
DIGEST

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HB 870 Reengrossed

2016 Regular Session

Stokes

Abstract: Makes revisions to the La. Accountancy Act.

Proposed law clarifies and simplifies the present law definition of "attest". Updates the definition to specifically include engagements performed in accordance with Standards of the Public Company Accounting Oversight Board (hereinafter referenced as "PCAOB").

Proposed law adds a definition of "CPA-Retired" for those professionally licensed individuals who retire, meet certain criteria, and wish to perform uncompensated volunteer services.

Proposed law changes present law by further defining "good moral character" to include the propensity to provide professional services in a fair, honest, and open manner.

Proposed law defines "preparation of financial statement" as an engagement by a licensee to prepare financial statements for an entity, but not to perform a compilation, review, or audit with respect to those financial statements and as provided in the American Institute of Certified Public Accountants' (AICPA's) Statement on Standards for Accounting and Review Services.

Proposed law changes present law to allow compensation of board officers not to exceed \$250.00 and of other board members not to exceed \$200.00, an increase from \$150.00 and \$100.00 respectively, per month per member.

Present law authorizes the board to adopt rules in accordance with the Administrative Procedure Act to impose and collect fees. Proposed law retains present law.

Proposed law modifies the fee schedule of present law (R.S. 37:74.1).

Proposed law increases the present law fee for an "original or reciprocal certification application" from \$150.00 to \$250.00.

Proposed law increases the present law fee for a "reinstatement application" from \$150.00 to \$500.00.

Proposed law increases the present law fee for "notice under substantial equivalency" from \$100.00 to \$200.00

Present law provides a fee of \$50.00 for the "transfer of grades transfer fee". Proposed law retains

present law.

Proposed law increases the present law fee for "written verifications requested by applicants and registrants" from \$ 50.00 to \$100.00.

Present law provides for a "registration fee for CPA inactive status". Proposed law changes present law to "registration and renewal fee for CPA-Inactive status" and increases the present law fee from \$ 60.00 to \$100.00.

Proposed law adds a fee of \$50.00 for the "registration and renewal fee for CPA-Retired status".

Present law provides for an "application to establish experience" and a fee of \$100.00. Proposed law changes present law to "application to establish experience or evaluate education courses and qualifications" and increases the fee from \$100.00 to \$200.00.

Proposed law increases the present law "annual renewal of certificate" from \$100.00 to \$200.00.

Present law provides for a \$200.00 "renewal fee if not renewed prior to February 1." Proposed law changes present law to an "additional fee if not renewed prior to February 1" and changes the fee from \$200.00 to \$200.00 per month.

Present law provides for a "renewal fee if not renewed and reinstated prior to March 1" and the applicable fee of \$300.00. Proposed law deletes present law.

Present law provides for an "additional fee if not renewed and reinstated prior to April 16" and the applicable fee of \$200.00. Proposed law deletes present law.

Present law provides a \$300.00 fee for "certified public accountants, registrants, or CPA firms who have received 3 suspensions within the previous 6 years for delinquent filing of renewals of their certificates or permits". Proposed law deletes present law.

Proposed law adds a \$300.00 fee as the "additional fee to licensees or CPA firms who have delinquent renewed their certificates or permits 3 times within the previous 6 years".

Proposed law increases the present law "firm permit, initial application" fee from \$150.00 to \$250.00.

Present law provides for an "annual filing fee for firm permit" of \$15.00 per owner, partner, member, or shareholder not licensed to practice in Louisiana, with a maximum fee of \$5,000.00 per firm. Proposed law changes the present law fee to \$100.00 plus \$25.00 per each owner over 10, with a maximum fee of \$2,500.00 per firm.

Present law provides "additional delinquent fees for firm permit renewals received on or after February 1" and a fee of \$15.00 per owner, partner, member, or shareholder, in addition to the regular filing fee for renewal of firm permit, not in excess of a maximum additional fee of \$5,000.00.

Proposed law changes the present law fee to \$300.00.

Present law provides "delinquent fees for firm permit renewals per owner, partner, member, or shareholder received on or after March 1". Further provides a fee of \$30.00 per owner in addition to the regular filing fee for renewal of firm permit, not in excess of a maximum additional \$10,000.00. Proposed law deletes present law.

Present law provides a "reinstatement fee for firms continuing to practice as a CPA firm in Louisiana after the expiration or cancellation of the firm permit renewal fee". Further provides that the fee is the number of years the firm practiced without a permit times the annual firm permit renewal fee. Proposed law retains present law.

Proposed law adds a requirement that an applicant for licensure must attain the age of 18 years.

Proposed law changes present law by eliminating the education requirement for an applicant to complete at least 150 semester hours of college education to apply for the CPA examination.

Proposed law removes a provision that is no longer applicable regarding applicants eligible to take the examination prior to December 31, 1999.

Proposed law requires an applicant for licensure to complete at least 150 semester hours of college education. Further provides for the applicant to meet the education requirement by December 31st of the 5th calendar year following successful completion of the examination, or the examination scores will be voided.

Proposed law retains present law with respect to the privileges of retired CPAs. Proposed law adds that the retired CPA granted the privilege shall place the word "retired" adjacent to their CPA title on various forms of communication similar to the inactive CPA.

Present law authorizes a person designated as "CPA-Inactive" to use the designation in accordance with the Louisiana Accountancy Act. Proposed law retains present law and adds persons designated as "CPA-Retired" to have the authorization of present law.

Proposed law modifies the requirement for a CPA firm that does not have an office or place of business in the state of La. to allow the firm to perform attest services in this state provided that the firm meets the ownership, peer review, and individual licensee requirements as provided in present law.

Proposed law adds that nonlicensee owners of a CPA firm be of good moral character.

Proposed law removes the requirement to register each office within the state and to show that attest services rendered in the state are under the charge of a person holding a valid active certificate.

Proposed law provides clarity that firms providing attest services shall be enrolled in a board-approved peer review program. Further provides recognition and approval of the American

Institute of Certified Public Accountants (hereinafter referenced as "AICPA") peer review program. Further approves other nationally recognized peer review programs and peer review standards that are not less stringent than the AICPA peer review program.

Proposed law provides approval of administration of the AICPA program by the Society of La. Certified Public Accountants, and other state CPA societies fully involved in the administration of the AICPA program.

Proposed law provides recognition and approval of the PCAOB's permanent inspection process for engagements subject to the permanent inspection program of the PCAOB.

Proposed law modifies language requiring firms to make peer review and PCAOB inspection results available to the board.

Proposed law changes present law relative to certain operation of firms. Provides 24 months, instead of 12 months, following the date of the death of a firm's sole owner for the firm to continue to operate. Further provides that a notarized affidavit of evidence of a CPA firm owner's death is acceptable to the board. Provides for the firm permit to be renewed annually for the continuance of the firm.

Proposed law adds that the board may require a licensee or privilege holder to subject its work product to pre-issuance review by a licensee acceptable to the board.

Proposed law adds that preparation of financial statement engagements purported to be in compliance with professional standards (SSARS) can only be performed by licensees or individuals granted privileges pursuant to present law and proposed law (R.S. 37:94).

Present law requires licensees receiving a commission or referral fee, or expecting to pay a referral fee, to disclose such payment to the client which it relates. Proposed law retains present law but removes the present law requirement for licensees to disclose the fact, in writing, prior to the receipt or payment of such commission or referral fee.

Proposed law increases the present law potential fine for a licensee's knowing violation of any provision of present law (R.S. 37:83) from \$500.00 to \$2000.00 for each violation or imprisonment, or both.

Proposed law defines additional specific types of fines and fees that can be justified in the case of a single violation of an act prohibited in present law and proposed law.

Proposed law provides that all formats of the licensee's working papers and client records including paper and electronic, regardless of storage location, are subject to the provisions of present law and proposed law.

Proposed law provides that information prepared pursuant to a preparation of financial statement engagement is included in the scope of engagements under the privity of contract.

Proposed law provides that those individuals granted practice privileges under substantial equivalency provisions can only perform attest services through a firm meeting the requirements provided in present law and proposed law.

Proposed law repeals certain present law provisions relative to the exception of licensees from certain periodic review and the board's authority to promulgate certain rules.

(Amends R.S. 37:73(intro. para), (1)(a)(ii) through (iv) and (b), (3) and (6) through (17), 74(D), (E)(4), (F), (G)(2) and (J)(intro. para.), 74.1, 75(A), (C), (D) and (G), 76(D), (F), and (G) and (5), 77(A), (B), (C)(2) (b), (3) and (4), (D) through (H), 77.1(A)(intro. para.), (1) and (2) and (B), 79(A)(intro. para.) and (3) and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and 91(B); Adds R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A)(4); repeals R.S. 37:77(I))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Modify the fee schedule in present law (R.S. 37:74.1).
2. Provide that the board may grant additional time for an applicant to complete certain requirements related to obtaining a certificate for certified public accountant when the applicant can demonstrate circumstances of extreme hardship.
3. Remove the requirement for a licensee to provide a written notice to certain persons or entities licensees when receiving a commission in payment for certain products or services.
4. Repeal present law relative to exemptions of licensees from certain periodic review and the board's authority to promulgate certain rules.
5. Make technical corrections.

The House Floor Amendments to the engrossed bill:

1. Modify present law and proposed law to improve clarity and readability.
2. Make technical corrections.