

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Committee Substitute for Senate Bill Nos. 673 &
2 560, Page 40, Section 324.983, Line 8, by inserting after said section and line the following:

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

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

9 (1) Provide proof that the applicant has completed at least one hundred twenty semester
10 hours of college education at an accredited college or university recognized by the board, with an
11 accounting concentration or equivalent as determined by the board by rule;

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

13 (3) Be of good moral character.

14 326.280. 1. A license shall be granted by the board to any person who meets the
15 requirements of this chapter and who:

16 (1) Is a resident of this state or has a place of business in this state or, as an employee, is
17 regularly employed in this state;

18 (2) Has attained the age of eighteen years;

19 (3) Is of good moral character;

20 (4) Either:

21 (a) Applied for the initial examination prior to June 30, 1999, and holds a baccalaureate
22 degree conferred by an accredited college or university recognized by the board, with a
23 concentration in accounting or the substantial equivalent of a concentration in accounting as
24 determined by the board; or

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

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

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

Action Taken _____ Date _____

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

3 3. A person who, on August 28, 2001, holds an individual permit issued pursuant to the laws
4 of this state shall not be required to obtain additional licenses pursuant to sections 326.280 to
5 326.286, and the licenses issued shall be considered licenses issued pursuant to sections 326.280 to
6 326.286. However, such persons shall be subject to the provisions of section 326.286 for renewal of
7 licenses.

8 4. Upon application, the board may issue a temporary license to an applicant pursuant to this
9 subsection for a person who has made a prima facie showing that the applicant meets all of the
10 requirements for a license and possesses the experience required. The temporary license shall be
11 effective only until the board has had the opportunity to investigate the applicant's qualifications for
12 licensure pursuant to subsection 1 of this section and notify the applicant that the applicant's
13 application for a license has been granted or rejected. In no event shall a temporary license be in
14 effect for more than twelve months after the date of issuance nor shall a temporary license be
15 reissued to the same applicant. No fee shall be charged for a temporary license. The holder of a
16 temporary license which has not expired, been suspended or revoked shall be deemed to be the
17 holder of a license issued pursuant to this section until the temporary license expires, is terminated,
18 suspended or revoked.

19 5. Prior to June 30, 2021, an applicant for an examination who meets the educational
20 requirements of subdivision (4) of subsection 1 of this section or who reasonably expects to meet
21 those requirements within sixty days after the examination shall be eligible for examination if the
22 applicant also meets the requirements of subdivisions ~~[(4),]~~ (2) and (3) of subsection 1 of this
23 section. For an applicant admitted to examination on the reasonable expectation that the applicant
24 will meet the educational requirements within sixty days, no license shall be issued nor credit for the
25 examination or any part thereof given unless the educational requirement is in fact met within the
26 sixty-day period.

27 326.289. 1. The board may grant or renew permits to practice as a certified public
28 accounting firm to applicants that demonstrate their qualifications in accordance with this chapter.

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

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

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

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

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

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

40 (c) It performs such services through an individual with practice privileges under section
41 326.283; and

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

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

47 (a) Performs such services through an individual with the privilege to practice under section
48 326.283; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The legal form of the firm;

- 1 (2) The persons who are partners, officers, members, managers or shareholders of the firm;
 2 or
 3 (3) Any other matter.
 4

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

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

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

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

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

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

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

44 10. The board may, by rule, charge a fee for oversight of peer reviews, provided that the fee
 45 charged shall be substantially equivalent to the cost of oversight.

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

- 49 (1) The firm's name and address;

- 1 (2) The firm's dates of enrollment in the program;
2 (3) The date of acceptance and the period covered by the firm's most recently accepted peer
3 review; and
4 (4) If applicable, whether the firm's enrollment in the program has been dropped or
5 terminated.

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

12 ~~[12.]~~ 13. The peer review processes shall be operated and the documents generated thereby
13 be maintained in a manner designed to preserve their confidentiality. No third party, other than the
14 oversight body, the board, subject to the provisions of subsection ~~[44]~~ 12 of this section, or the
15 organization performing peer review shall have access to documents furnished or generated in the
16 course of the review. All documents shall be privileged and closed records for all purposes and all
17 meetings at which the documents are discussed shall be considered closed meetings under
18 subdivision (1) of section 610.021. The proceedings, records and workpapers of the board and any
19 peer review subjected to the board process shall be privileged and shall not be subject to discovery,
20 subpoena or other means of legal process or introduction into evidence at any civil action,
21 arbitration, administrative proceeding or board proceeding. No member of the board or person who
22 is involved in the peer review process shall be permitted or required to testify in any civil action,
23 arbitration, administrative proceeding or board proceeding as to any matters produced, presented,
24 disclosed or discussed during or in connection with the peer review process or as to any findings,
25 recommendations, evaluations, opinions or other actions of such committees or any of its members;
26 provided, however, that information, documents or records that are publicly available shall not be
27 subject to discovery or use in any civil action, arbitration, administrative proceeding or board
28 proceeding merely because they were presented or considered in connection with the peer review
29 process."; and

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