 326.289 or is a firm exempt from
30 the permit requirement under subdivisions (2) and (3) of subsection 1 of section 326.289 and
31 complies with all other applicable provisions of that section; and

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

34 4. Only persons holding a valid license or permit issued under section 326.280 or
35 326.289, or persons qualifying for the privilege to practice under section 326.283, and firms
36 exempt from the permit requirement under subsection 1 of section 326.289, shall assume or use
37 the title certified accountant, chartered accountant, enrolled accountant, licensed accountant,
38 registered accountant, accredited accountant or any other title or designation likely to be
39 confused with the titles certified public accountant or public accountant, or use any of the
40 abbreviations CA, LA, RA, AA or similar abbreviation likely to be confused with the
41 abbreviation CPA or PA. The title enrolled agent or EA shall only be used by individuals so
42 designated by the Internal Revenue Service. Nothing in this section shall prohibit the use or
43 issuance of a title for nonattest services provided that the organization and the title issued by the
44 organization existed prior to August 28, 2001.

45 5. (1) Nonlicensees shall not use language in any statement relating to the financial
46 affairs of a person or entity that is conventionally used by certified public accountants in reports
47 on financial statements. Nonlicensees may use the following safe harbor language:

48 (a) For compilations:

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

54 (b) For reviews:

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

60 (2) Only persons or firms holding a valid license or permit issued under section 326.280
61 or 326.289 shall assume or use any title or designation that includes the words accountant or
62 accounting in connection with any other language, including the language of a report, that
63 implies that the person or firm holds a license or permit or has special competence as an
64 accountant or auditor; provided, however, that this subsection shall not prohibit any officer,
65 partner, principal, member, manager or employee of any firm or organization from affixing such
66 person's own signature to any statement in reference to the financial affairs of the firm or
67 organization with any wording designating the position, title or office that the person holds

68 therein nor prohibit any act of a public official or employee in the performance of the person's
69 duties as such. Nothing in this subsection shall prohibit the singular use of "accountant" or
70 "accounting" for nonattest purposes.

71 6. Licensees signing or authorizing someone to sign reports on financial statements when
72 performing attest~~[-review]~~ or compilation services shall provide those services in accordance
73 with professional standards as determined by the board by rule.

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

78 8. None of the foregoing provisions of this section shall apply to a person or firm holding
79 a certification, designation, degree or license granted in a foreign country entitling the holder to
80 engage in the practice of public accounting or its equivalent in the country whose activities in
81 this state are limited to the provision of professional services to persons or firms who are
82 residents of, governments of, or business entities of the country in which the person holds the
83 entitlement, who performs no attest~~[-review]~~ or compilation services and who issues no reports
84 with respect to the financial statements of any other persons, firms or governmental units in this
85 state, and who does not use in this state any title or designation other than the one under which
86 the person practices in such country, followed by a translation of such title or designation into
87 the English language, if it is in a different language, and by the name of such country.

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

91 10. Nothing herein shall prohibit a practicing attorney or firm of attorneys from
92 preparing or presenting records or documents customarily prepared by an attorney or firm of
93 attorneys in connection with the attorney's professional work in the practice of law.

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

97 12. Nothing herein shall prohibit any director or officer of a corporation, partner or a
98 partnership, sole proprietor of a business enterprise, member of a joint venture, member of a
99 committee appointed by stockholders, creditors or courts, or an employee of any of the foregoing,
100 in his or her capacity as such, from signing, delivering or issuing any financial, accounting or
101 related statement, or report thereon, relating to the corporation, partnership, business enterprise,
102 joint venture or committee, provided the capacity is designated on the statement or report.

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

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

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

(c) An examination of prospective financial information.

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

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

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

14. (1) A licensee shall not:

(a) Perform for a contingent fee any professional services for, or receive a fee from, a client for whom the licensee or the licensee's firm performs:

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

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

c. An examination of prospective financial information;

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

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

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

(3) A contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of the service.

139 Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts
140 or other public authorities, or, in tax matters, if determined based on the results of judicial
141 proceedings or the findings of governmental agencies. A licensee's fees may vary depending,
142 for example, on the complexity of services rendered.

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

326.307. The display or uttering by a person of a card, sign, advertisement or other
2 printed, engraved or written instrument or device, printed or through electronic media, bearing
3 a person's name in conjunction with the words "certified public accountant" or any abbreviation
4 thereof, or "public accountant" or any abbreviation thereof, shall be prima facie evidence in any
5 action brought pursuant to section 326.298 that the person whose name is so displayed caused
6 or procured the display or uttering of such card, sign, advertisement or other printed, engraved
7 or written instrument or device and that such person is holding himself or herself out to be a
8 certified public accountant or a public accountant holding a license ~~[pursuant to section 326.280]~~.
9 In any such action evidence of the commission of a single act prohibited by this chapter shall be
10 sufficient to justify 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 pursuant to this
2 chapter for one or any combination of causes stated in subsection 2 of this section. The board
3 shall notify the applicant in writing of the reasons for the refusal and shall advise the applicant
4 of the applicant's right to file a complaint with the administrative hearing commission as
5 provided by chapter 621.

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

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

14 (2) The person has been finally adjudicated and found guilty, or entered a plea of guilty
15 or nolo contendere, in a criminal prosecution under the laws of any state or of the United States,
16 for any offense reasonably related to the qualifications, functions or duties of any profession
17 licensed or regulated pursuant to this chapter, for any offense an essential element of which is

18 fraud, dishonesty or an act of violence, or for any offense involving moral turpitude, whether or
19 not sentence is imposed;

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

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

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

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

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

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

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

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

45 (11) Issuance of a ~~certificate~~ **license** or permit based upon a material mistake of fact;

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

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

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

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

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

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

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

58 (19) Failure, on the part of a holder of a certificate, license or permit pursuant to section
59 326.280 or 326.289, to maintain compliance with the requirements for issuance or renewal of
60 such certificate, license, permit or provisional license or to report changes to the board pursuant
61 to sections 326.280 to 326.289;

62 (20) Making any false or misleading statement or verification in support of an
63 application for a certificate, license or permit filed by another.

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

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

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

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

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

326.325. 1. Subject to the provisions of section 326.322, all statements, records,
2 schedules, working papers and memoranda made by a licensee or a partner, shareholder, officer,
3 director, member, manager or employee of a licensee, incident to, or in the course of, rendering
4 services to a client while a licensee, except the reports submitted by the licensee to the client and
5 except for records that are part of the client's records, shall be and remain the property of the
6 licensee in the absence of an express agreement between the licensee and the client to the

7 contrary. No statement, record, schedule, working paper or memorandum shall be sold,
8 transferred or bequeathed without the consent of the client or the client's personal representative
9 or assignee to anyone other than one or more surviving partners, stockholders, members or new
10 partners, new stockholders or new members of the licensee, or any combined or merged firm or
11 successor in interest to the licensee. Nothing in this section should be construed as prohibiting
12 any temporary transfer of workpapers or other material necessary in the course of carrying out
13 peer reviews or as otherwise interfering with the disclosure of information pursuant to section
14 326.322.

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

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

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

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

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

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

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