

2016 Regular Session

HOUSE BILL NO. 870

BY REPRESENTATIVE STOKES

ACCOUNTANTS/CPA: Provides for revisions relative to the Louisiana Accountancy Act

1 AN ACT

2 To amend and reenact R.S. 37:73(introductory paragraph), (1)(a)(ii) through (iv) and (b), (3)
3 and (6) through (17), 74(D), (E)(4), (F), (G)(2) and (J)(introductory paragraph), 74.1,
4 75(A), (C), (D) and (G), 76(D), (F), and (G)(introductory paragraph) and (5), 77(A),
5 (B), (C)(2)(introductory paragraph) and (b), (3) and (4), and (D) through (H),
6 77.1(A)(introductory paragraph), (1) and (2) and (B), 79(A)(introductory paragraph)
7 and (3) and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and
8 91(B), and to enact R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A), and to
9 repeal R.S. 37:77(I), relative to revisions of the Louisiana Accountancy Act; to
10 provide for definitions; to clarify and further define existing definitions; to increase
11 compensation of board officers not to exceed a certain dollar amount; to retain the
12 board's authorization to provide for fees by rule; to provide with respect to the age
13 requirement of applicants for licensing; to remove certain provisions with respect to
14 an applicant's eligibility for examination; to provide with respect to certain education
15 requirements and the time frame for completion; to provide certain requirements for
16 a retired licensee; to modify provisions with respect to the performance of attest
17 services in this state; to require good moral character of nonlicensee owners of firms;
18 to clarify the requirement for firms providing attest services to be enrolled in a
19 board-approved peer review program; to approve certain permanent inspection
20 processes of peer review programs; to provide with respect to the operation of firms;

1 to modify the time frame that a firm may operate following the death of the firm's
 2 sole owner; to authorize the board to require licensees and certain persons to submit
 3 work products for certain review; to provide for revisions with respect to the
 4 preparation of financial statement engagements; to remove provisions requiring
 5 licensees to provide certain written disclosure to clients with respect to received
 6 commission and referral fees; to provide relative to fines and fees; to increase fines
 7 for licensees and certain persons with respect to certain willful violations; to provide
 8 with respect to a licensee's working papers and client records; to provide privity of
 9 contract with respect to the preparation of financial statement engagements; to
 10 require certain individuals to perform attest services through firms meeting certain
 11 state requirements; to provide for other clarification; to provide for technical
 12 corrections; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 37:73(introductory paragraph), (1)(a)(ii) through (iv) and (b), (3) and
 15 (6) through (17), 74(D), (E)(4), (F), (G)(2) and (J)(introductory paragraph), 74.1, 75(A), (C),
 16 (D), and (G), 76(D), (F), and (G)(introductory paragraph) and (5), 77(A), (B),
 17 (C)(2)(introductory paragraph) and (b), (3) and (4), and (D) through (H),
 18 77.1(A)(introductory paragraph), (1) and (2) and (B), 79(A)(introductory paragraph) and (3)
 19 and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and 91(B) are hereby
 20 amended and reenacted and R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A)(4) are
 21 hereby enacted to read as follows:

22 §73. Definitions

23 When used in this Part, the following terms ~~shall~~ have the following
 24 meanings ascribed to them:

25 (1)(a) "Attest" means providing the following services, subject to the
 26 exceptions provided for in R.S. 37:83:

27 * * *

28 (ii) Any review or compilation to be performed in accordance with the
 29 Statements on Standards for Accounting and Review Services (SSARS).

1 (iii) Any examination, review, or agreed upon procedures engagement to be
2 performed in accordance with the Statements on Standards for Attestation
3 Engagements (SSAE).

4 (iv) ~~Issuance of any report or performance of any engagement, including~~
5 ~~compilations, prescribed by the Statements on Auditing Standards, Statements on~~
6 ~~Standards for Accounting and Review Services, Statements on Standards for~~
7 ~~Attestation Engagements, or Government Auditing Standards, or on any services to~~
8 ~~which those statements on standards apply, indicating that the service was performed~~
9 ~~in accordance with standards established by the American Institute of Certified~~
10 ~~Public Accountants~~ Any engagement to be performed in accordance with the
11 Standards of the Public Company Accounting Oversight Board (PCAOB).

12 (b) Such statements on standards shall be adopted by reference by the board
13 in accordance with the Administrative Procedure Act and shall be those developed
14 for general application by recognized national accountancy organizations such as the
15 American Institute of Certified Public Accountants (AICPA) and the Public
16 Company Accounting Oversight Board (PCAOB).

17 * * *

18 (3) "Certificate" means a certificate as a certified public accountant issued
19 pursuant to the provisions of this Part, as follows:

20 (a) An "active certificate" is granted to; or renewed by, ~~a person~~ an
21 individual who has met all requirements pursuant to the provisions of this Part,
22 including the experience requirement. A holder of a valid active certificate is
23 licensed to use the certified public accountant or CPA title in Louisiana. Such a
24 person is referenced in this Part as a licensee.

25 (b) An "inactive certificate" is one held by ~~a person~~ an individual who
26 registers with the board in inactive status. This applies to (i) persons grandfathered
27 by R.S. 37:75(I); who held an unlicensed certificate under the prior accountancy act;
28 or (ii) persons granted an exemption from continuing education pursuant to R.S.

1 37:76(D)(2). Such a person may use the designation "~~CPA-Inactive~~" "CPA-Inactive"
2 or "CPA- Retired" in accordance with the provisions of this Part.

3 * * *

4 (6)(a) "CPA-Retired" means either of the following:

5 (i) A licensee holding an active certificate for a minimum of twenty
6 consecutive years, who has reached the age of fifty-five years, and is no longer an
7 owner, partner, shareholder, member, contractor, contractee, or employee of a CPA
8 firm.

9 (ii) A licensee holding an active certificate for which the board has granted
10 CPA-Retired status based on a medical disability.

11 (b) A CPA-Retired may not perform any services set forth in the Louisiana
12 Accountancy Act, but this status does not preclude uncompensated volunteer
13 services as long as the individual does not sign any documents related to such
14 services as a CPA. If a CPA-Retired wishes to return to active or CPA-Inactive
15 status, he or she shall comply with provisions prescribed by board rule.

16 ~~(6)(7)~~ "Good moral character" means a the propensity to provide
17 professional services in a fair, honest, and open manner and the lack of history of
18 any dishonest or felonious acts.

19 ~~(7)(8)~~ "License" means an active certificate of certified public accountant,
20 pursuant to R.S. 37:73(3)(a), or a CPA firm's permit to practice issued in accordance
21 with the provisions of this Part.

22 ~~(8)(9)~~ "Licensee" means the holder of a license.

23 ~~(9)(10)~~ "Manager" means a manager of a limited liability company or a
24 limited liability partnership.

25 ~~(10)(11)~~ "Member" means a member of a limited liability company or a
26 limited liability partnership.

27 ~~(11)(12)~~ "Peer review" means a study, appraisal, or review of one or more
28 aspects of the professional work of a CPA firm that performs attest services by a

1 person or persons who hold licenses and who are not affiliated with the CPA firm
2 being reviewed.

3 ~~(12)~~(13) "Permit" means a permit to practice as a CPA firm issued pursuant
4 to the provisions of this Part or pursuant to corresponding provisions of law of
5 another state.

6 (14) "Preparation of Financial Statement" means an engagement by a
7 licensee to prepare financial statements for an entity but not to perform a
8 compilation, review, or audit with respect to those financial statements and as
9 provided in the American Institute of Certified Public Accountants' Statement on
10 Standards for Accounting and Review Services.

11 ~~(13)~~(15) "Professional" means arising out of or related to the specialized
12 knowledge or skills associated with CPAs.

13 ~~(14)~~(16) "Report" means, when used with reference to any attest services,
14 an opinion, report, or other form of language that states or implies ~~assurances~~ an
15 assurance as to the reliability of any financial statement or assertion. "Report" also
16 means any statement or implication that the person or firm issuing it has special
17 knowledge or competence in accounting or auditing and that the service reported
18 upon was performed under standards for such services established by the American
19 Institute of Certified Public Accountants. Such a statement or implication of special
20 knowledge or competence may arise from use by the issuer of the report of names
21 or titles indicating that the person or firm is an accountant or auditor, or from the
22 language of the report itself. "Report" also means any form of language which
23 disclaims an opinion when such form of language is conventionally understood to
24 imply any positive assurance as to the reliability of the financial statements referred
25 to or special competence on the part of the person or firm issuing such language.
26 "Report" also means any other form of language that is conventionally understood
27 to imply such assurance or such special knowledge or competence.

1 (~~15~~)(17) "Rule" means any rule, regulation, or other written directive of
2 general application adopted by the board in accordance with the Administrative
3 Procedure Act.

4 (~~16~~)(18) "State" means any state of the United States, the District of
5 Columbia, Puerto Rico, the United States Virgin Islands, ~~and~~ Guam, and the
6 Commonwealth of the Northern Mariana Islands. "This state" or "the state" means
7 the state of Louisiana.

8 (~~17~~)(19) "Substantial equivalency" or "substantially equivalent" means a
9 determination by the board, or its designee, that the education, examination, and
10 experience requirements contained in the statutes and administrative rules of another
11 state or jurisdiction are comparable to or exceed the education, examination, and
12 experience requirements of this state or that an individual CPA's education,
13 examination, and experience qualifications are comparable to or exceed the
14 education, examination, and experience requirements of this state.

15 §74. State Board of Certified Public Accountants of Louisiana; powers and duties

16 * * *

17 D. The governor shall designate a ~~chairman~~ chair of the board. The board
18 shall annually elect from its members such other officers as the board may determine
19 to be appropriate.

20 E.

21 * * *

22 (4) The board shall retain or arrange for the retention of such applications
23 and documents under oath that are filed with the board, as well as all records of its
24 proceedings as required by law or regulation. The board shall maintain a registry of
25 the names and addresses of all licensees and all certificates and permits issued by the
26 board. In any civil or criminal court proceeding arising out of or founded upon any
27 provision of this Part, copies of any records certified as true copies under the seal of

1 the board shall be admissible in evidence as tending to prove the contents of ~~said~~ the
2 records.

3 * * *

4 F. The members of the board shall receive monthly compensation in an
5 amount to be fixed by the board for the time expended by such members in the
6 discharge of their official duties. The compensation of the board officers shall not
7 exceed the sum of ~~one~~ two hundred fifty dollars per month per officer. The
8 compensation of other members of the board shall not exceed the sum of ~~one~~ two
9 hundred dollars per month per member. Such expenses shall be paid out of the
10 treasury of the board. No expenses incurred by the board shall be charged to or
11 against the funds of this state.

12 G.

13 * * *

14 (2) The board may appoint or employ such committees or persons to advise
15 or assist it in such administration and enforcement as it may see fit.

16 * * *

17 J. The board may adopt rules in accordance with the Administrative
18 Procedure Act, governing its administration and enforcement of the provisions of this
19 Part and the conduct of holders of a certificate, ~~and permits~~ license, or permit
20 including but not limited to rules governing:

21 * * *

22 §74.1. Fees

23 The board is authorized to adopt rules in accordance with the Administrative
24 Procedure Act to impose and collect fees which shall not exceed the following:

- 25 (1) Original or reciprocal certification application ~~\$150.00~~ \$250.00
- 26 (2) Reinstatement application ~~\$150.00~~ \$500.00
- 27 (3) Notice under substantial equivalency ~~\$100.00~~ \$200.00
- 28 (4) Transfer of grades transfer fee \$ 50.00

1	(5)	Written verifications requested by applicants	
2		and registrants	\$ 50.00 <u>\$100.00</u>
3	(6)	Registration <u>and renewal</u> fee for CPA,	\$ 60.00 <u>\$100.00</u>
4		<u>inactive CPA-Inactive</u> status	
5	(7)	<u>Registration and renewal fee for</u>	
6		<u>CPA-Retired</u> status	<u>\$50.00</u>
7	(7) (8)	Application to establish experience	\$100.00 <u>\$200.00</u>
8		<u>or evaluate education courses and qualifications</u>	
9	(8) (9)	Annual renewal of certificate	\$100.00 <u>\$200.00</u>
10	(9) (10)	<u>Renewal Additional</u> fee if not renewed prior to	
11		February 1	<u>\$200.00 per month</u>
12	(10)	Renewal fee if not renewed and reinstated	
13		prior to March 1	\$300.00
14	(11)	Additional fee if not renewed and reinstated	
15		prior to April 16	\$200.00
16	(12)	Certified public accountants, registrants,	
17		or CPA firms who have received three	
18		suspensions within the previous six years	
19		for delinquent filing of renewals of their	
20		certificates or permits an additional fee of	\$300.00
21	(11)	<u>Additional fee to licensees or CPA firms who</u>	
22		<u>have delinquently renewed their certificates</u>	
23		<u>or permits three times within the previous</u>	
24		<u>six years</u>	<u>\$300.00</u>
25	(13) (12)	Firm permit, initial application	\$150.00 <u>\$250.00</u>

1	(14) <u>(13)</u> Annual filing fee for firm permit	\$15.00 per owner, partner,
2		member, or shareholder not
3		licensed to practice in
4		Louisiana, with a maximum
5		fee of \$5,000.00 per firm
6		<u>\$100.00 plus \$25.00 per each</u>
7		<u>owner over 10, with a maximum</u>
8		<u>fee of \$2,500.00 per firm</u>
9	(15) <u>(14)</u> Additional delinquent fees for	\$15.00 per owner, partner,
10	firm permit renewals received	member, or shareholder, in
11	on or after February 1	addition to the regular filing
12		fee for renewal of firm permit,
13		not in excess of a maximum
14		additional fee of \$5,000.00
15		<u>\$300.00</u>
16	(16) Delinquent fees for firm permit	\$30.00 per owner in addition
17	renewals per owner, partner,	to the regular filing fee for
18	member, or shareholder received	renewal of firm permit, not in
19	on or after March 1	excess of a maximum addi-
20		tional \$10,000.00
21	(17) <u>(15)</u> Reinstatement fee for firms	The number of years the
22	continuing to practice as a CPA	firm practiced without a
23	firm in Louisiana after the expir-	permit times the annual firm
24	ation or cancellation of the firm	permit renewal fee

25 §75. Qualifications for a certificate as a certified public accountant

26 A. A certificate of certified public accountant shall be granted to persons of

27 good moral character who have attained the age of 18 years and meet the education,

1 experience, and examination requirements of this Section and who make application
2 to the board.

3 * * *

4 C.(1) An applicant is eligible to apply for the examination provided for in
5 this Section upon meeting the educational requirement of ~~at least one hundred fifty~~
6 ~~semester hours of college education including~~ a baccalaureate or higher degree
7 conferred by a college or university acceptable to the board, the total educational
8 program to include an accounting concentration or equivalent as determined by the
9 board to be appropriate. In addition, the applicant shall have maintained continuous
10 residence in this state for a period of not less than one hundred twenty days
11 preceding the date of one's application to sit for ~~the board's next scheduled~~
12 examination.

13 ~~(2) Any applicant who has taken the examination prior to December 31,~~
14 ~~1996, shall remain eligible to take any examination administered by the board prior~~
15 ~~to December 31, 1999, and shall thereafter be eligible, subject to applicable rules and~~
16 ~~regulations of the board, to take components of the examination in order to pass all~~
17 ~~portions of the examination. If the required degree or aggregate educational hours~~
18 ~~of such applicant do not reflect concentration in the area of accounting sufficient to~~
19 ~~satisfy the educational standards and regulations prescribed by the board, the board~~
20 ~~may require an applicant to successfully complete a course in higher accountancy~~
21 ~~prescribed by the board.~~

22 ~~(3)~~(2) Any applicant who has attained a baccalaureate degree prior to
23 January 1, 1992, shall not be subject to any of the requirements of this Subsection,
24 except that such degree ~~must~~ shall be conferred by a Louisiana college or university
25 approved by the board and ~~must~~ shall have such adequate concentration in the area
26 of accounting as the board may prescribe. If the required baccalaureate degree
27 received by the applicant prior to January 1, 1992, does not reflect concentration in
28 the area of accounting sufficient to satisfy the educational standards and regulations

1 prescribed by the board, the board may require an applicant to successfully complete
2 additional course work as prescribed by the board.

3 D.(1) The examination required to be passed as a condition for the granting
4 of a certificate shall be held ~~at least twice a year~~ regularly throughout the year and
5 shall test the applicant's knowledge of the subjects of accounting and auditing and
6 such other related subjects as the board may specify including but not limited to
7 business law and taxation.

8 ~~(2) The time for holding such examination shall be determined by the board~~
9 ~~and may be changed from time to time.~~

10 ~~(3)~~(2) The board shall prescribe the methods for applying for and conducting
11 the examination including methods for grading examinations and determining a
12 passing grade required of an applicant for a certificate. However, the board shall to
13 the extent possible see to it that the examination itself, grading of the examination,
14 and the passing grades are uniform with those applicable in all other states.

15 ~~(4)~~(3) The board may make use of all or any part of the Uniform Certified
16 Public Accountant Examination and Advisory Grading Service of the American
17 Institute of Certified Public Accountants and may contract with third parties to
18 perform such administrative services with respect to the examination as it deems
19 appropriate to assist it in performing its duties.

20 * * *

21 G.(1) An applicant for initial issuance of a certificate ~~under~~ pursuant to the
22 provisions of this Section shall show that he has completed at least one hundred fifty
23 semester hours of college education including a baccalaureate or higher degree
24 conferred by a college or university acceptable to the board, the total educational
25 program to include an accounting concentration or equivalent as determined by the
26 board to be appropriate. The applicant shall meet all education requirements by
27 December 31st of the fifth calendar year following successful completion of the
28 examination, or the examination scores will be voided. The board may grant

1 additional time to complete the requirements as provided in this Section when an
2 applicant can demonstrate circumstances of extreme hardship.

3 (2) An applicant for initial issuance of a certificate pursuant to the provisions
4 of this Section shall show that he has completed ~~had~~ one year of experience. Such
5 experience shall include providing any type of service or advice involving the use
6 of accounting, attest, management advisory, financial advisory, tax, or consulting
7 skills. All such experience shall be obtained within the four-year period preceding
8 the board's receipt of the application and be verified by a licensee. Experience
9 gained through employment in government, industry, academia, or public practice
10 is acceptable.

11 * * *

12 §76. Issuance and renewal of certificates and maintenance of competency

13 * * *

14 D.(1) For renewal of an active certificate, each licensee shall participate in
15 a program of learning designed to maintain professional competency with regard to
16 the current or anticipated job duties of the licensee. Such program of learning ~~must~~
17 shall comply with rules adopted by the board, which rules shall broadly provide for
18 programs of learning related to any type of accounting, attest, management advisory,
19 financial advisory, tax, or consulting skills, or the licensee's current employment.

20 (2) The board may create an exception to such continuing education
21 requirement for certificate holders who do not perform or offer to perform for the
22 public one or more kinds of service involving the use of accounting or auditing
23 skills, including issuance of reports on financial statements, or of one or more kinds
24 of management advisory, financial advisory, or consulting services, or the
25 preparation of tax returns or the furnishing of advice on tax matters. Certificate
26 holders granted such an exception by the board ~~must~~ shall place either the word
27 "inactive" or "retired" adjacent to their CPA title on any business card, letterhead,

1 or any printed, electronic, or other form or communication, document or device, with
2 the exception of their CPA certificate on which their CPA title appears.

3 * * *

4 F. Applicants for initial issuance, renewal, or reinstatement of certificates
5 shall list in their applications all reasonable and relevant information required by the
6 board, which may include but not be limited to all states in which they have applied
7 for or hold certificates, licenses, or permits, or information pertaining to any current
8 investigation or and any past denial, revocation, or suspension of a certificate,
9 license, or permit. Each holder of or applicant for a certificate shall notify the board
10 in writing within thirty days after the occurrence of any ~~issuance~~, denial, revocation,
11 or suspension of a certificate, license, or permit by another state.

12 G. The board may issue a certificate to a holder of a substantially equivalent
13 foreign designation provided that:

14 * * *

15 (5) Each holder of a certificate issued ~~under~~ as provided by this Subsection
16 shall notify the board in writing within thirty days after the occurrence of any
17 ~~issuance~~, denial, revocation, or suspension of a designation or commencement of a
18 disciplinary or enforcement action by any jurisdiction.

19 * * *

20 §77. Firm permits to practice; attest experience; peer review; exceptions

21 A. The board shall grant or renew permits to practice as a CPA firm to
22 ~~entities that make~~ applicants who submit an application and demonstrate their
23 qualifications in accordance with this Section ~~or to CPA firms originally licensed in~~
24 ~~another state that establish an office in this state~~. Any firm which has or establishes
25 an office or a place of business in Louisiana from which to offer or perform
26 professional services ~~must~~ shall hold a permit issued pursuant to this Section in order
27 to provide attest services or to use the title "CPA", "CPAs", "CPA firm", or "firm of
28 Certified Public Accountants". A CPA firm that does not have an office or a place
29 of business in Louisiana, ~~shall apply for and hold a permit issued pursuant to this~~

1 ~~Part in accordance with rules promulgated by the board.~~ but provides attest services
2 in this state shall hold a permit issued pursuant to this Section unless it meets each
3 of the following requirements:

4 (1) Compliance with the qualifications described in Subsection C of this
5 Section.

6 (2) Compliance with the qualifications described in Subsection G of this
7 Section.

8 (3) It performs such services through an individual with practice privileges
9 as provided in R.S. 37:94.

10 (4) It can lawfully perform such services in the state where the individuals
11 with practice privileges have their respective principal place of business.

12 B.(1) Permits shall be initially issued and renewed annually. Applications
13 for such permits shall be made in such form, and in the case of applications for
14 renewal between such dates, as the board may specify. The board shall grant or deny
15 any application for initial issuance of a permit no later than one hundred twenty days
16 after the application is filed in proper form. Issuance or renewal of a permit shall not
17 preclude the board from any further investigation and action against such permit or
18 permit holder. Any permit which is not timely renewed with all required information
19 shall expire on the date specified by the board. Any permit which has expired
20 because of nonrenewal may be reinstated by the board upon payment of the renewal
21 fee and any ~~penalty~~ additional fees as may be prescribed by the board provided that
22 the applicant is otherwise qualified for the issuance of a permit ~~under~~ as provided in
23 this Part.

24 (2) Where an applicant seeks the opportunity to show that issuance or
25 renewal of a permit was mistakenly denied or where the board is not able to
26 determine whether the application should be granted or denied, the board may issue
27 a provisional permit to the applicant. Such provisional permit shall expire ~~ninety~~ at
28 the end of one hundred twenty days after its issuance or when the board determines

1 whether or not to issue or renew the permit for which application was made,
2 whichever occurs first.

3 C.

4 * * *

5 (2) Any CPA firm may include nonlicensee owners provided that:

6 * * *

7 (b) All nonlicensee owners are of good moral character and active individual
8 participants in the CPA firm or affiliated entities.

9 * * *

10 (3) Any individual licensee or individual granted practice privileges ~~under~~
11 as provided by this Part who is responsible for supervising attest services and who
12 signs or authorizes someone to sign the accountant's report ~~on the financial~~
13 ~~statements~~ on behalf of the firm shall meet the experience requirements set out in the
14 professional standards for such services promulgated by the American Institute of
15 Certified Public Accountants. In the absence of professional standards concerning
16 such experience requirements ~~promulgated by the American Institute of Certified~~
17 ~~Public Accountants~~, the board shall adopt a ~~rule~~ rules specifying the requisite
18 experience requirements. ~~Such board rule shall be in effect only until such time as~~
19 ~~the American Institute of Certified Public Accountants promulgates professional~~
20 ~~standards concerning such experience requirements.~~

21 (4) Any individual licensee or ~~any~~ individual granted practice privileges
22 ~~under~~ as provided by this Part who signs or authorizes someone to sign the
23 accountant's report ~~on the financial statement~~ on behalf of the firm shall meet the
24 experience requirements promulgated by the American Institute of Certified Public
25 Accountants. In the absence of professional standards concerning such experience
26 requirements ~~promulgated by the American Institute of Certified Public Accountants~~,
27 the board shall adopt rules specifying the requisite experience requirements. ~~Such~~
28 ~~board rule shall be in effect only until such time as the American Institute of~~

1 Certified Public Accountants promulgates professional standards concerning such
2 experience requirements.

3 ~~D.~~ An applicant for initial issuance or renewal of a permit to practice shall
4 be required to register each office of the firm within this state with the board and to
5 show that all attest services rendered in this state are under the charge of a person
6 holding a valid active certificate.

7 ~~E.~~D. The board shall charge a fee in an amount prescribed by the board for
8 each application for initial issuance or renewal of a permit.

9 ~~F.~~E. Applicants for initial issuance, renewal, or reinstatement of permits
10 shall list in their applications all reasonable and relevant information required by the
11 board which may include but not be limited to all states in which they have applied
12 for or hold permits as CPA firms and list the information pertaining to any current
13 investigation or past denial, revocation, or suspension of a certificate, license, or
14 permit by any other state or the federal government. Each holder of or applicant for
15 a permit shall notify the board in writing within thirty days after the occurrence of
16 any change in the identities of partners, officers, shareholders, members, or managers
17 whose principal place of business is in this state, any change in the number or
18 location of offices within the state, any change in the identity of those persons in
19 charge of such offices, and any ~~issuance~~, denial, revocation, or suspension of a
20 permit by any other state.

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

28 ~~H.(1)~~ G.(1) The board shall provide for the regular periodic review of the
29 reports issued by licensees registered with the board for compliance with applicable

1 ~~generally accepted standards. The board shall during such period exempt from the~~
2 ~~requirements of such review of reports licensees who during such period have been~~
3 ~~subjected to a professional peer review, the report of which shall be available to the~~
4 ~~board, approved by and acceptable to the board and conducted pursuant to standards~~
5 ~~not less stringent than peer review standards applied by the American Institute of~~
6 ~~Certified Public Accountants and administered by the Society of Louisiana Certified~~
7 ~~Public Accountants or another state-certified public accountant society. If the~~
8 ~~professional peer review report is not made available to the board, the licensee shall~~
9 ~~submit the report to the board in accordance with rules and regulations adopted and~~
10 ~~promulgated by the board in accordance with the Administrative Procedure Act~~
11 Firms that provide attest services, excluding engagements subject to a permanent
12 inspection program of the Public Company Accounting Oversight Board, shall enroll
13 in a board-approved peer review program and comply with the applicable
14 requirements of that program.

15 (2)(a) ~~However, in the case of a licensee who qualifies for an exemption~~
16 ~~from periodic review because of a peer review and who is a member of the Center~~
17 ~~for Public Company Audit Firms, the peer review report shall have been submitted~~
18 ~~to the American Institute of Certified Public Accountants or the Society of Louisiana~~
19 ~~Certified Public Accountants and shall be available to the board.~~

20 Each of the following is approved by the board:

21 (i) The American Institute of Certified Public Accountants peer review
22 program.

23 (ii) Other peer review programs administered by organizations fully involved
24 in the administration of the American Institute of Certified Public Accountants peer
25 review program that utilize the Standards for Performing and Reporting on Peer
26 Reviews promulgated by the American Institute of Certified Public Accountants.
27 The board may approve other nationally recognized peer review programs and peer
28 review standards that are not less stringent than the American Institute of Certified
29 Public Accountants peer review program and peer review standards.

1 (iii) The Society of Louisiana Certified Public Accountants, other state CPA
2 societies fully involved in the administration of the American Institute of Certified
3 Public Accountants peer review program, and the American Institute of Certified
4 Public Accountants for the administration of peer review.

5 (iv) The Public Company Accounting Oversight Board's permanent
6 inspection process for engagements subject to a permanent inspection program of the
7 Public Company Accounting Oversight Board. Firms only performing such
8 engagements are exempt from the peer review requirement in Paragraph (1) of this
9 Subsection.

10 ~~(b) In the case of a licensee who qualifies for an exemption from periodic~~
11 ~~review because of a peer review who is not a member of the Center for Public~~
12 ~~Company Audit Firms, the board shall have received certification from the American~~
13 ~~Institute of Certified Public Accountants, or the Society of Louisiana Certified Public~~
14 ~~Accountants or another state certified public accountant society of the licensee's~~
15 ~~participation in a peer review program and the dates of the licensee's most recent~~
16 ~~peer review.~~

17 Firms subject to permanent inspections of the Public Company Accounting
18 Oversight Board are also required to meet the peer review requirements in Paragraph
19 (1) of this Subsection that cover the portion of the firm's attest practice not subject
20 to the Public Company Accounting Oversight Board's permanent inspection process,
21 should the firm have such a practice.

22 (3) The board may adopt rules to:

23 ~~(a)(i) Establish a program for the scheduled inspection, examination, and~~
24 ~~review of working papers developed by licensees in connection with the issuance of~~
25 ~~any audit, review, or compilation report and provide for such a review of all~~
26 ~~licensees within each three-year period or such longer period as the board may~~
27 ~~prescribe. The board shall during any such period exempt from the requirement of~~
28 ~~such review of working papers licensees who during such period have been subjected~~
29 ~~to a professional peer review, the report of which shall be available to the board,~~

1 ~~approved by and acceptable to the board and conducted pursuant to standards not~~
2 ~~less stringent than those applied by the American Institute of Certified Public~~
3 ~~Accountants and administered by the Society of Louisiana Certified Public~~
4 ~~Accountants or another state-certified public accountant society. If the professional~~
5 ~~peer review report is not made available to the board, the licensee shall submit the~~
6 ~~report to the board in accordance with rules and regulations adopted and promulgated~~
7 ~~by the board in accordance with the Administrative Procedure Act.~~

8 (ii) ~~However, in the case of a peer review qualifying for exemption of a~~
9 ~~licensee who is a member of the Center for Public Company Audit Firms, the peer~~
10 ~~review report shall have been submitted to the American Institute of Certified Public~~
11 ~~Accountants or the Society of Louisiana Certified Public Accountants and shall be~~
12 ~~available to the board.~~

13 (iii) ~~However, in the case of a peer review qualifying a licensee for such~~
14 ~~exemption, a licensee which is not a member of the Center for Public Company~~
15 ~~Audit Firms, the board shall have received certification from the American Institute~~
16 ~~of Certified Public Accountants, or the Society of Louisiana Certified Public~~
17 ~~Accountants or another state-certified public accountant society, of the licensee's~~
18 ~~participation in a peer review program and the dates of the licensee's most recent~~
19 ~~peer review.~~

20 (b) ~~Provide that a licensee shall reimburse the board for expenses incurred~~
21 ~~by the board in connection with its review of the working papers of any such~~
22 ~~licensee. However, such reimbursable expenses shall include only reasonable travel~~
23 ~~expenses and a per diem prescribed by the board, and the aggregate amount of such~~
24 ~~reimbursable expenses shall not exceed the sum of one thousand dollars as to any~~
25 ~~licensee in any three-year period.~~

26 Firms shall make peer review results and inspection results of the Public
27 Company Accounting Oversight Board available to the board in accordance with
28 rules and regulations adopted by the board.

1 (4) The peer review process shall be conducted in a manner pursuant to this
2 Section in accordance with rules and regulations adopted by the board.

3 ~~(4)(a) (5)(a) Except as provided in Subparagraph (b) of this Paragraph, the~~
4 The proceedings, records, reports, letters of comment, letters of response, or working
5 papers related to a peer review shall be privileged and shall not be subject to
6 discovery, subpoena, or other means of legal process or introduction into evidence
7 in any civil proceeding. No person, firm, or governmental entity in possession of
8 information or documents related to any proceedings, records, reports, letters of
9 comments, letters of response, or working papers on a peer review shall disclose
10 such information or records to any person, firm, or governmental entity either
11 voluntarily or pursuant to discovery, subpoena, or other means of legal process. No
12 member of a peer review committee or person who was involved in a peer review
13 shall be permitted or required to testify in any civil proceeding as to any matters
14 produced, presented, disclosed, or discussed during or in connection with the peer
15 review, or as to any findings, recommendations, evaluations, opinions, or other
16 actions of any person involved in the peer review.

17 (b) The privilege in Subparagraph (a) of this Paragraph shall not be
18 construed to do any of the following:

19 (i) Establish a privilege with respect to any information or records within the
20 knowledge or possession of a person or firm not obtained from or produced in
21 connection with a peer review.

22 (ii) Prevent the disclosure, use, or introduction of information or other
23 records privileged by Subparagraph (a) of this Paragraph in any civil proceeding
24 arising out of a dispute between persons conducting a peer review and a licensee
25 subject to a peer review and arising from the performance of a peer review.

26 (iii) Prevent a designee of the board from disclosing, using, introducing, or
27 testifying with respect to information or records which are relevant in a proceeding
28 before the board pursuant to R.S. 37:79, 80, 81, and 84.

1 (iv) Prevent designees of the Society of Louisiana Certified Public
2 Accountants from giving the board access to peer review reports or having
3 discussions with a designee of the board concerning peer review reports.

4 (v) Prevent peer review reports of licensees who participate in the Center for
5 Public Company Audit Firms Peer Review program from being disclosed.

6 ~~¶~~ H. All firms holding a valid registration as a certified public accounting
7 firm on June 18, 1999, shall be deemed to have met the initial permit requirements
8 of this Section.

9 §77.1. Firm permits to practice; single-owner firms; death of owner

10 A. Notwithstanding the provisions of this Chapter to the contrary, upon
11 written authorization from the board, a firm that is a sole proprietorship, a
12 single-member limited liability company, a single-shareholder professional
13 accounting corporation, or any other single-owner business entity licensed to practice
14 public accounting by the state of Louisiana may continue to operate for a period of
15 up to ~~twelve~~ twenty-four months following the date of death of the owner.
16 Authorization of the continuation of the firm shall be granted by the board when the
17 following documents have been provided to the board:

18 (1) A certified copy of the owner's death certificate or a notarized affidavit
19 of evidence of the owner's death, acceptable to the board.

20 (2) A copy of a power of attorney or similarly enforceable document
21 executed by the owner's executor, administrator, or heir designating a licensee in
22 good standing with the board to manage the firm on behalf of the heirs of the owner
23 for the ~~twelve-month~~ twenty-four month period.

24 * * *

25 B. ~~If the~~ The firm's permit to practice as a certified public accountant firm
26 ~~will expire prior to the twelve-month period, the board, upon granting the right to~~
27 ~~continue business, shall renew the firm's permit for~~ shall be renewed annually during
28 the period of continuance of the firm. The board may charge a fee for applying for

1 the continuation of business; not to exceed the annual filing fee for firm permits
2 charged in ~~R.S. 37:74.1(16)~~.

3 * * *

4 §79. Enforcement against holders of certificates, permits, and privileges

5 A. After notice and a hearing as provided for in R.S. 37:81, the board may
6 revoke any certificate, permit, or privileges granted ~~under~~ pursuant to the provisions
7 of R.S. 37:94, or suspend for a period of not more than five years; or refuse to issue
8 or renew any certificate or permit, or reprimand, censure, or limit the scope of
9 practice of any licensee or individual granted privileges ~~under~~ as provided by R.S.
10 37:94, or impose an administrative fine not to exceed two thousand dollars per
11 violation, or place any licensee or individual granted privileges ~~under~~ as provided by
12 R.S. 37:94 on probation, all with or without terms, conditions, and limitations, for
13 any one or more of the following reasons:

14 * * *

15 (3) Revocation or suspension of, or a voluntary consent decree concerning,
16 the right to practice before any state, ~~or~~ federal agency, or the Public Company
17 Accounting Oversight Board.

18 (4) Dishonesty, fraud, or gross negligence in the performance of services
19 while holding a certificate, license, ~~or~~ privilege, or in the filing or failure to file that
20 individual's own income tax returns.

21 * * *

22 B. In lieu of or in addition to any remedy provided for in Subsection A of
23 this Section, the board may require a licensee or privilege holder to:

24 * * *

25 (3) Pay all costs of board proceedings, including but not limited to
26 investigation fees, stenographer fees, witness fees or reimbursements, and attorney
27 fees involved in the imposition of a remedy pursuant to this Section.

28 * * *

1 (5) Subject its work product to pre-issuance review by a licensee acceptable
2 to the board.

3 C.(1) If a person or firm against whom costs, fees, or a fine are imposed by
4 the board fails to pay in full within thirty days of the effective date of the order
5 imposing such costs, fees, or fines or on or before a later date as the board may
6 specify, the board may enforce its order by bringing an action in a court of competent
7 jurisdiction and proper venue as to such person or firm.

8 (2) The proceeding shall be summarily tried by the judge without a jury, and
9 the court may receive evidence by form of affidavit. Upon proof that the respondent
10 has failed to pay timely all costs, fees, or fines imposed by the board, the court shall
11 enter judgment in favor of the board. The court shall order the respondent to pay the
12 board, within a reasonable time fixed by the court, the costs, fees, and fines imposed
13 by the board, the costs and reasonable attorney fees incurred by the board in bringing
14 the action, plus a civil penalty of not less than five hundred dollars nor more than one
15 thousand dollars as may be determined by the court. The failure of a respondent to
16 comply with the order of the court shall constitute and be punishable as contempt of
17 court for which the board may seek relief in accordance with law.

18 * * *

19 §83. Unlawful acts

20 A. Only licensees or individuals granted privileges ~~under~~ pursuant to the
21 provisions of R.S. 37:94 may perform preparation of financial statement
22 engagements, which purport to be in compliance with the Statements on Standards
23 for Accounting and Review Services (SSARS), or issue a report on financial
24 statements of any other person, firm, organization, or governmental unit, which
25 purports to be in compliance with standards applicable to attest services, or otherwise
26 offer to render or render any attest service. This restriction does not apply to
27 nonlicensees who use accounting skills in the preparation of tax returns, management
28 advisory services, and the preparation of financial statements without the issuance
29 of reports ~~thereon~~. This restriction also does not apply to nonlicensees who may

1 prepare financial statements which do not purport to be in compliance with the
2 Statements on Standards for Accounting and Review Services (SSARS).

3 * * *

4 K.

5 * * *

6 (2) A licensee who is not prohibited by this Section from performing
7 services for or receiving a commission and who expects to be paid a commission
8 shall disclose that fact ~~in writing~~ to any person or entity to whom the licensee
9 recommends or refers a product or service to which the commission relates, ~~prior to~~
10 receipt of any commission.

11 (3) Any licensee who expects to accept a referral fee for recommending or
12 referring any service of a licensee to any person or entity; or who expects to pay a
13 referral fee to obtain a client shall disclose such acceptance ~~of or~~ payment in writing
14 to the client ~~prior to the acceptance or payment of such referral fee.~~

15 * * *

16 §84. Injunctions against unlawful acts; criminal penalties

17 * * *

18 B. Any person or firm who knowingly violates any provision of R.S. 37:83
19 shall be guilty of a misdemeanor and upon conviction shall be subject to a fine of not
20 more than ~~five hundred~~ two thousand dollars for each violation or imprisonment for
21 not more than one year, or both.

22 §85. Single act evidence of practice

23 Evidence of the commission of a single act prohibited by this Part or any
24 rules or regulations adopted pursuant to this Part is sufficient to justify a additional
25 fees, assessment of reasonable costs, penalty, a penalty, fine, injunction, restraining
26 order, or conviction without evidence of a general course of conduct.

27 §86. Confidential communications

28 * * *

1 C. No licensee furnishing information, data, reports, or records of a client to
 2 a person, firm, committee, or organization established for the purpose of a peer
 3 review shall, by reason of furnishing such information, be liable in damages to any
 4 person, partnership, corporation, or firm. The records and proceedings of any such
 5 person, firm, committee, or organization shall be confidential, shall be used only by
 6 such person, firm, committee, or organization solely in the exercise of the proper
 7 functions of a peer review, and shall not be disclosed to any third party except as
 8 provided in ~~R.S. 37:77(H)(4)(b)~~ R.S. 37:77(G)(5)(b). However, peer review reports
 9 on participation by a licensee in the Public Corporation Practice Section Peer Review
 10 program may be disclosed.

11 * * *

12 §87. Licensee's working papers; client records

13 * * *

14 D. This Section shall apply to all formats of documents including paper and
 15 electronic and regardless of storage location.

16 * * *

17 §91. Privity of contract

18 * * *

19 B. No action based on negligence may be brought against any defendant
 20 licensee; or any employee or principal of a defendant licensee unless all of the
 21 following conditions exists:

22 (1) by any person or entity claiming The plaintiff claims to have been injured
 23 as a result of their justifiable reliance upon financial statements or other information
 24 examined, compiled, reviewed, certified, audited, prepared pursuant to a preparation
 25 of financial statement engagement, or otherwise prepared, reported, or opined on by
 26 the defendant licensee or in the course of ~~an~~ the defendant licensee's engagement to
 27 provide other services, ~~may be brought unless either of the following conditions~~
 28 ~~exist:~~

1 ~~(1)~~(2) The plaintiff is the issuer or successor of the issuer of the financial
2 statements or other information examined, compiled, reviewed, certified, audited,
3 prepared pursuant to a preparation of financial statement engagement, or otherwise
4 prepared, reported, or opined on by the defendant licensee, and such plaintiff has
5 engaged the defendant licensee to examine, compile, review, certify, audit, prepare
6 pursuant to a preparation of financial statement engagement, or otherwise report or
7 render an opinion on such financial statements or to provide other services.

8 ~~(2)~~(3) The defendant licensee was aware at the time the engagement was
9 undertaken that the financial statements or other information were to be made
10 available for use in connection with a specified transaction by the plaintiff who was
11 specifically identified to the defendant licensee, was aware that the plaintiff intended
12 to rely upon such financial statements or other information in connection with the
13 specified transaction, and had direct contact and communication with the plaintiff
14 and expressed by words and conduct the defendant licensee's understanding of the
15 reliance on such financial statements or other information.

* * *

§94. Substantial equivalency

A.

* * *

20 ~~(4)~~ An individual who has been granted practice privileges under this Section
21 who performs any attest service may only do so through a firm which meets the
22 requirements of this Part.

* * *

Section 2. R.S. 37:77(I) is hereby repealed in its entirety.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 870 Engrossed

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)(intro. para.) and (5), 77(A), (B), (C)(2)(intro. para.) and (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); 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.