

House _____ Amendment NO. _____

Offered By

1 AMEND House Bill No. 585, Page 3, Section 143.980, Line 66, by inserting after all of said line
2 and section the following:

3
4 "326.289. 1. The board may grant or renew permits to practice as a certified public
5 accounting firm to applicants that demonstrate their qualifications in accordance with this chapter.

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

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

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

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

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

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

17 (c) It performs such services through an individual with practice privileges under section
18 326.283; and

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

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

24 (a) Performs such services through an individual with the privilege to practice under section
25 326.283; and

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

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

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

31 a. Sole proprietorships;

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1 b. Trusts created pursuant to revocable trust agreements, of which the trustee is a natural
2 person who holds a license or privilege to practice as set forth in section 326.280, 326.283, or
3 326.286;

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

5 d. Foreign professional corporations which do not meet criteria of chapter 356 due to name
6 or ownership, shall obtain a certificate of authority as a general corporation. Notwithstanding the
7 provisions of chapter 356, the secretary of state may issue a certificate of authority to a foreign
8 professional corporation which does not meet the criteria of chapter 356 due to name or ownership,
9 if the corporation meets the requirements of this section and the rules of the board.

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

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

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

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

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

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

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

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

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

33 (3) Any licensee who is responsible for supervising attest services, or signs or authorizes
34 someone to sign the licensee's report on the financial statements on behalf of the firm, shall meet
35 competency requirements as determined by the board by rule which shall include one year of
36 experience in addition to the experience required under subdivision (6) of subsection 1 of section
37 326.280 and shall be verified by a licensee. The additional experience required by this subsection
38 shall include experience in attest work supervised by a licensee.

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

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

3 (1) The legal form of the firm;

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

6 (3) Any other matter.

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

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

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

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

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

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

41 (3) Shall require, with respect to peer reviews, that the peer review processes be operated

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

5 10. The board may, by rule, charge a fee for oversight of peer reviews, provided that the fee
 6 charged shall be substantially equivalent to the cost of oversight. Notwithstanding any other
 7 provision in this section, the board may obtain the following information regarding peer review
 8 from any approved American Institute for Certified Public Accountants peer review program:

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

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

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

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

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

21 12. The peer review processes shall be operated and the documents generated thereby be
 22 maintained in a manner designed to preserve their confidentiality. No third party, other than the
 23 oversight body, the board, subject to the provisions of subsection 11 of this section, or the
 24 organization performing peer review shall have access to documents furnished or generated in the
 25 course of the review. All documents shall be privileged and closed records for all purposes and all
 26 meetings at which the documents are discussed shall be considered closed meetings under
 27 subdivision (1) of section 610.021. The proceedings, records and workpapers of the board and any
 28 peer review subjected to the board process shall be privileged and shall not be subject to discovery,
 29 subpoena or other means of legal process or introduction into evidence at any civil action,
 30 arbitration, administrative proceeding or board proceeding. No member of the board or person who
 31 is involved in the peer review process shall be permitted or required to testify in any civil action,
 32 arbitration, administrative proceeding or board proceeding as to any matters produced, presented,
 33 disclosed or discussed during or in connection with the peer review process or as to any findings,
 34 recommendations, evaluations, opinions or other actions of such committees or any of its members;
 35 provided, however, that information, documents or records that are publicly available shall not be
 36 subject to discovery or use in any civil action, arbitration, administrative proceeding or board
 37 proceeding merely because they were presented or considered in connection with the peer review
 38 process."; and

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 40 Further amend said bill by amending the title, enacting clause, and intersectional references
 41 accordingly.