

SECOND REGULAR SESSION

HOUSE BILL NO. 1797

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCGIRL.

5199H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 326.256, 326.277, 326.280, 326.283, 326.286, 326.289, 326.292, and 326.310, RSMo, and to enact in lieu thereof eight new sections relating to public accounting, with penalty provisions.

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

Section A. Sections 326.256, 326.277, 326.280, 326.283, 326.286, 326.289, 326.292, and 326.310, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 326.256, 326.277, 326.280, 326.283, 326.286, 326.289, 326.292, and 326.310, to read as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 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);
 - (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
 - (e) Any examination, review, or agreed upon procedures engagement to be performed in accordance with the SSAE, other than an examination described in paragraph (b) of this subdivision;

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.

- 15 (3) "Board", the Missouri state board of accountancy established under section
16 326.259 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 accounting firm", "CPA firm" or "firm", a sole proprietorship, a
21 corporation, a partnership or any other form of organization issued a permit **or otherwise**
22 **authorized to practice** 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
26 Statements on Standards for Accounting and Review Services (SSARS) that is presented in
27 the form of financial statements information that is the representation of management
28 (owners) without undertaking to express any assurance on the statements;
- 29 (9) "License", a license issued under section 326.280, or privilege to practice under
30 section 326.283; or, in each case, an individual license or permit issued pursuant to
31 corresponding provisions of prior law;
- 32 (10) "Licensee", the holder of a license as defined in this section;
- 33 (11) "Manager", a manager of a limited liability company;
- 34 (12) "Member", a member of a limited liability company;
- 35 (13) "NASBA", the National Association of State Boards of Accountancy;
- 36 (14) "PCAOB", the Public Company Accounting Oversight Board;
- 37 (15) "Peer review", a study, appraisal or review of one or more aspects of the
38 professional work of a ~~licensee or~~ certified public accounting firm that performs attest or
39 compilation services, by licensees who are not affiliated either personally or through their
40 certified public accounting firm being reviewed pursuant to the Standards for Performing and
41 Reporting on Peer Reviews promulgated by the AICPA or such other standard adopted by
42 regulation of the board which meets or exceeds the AICPA standards;
- 43 (16) "Permit", a permit to practice as a certified public accounting firm issued under
44 section 326.289 or corresponding provisions of prior law or pursuant to corresponding
45 provisions of the laws of other states;
- 46 (17) "Principal place of business", the office location designated by the licensee for
47 purposes of ~~substantial equivalency~~ **mobility** and reciprocity;
- 48 (18) "Professional", arising out of or related to the specialized knowledge or skills
49 associated with certified public accountants;
- 50 (19) "Public accounting":

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

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

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

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

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

83 ~~(22) ["Substantial equivalency" or "substantially equivalent", a determination by the~~
84 ~~board of accountancy or its designee that the education, examination and experience~~
85 ~~requirements contained in the statutes and administrative rules of another jurisdiction are~~
86 ~~comparable to or exceed the education, examination and experience requirements contained~~
87 ~~in this chapter or that an individual certified public accountant's education, examination and~~

88 ~~experience qualifications are comparable to or exceed the education, examination and~~
89 ~~experience requirements contained in this chapter;~~

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

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

326.277. 1. Prior to June 30, 2021, for an applicant to be eligible to apply for the
2 examination, the applicant shall fulfill the education requirements of subdivision (4) of
3 subsection 1 of section 326.280.

4 2. On or after June 30, 2021, for an applicant to be eligible to apply for the
5 examination, the applicant shall:

6 (1) Provide proof that the applicant has ~~[completed at least one hundred twenty~~
7 ~~semester hours of college education]~~ **obtained a baccalaureate degree** at an accredited
8 college or university recognized by the board, with an accounting concentration or equivalent
9 as determined by the board by rule;

10 (2) Be at least eighteen years of age; and

11 (3) Be of good moral character.

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 eighteen years;

6 (3) Is of good moral character;

7 (4) ~~[Either]~~ **Meets one of the following educational requirements:**

8 (a) ~~[Applied for the initial examination prior to June 30, 1999, and]~~ Holds a
9 baccalaureate degree conferred by an accredited college or university recognized by the
10 board, with ~~[a concentration in accounting or the substantial equivalent of a concentration in~~
11 ~~accounting as determined by the board]~~ **the total educational program including an**
12 **accounting concentration or equivalent as determined by board rule to be appropriate;**
13 ~~[or]~~

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

20 **(c) Holds a postbaccalaureate degree conferred by an accredited college or**
21 **university recognized by the board, with the total educational program including an**
22 **accounting concentration or equivalent as determined by board rule to be appropriate;**

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

25 **(6) (a) Either:**

26 **a. Has had one year of experience for an applicant who is applying for licensure on**
27 **the basis of the educational requirement in paragraph (b) or (c) of subdivision (4) of this**
28 **subsection; or**

29 **b. Has had two years of experience for an applicant who is applying for licensure**
30 **on the basis of the educational requirement in paragraph (a) of subdivision (4) of this**
31 **subsection.**

32 **(b)** Experience shall be verified by a licensee and shall include any type of service or
33 advice involving the use of accounting, attest, compilation, management advisory, financial
34 advisory, tax or consulting skills including governmental accounting, budgeting or auditing.
35 The board shall promulgate rules and regulations concerning the verifying licensee's review
36 of the applicant's experience.

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

39 3. A person who, on August 28, 2001, holds an individual permit issued pursuant to
40 the laws of this state shall not be required to obtain additional licenses pursuant to sections
41 326.280 to 326.286, and the licenses issued shall be considered licenses issued pursuant to
42 sections 326.280 to 326.286. However, such persons shall be subject to the provisions of
43 section 326.286 for renewal of licenses.

44 4. Upon application, the board may issue a temporary license to an applicant pursuant
45 to this subsection for a person who has made a prima facie showing that the applicant meets
46 all of the requirements for a license and possesses the experience required. The temporary
47 license shall be effective only until the board has had the opportunity to investigate the
48 applicant's qualifications for licensure pursuant to subsection 1 of this section and notify the
49 applicant that the applicant's application for a license has been granted or rejected. In no
50 event shall a temporary license be in effect for more than twelve months after the date of
51 issuance nor shall a temporary license be reissued to the same applicant. No fee shall be
52 charged for a temporary license. The holder of a temporary license which has not expired,
53 been suspended or revoked shall be deemed to be the holder of a license issued pursuant to
54 this section until the temporary license expires, is terminated, suspended or revoked.

55 ~~[5. Prior to June 30, 2021, an applicant for an examination who meets the educational~~
56 ~~requirements of subdivision (4) of subsection 1 of this section or who reasonably expects to~~

~~57 meet those requirements within sixty days after the examination shall be eligible for
58 examination if the applicant also meets the requirements of subdivisions (2) and (3) of
59 subsection 1 of this section. For an applicant admitted to examination on the reasonable
60 expectation that the applicant will meet the educational requirements within sixty days, no
61 license shall be issued nor credit for the examination or any part thereof given unless the
62 educational requirement is in fact met within the sixty day period.]~~

326.283. 1. (1) **(a)** An individual whose principal place of business, domicile, or
2 residency is not in this state and who holds a valid and unrestricted license **in good standing**
3 to practice public accounting from any state ~~[which the board or its designee has determined
4 by rule to be in substantial equivalence with the licensure requirements of this chapter, or if
5 the individual's qualifications are substantially equivalent to the licensure requirements of this
6 chapter, shall be presumed to have qualifications substantially equivalent to this state's
7 requirements and]~~ shall have all the privileges of licensees of this state without the need to
8 obtain a license or to otherwise notify or register with the board or pay any fee~~[- Provided,
9 however],~~ **provided that at the time of initial licensure, the individual was required to**
10 **show evidence of having passed the Uniform Certified Public Accountant Examination**
11 **and of having met one of the following requirements:**

12 **a. A baccalaureate degree conferred by an accredited college or university, with**
13 **the total educational program including an accounting concentration or equivalent, and**
14 **not less than two years of experience, both as defined by board rule;**

15 **b. A baccalaureate degree and the completion of at least thirty additional**
16 **semester hours of college education at an accredited college or university, with the total**
17 **educational program including an accounting concentration or equivalent, and not less**
18 **than one year of experience, both as defined by board rule; or**

19 **c. A postbaccalaureate degree conferred by an accredited college or university,**
20 **with the total educational program including an accounting concentration or equivalent,**
21 **and not less than one year of experience, both as defined by board rule.**

22 **(b)** An individual whose principal place of business, domicile, or residency is not
23 **in this state; who holds a valid and unrestricted license in good standing to practice**
24 **public accounting from any state as of December 31, 2024; and who, as of such date, has**
25 **practice privileges in this state under this subdivision shall continue to have all the**
26 **privileges of licensees in this state without the need to obtain a license or otherwise**
27 **notify or register with the board or pay any fee.**

28 **(c)** The board may by rule require individuals with a valid but restricted license to
29 obtain a license.

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

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

36 (a) To the personal and subject matter jurisdiction and disciplinary authority of the
37 board;

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

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

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

45 (4) An individual who has been granted the privilege to practice under this section
46 who performs attest or compilation services shall comply with the provisions of section
47 326.289.

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

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

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

4 2. Licenses shall be initially issued and renewed for periods of not more than three
5 years and shall expire on the renewal date following issuance or renewal. Applications for
6 licenses shall be made in such form, and in the case of applications for renewal, between such

7 dates, as the board by rule shall specify. Application and renewal fees shall be determined by
8 the board by rule.

9 3. With regard to applicants that do not qualify for reciprocity pursuant to subsection
10 1 of this section, the board may issue a license to an applicant upon a showing that:

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

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

18 (3) If the applicant's certificate, license or permit was issued more than four years
19 prior to the application for issuance of a license pursuant to this section, the applicant has
20 fulfilled the requirements of continuing professional education that would have been
21 applicable pursuant to subsection ~~[6]~~ 5 of this section.

22 4. As an alternative to the requirements of subsection 3 of this section, a certified
23 public accountant licensed by another state who establishes a principal place of business in
24 this state shall request the issuance of a license from the board prior to establishing the
25 principal place of business. ~~[The board may issue a license to the person who obtains~~
26 ~~verification from the NASBA National Qualification Appraisal Service that the individual's~~
27 ~~qualifications are substantially equivalent to the licensure requirements of sections 326.250 to~~
28 ~~326.331]~~ **The board may issue a license to the person whose qualifications the board**
29 **verifies to be comparable to the initial licensure requirements of section 326.280.**

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

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

42 ~~[7-]~~ 6. Applicants for initial issuance or renewal of licenses pursuant to this section
43 shall list all states in which they have applied for or hold certificates, licenses or permits and

44 list any past denial, revocation or suspension or any discipline of a certificate, license or
45 permit. Each holder of or applicant for a license shall notify the board in writing within thirty
46 days after its occurrence of any issuance, denial, revocation or suspension or any discipline of
47 a certificate, license or permit by another state.

48 ~~[8:]~~ 7. 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
55 accounting 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
58 requirements 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
64 set out in subdivision (6) of subsection 1 of section 326.280 in the jurisdiction which granted
65 the foreign designation or has completed four years of professional experience in this state, or
66 meets equivalent requirements prescribed by the board by rule within the ten years
67 immediately 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
70 board.

71 ~~[9:]~~ 8. An applicant pursuant to subsection ~~[8]~~ 7 of this section shall list all
72 jurisdictions, foreign and domestic, in which the applicant has applied for or holds a
73 designation to practice public accounting. Each holder of a license issued pursuant to this
74 subsection shall notify the board in writing within thirty days after its occurrence of any
75 issuance, denial, revocation, suspension or any discipline of a designation or commencement
76 of a disciplinary or enforcement action by any jurisdiction.

77 ~~[10:]~~ 9. The board has the sole authority to interpret the application of the provisions
78 of subsections 7 and 8 ~~and 9~~ of this section.

326.289. 1. The board may grant or renew permits to practice as a certified public accounting firm to applicants that demonstrate their qualifications in accordance with this chapter.

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

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

(b) Any firm with an office in this state that uses the title "CPA" or "CPA firm".

(2) Any firm that does not have an office in this state may offer or perform attest or compilation services in this state without a valid permit only if it meets each of the following requirements:

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

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

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

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

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

(a) Performs such services through an individual with the privilege to practice under section 326.283; and

(b) Can lawfully do so in the state where said individual with privilege to practice has his or her principal place of business.

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

(b) Firms which may be exempt from this requirement include:

a. Sole proprietorships;

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

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

d. Foreign professional corporations which do not meet criteria of chapter 356 due to name or ownership, shall obtain a certificate of authority as a general corporation. Notwithstanding the provisions of chapter 356, the secretary of state may issue a certificate of authority to a foreign professional corporation which does not meet the criteria of chapter 356

38 due to name or ownership, if the corporation meets the requirements of this section and the
39 rules of the board.

40 **(5) A sole practitioner or single-member limited liability company using the title**
41 **of "certified public accountant", "certified public accountants", "CPA", or any similar**
42 **abbreviation in its business name may request exemption from the firm permit**
43 **requirements of paragraph (b) of subdivision (1) of this subsection by submitting a**
44 **written request to the board that affirms the business does not offer or perform attest**
45 **services or any other services subject to peer review.**

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

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

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

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

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

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

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

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

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

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

75 5. An applicant for initial issuance or renewal of a permit to practice shall register
76 each office of the firm within this state with the board and show that all attest and compilation
77 services rendered in this state are under the charge of a licensee.

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

80 (1) The legal form of the firm;

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

83 (3) Any other matter.

84

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

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

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

107 9. The board shall require by rule, as a condition to the renewal of permits, that firms
108 undergo, no more frequently than once every three years, peer reviews conducted in a manner
109 as the board shall specify. The review shall include a verification that individuals in the firm
110 who are responsible for supervising attest and compilation services or sign or authorize
111 someone to sign the accountant's report on the financial statements on behalf of the firm meet

112 the competency requirements set out in the professional standards for such services, provided
113 that any such rule:

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

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

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

127 10. The board may, by rule, charge a fee for oversight of peer reviews, provided that
128 the fee charged shall be ~~[substantially equivalent]~~ **comparable** to the cost of oversight.

129 11. Notwithstanding any other provision in this section, the board may obtain the
130 following information regarding peer review from any approved American Institute for
131 Certified Public Accountants peer review program:

132 (1) The firm's name and address;

133 (2) The firm's dates of enrollment in the program;

134 (3) The date of acceptance and the period covered by the firm's most recently
135 accepted peer review; and

136 (4) If applicable, whether the firm's enrollment in the program has been dropped or
137 terminated.

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

144 13. The peer review processes shall be operated and the documents generated thereby
145 be maintained in a manner designed to preserve their confidentiality. No third party, other
146 than the oversight body, the board, subject to the provisions of subsection 12 of this section,
147 or the organization performing peer review shall have access to documents furnished or
148 generated in the course of the review. All documents shall be privileged and closed records

149 for all purposes and all meetings at which the documents are discussed shall be considered
150 closed meetings under subdivision (1) of section 610.021. The proceedings, records and
151 workpapers of the board and any peer review subjected to the board process shall be
152 privileged and shall not be subject to discovery, subpoena or other means of legal process or
153 introduction into evidence at any civil action, arbitration, administrative proceeding or board
154 proceeding. No member of the board or person who is involved in the peer review process
155 shall be permitted or required to testify in any civil action, arbitration, administrative
156 proceeding or board proceeding as to any matters produced, presented, disclosed or discussed
157 during or in connection with the peer review process or as to any findings, recommendations,
158 evaluations, opinions or other actions of such committees or any of its members; provided,
159 however, that information, documents or records that are publicly available shall not be
160 subject to discovery or use in any civil action, arbitration, administrative proceeding or board
161 proceeding merely because they were presented or considered in connection with the peer
162 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
5 services involving the use of accounting skills, including the preparation of tax returns,
6 management advisory services and the preparation of nonattest financial statements.
7 Nonlicensees may prepare financial statements and issue nonattest transmittals or
8 information thereon which do not purport to be in compliance with the Statements on
9 Standards for Accounting and Review 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,
12 abbreviation, sign, card or device tending to indicate that such person is a certified public
13 accountant. Nothing 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
17 the title certified public accountant or abbreviation CPA;

18 (2) A person who holds a certificate, then in force and effect, issued pursuant to the
19 laws of this state prior to August 28, 2001, and who is regularly employed by or is a director
20 or officer of a corporation, partnership, association or business trust, in his or her capacity as
21 such, from signing, delivering or issuing any financial, accounting or related statement, or
22 report thereon relating to such corporation, partnership, association or business trust provided

23 the capacity is so designated, and provided in the signature line the title CPA or certified
24 public accountant is 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
30 from the permit requirement under ~~[subdivisions (2) and (3) of subsection 1 of]~~ section
31 326.289 and 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
37 use the title certified accountant, chartered accountant, enrolled accountant, licensed
38 accountant, registered accountant, accredited accountant or any other title or designation
39 likely to be confused with the titles certified public accountant or public accountant, or use
40 any of the abbreviations CA, LA, RA, AA or similar abbreviation likely to be confused with
41 the abbreviation CPA or PA. The title enrolled agent or EA shall only be used by individuals
42 so designated by the Internal Revenue Service. Nothing in this section shall prohibit the use
43 or issuance of a title for nonattest services provided that the organization and the title issued
44 by the 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
47 reports 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
51 form of a financial statement information that is the representation of management (owners).
52 I (We) have not audited or reviewed the accompanying financial statements and accordingly
53 do not 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
56 (time period) for the (period) then ended. These financial statements (information) are (is)
57 the 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
61 326.280 or 326.289 shall assume or use any title or designation that includes the words
62 accountant or accounting in connection with any other language, including the language of a
63 report, that implies that the person or firm holds a license or permit or has special competence
64 as an accountant or auditor; provided, however, that this subsection shall not prohibit any
65 officer, partner, principal, member, manager or employee of any firm or organization from
66 affixing such person's own signature to any statement in reference to the financial affairs of
67 the firm or organization with any wording designating the position, title or office that the
68 person holds therein nor prohibit any act of a public official or employee in the performance
69 of the person's duties as such. Nothing in this subsection shall prohibit the singular use of
70 "accountant" or "accounting" for nonattest purposes.

71 6. Licensees signing or authorizing someone to sign reports on financial statements
72 when performing attest 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,
76 or about the persons who are partners, principals, officers, members, managers or
77 shareholders of the firm, or about any other matter.

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

89 9. No licensee shall perform attest or compilation services through any certified
90 public accounting firm 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.

12. Nothing herein shall prohibit any director or officer of a corporation, partner or a partnership, sole proprietor of a business enterprise, member of a joint venture, member of a committee appointed by stockholders, creditors or courts, or an employee of any of the foregoing, in his or her capacity as such, from signing, delivering or issuing any financial, accounting or related statement, or report thereon, relating to the corporation, partnership, business enterprise, 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) 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 licensees's firm performs:

a. 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

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

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

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

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

326.310. 1. The board may refuse to issue any license or permit required pursuant to
2 this chapter for one or any combination of causes stated in subsection 2 of this section. The
3 board shall notify the applicant in writing of the reasons for the refusal and shall advise the
4 applicant of the applicant's right to file a complaint with the administrative hearing
5 commission as 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
12 to an extent that the use impairs a person's ability to perform the work of any profession
13 licensed or regulated by this chapter;

14 (2) The person has been finally adjudicated and found guilty, or entered a plea of
15 guilty or nolo contendere, in a criminal prosecution under the laws of any state or of the
16 United States, for any offense reasonably related to the qualifications, functions or duties of
17 any profession licensed or regulated pursuant to this chapter, for any offense an essential
18 element of which is fraud, dishonesty or an act of violence, or for any offense involving moral
19 turpitude, whether or 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
24 by fraud, deception or misrepresentation;
- 25 (5) Incompetency, misconduct, gross negligence, fraud, misrepresentation or
26 dishonesty in the performance of the functions or duties of any profession licensed or
27 regulated by this 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
31 person 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,
40 agency 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 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
50 to the general public or persons to whom the advertisement or solicitation is primarily
51 directed;
- 52 (15) Violation of professional standards or rules of professional conduct applicable to
53 the accountancy profession as promulgated by the board;
- 54 (16) Failure to comply with any final order of a court of competent jurisdiction
55 enforcing a subpoena or subpoena duces tecum from the board;
- 56 (17) Failure to comply with any final order of the board;

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

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

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

65 3. Proceedings pursuant to this section shall be conducted in accordance with the
66 provisions of chapter 621. Upon a finding that the grounds provided in subsection 2 of this
67 section for disciplinary action are met, the board may, singly or in combination, assess an
68 administrative penalty not to exceed two thousand dollars per violation, censure or place on
69 probation on such terms and conditions as the board deems appropriate for a period not to
70 exceed five years, or may suspend for a period not to exceed three years or revoke the
71 certificate, license or permit. In any order of revocation, the board may provide that the
72 person shall not apply for a new license for a maximum of three years and one day following
73 the date of the order of revocation. All stay orders shall toll this time period. In lieu of or in
74 addition to any remedy specifically provided in subsection [4] 2 of this section, the board may
75 require of a licensee[;

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

77 ~~(2)] satisfactory completion of continuing professional education programs or other~~
78 ~~training as the board may specify[; or~~

79 ~~(3) A peer review conducted as the board may specify and satisfactory completion of~~
80 ~~continuing professional education programs as the board may specify].~~

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