

2016 Regular Session

HOUSE BILL NO. 870

BY REPRESENTATIVE STOKES

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)(5), 77(A), (B), (C)(2)(b), (3) and (4),
5 and (D) through (H), 77.1(A)(introductory paragraph), (1) and (2) and (B),
6 79(A)(introductory paragraph) and (3) and (4), (B)(3) and (C), 83(A) and (K)(2) and
7 (3), 84(B), 85, 86(C), and 91(B), and to enact R.S. 37:73(18) and (19), 79(B)(5),
8 87(D), and 94(A)(4), and to repeal R.S. 37:77(I), relative to revisions of the
9 Louisiana Accountancy Act; to provide for definitions; to clarify and further define
10 existing definitions; to increase compensation of board officers not to exceed a
11 certain dollar amount; to retain the board's authorization to provide for fees by rule;
12 to provide with respect to the age requirement of applicants for licensing; to remove
13 certain provisions with respect to an applicant's eligibility for examination; to
14 provide with respect to certain education requirements and the time frame for
15 completion; to provide certain requirements for a retired licensee; to modify
16 provisions with respect to the performance of attest services in this state; to require
17 good moral character of nonlicensee owners of firms; to clarify the requirement for
18 firms providing attest services to be enrolled in a board-approved peer review
19 program; to approve certain permanent inspection processes of peer review
20 programs; to provide with respect to the operation of firms; to modify the time frame
21 that a firm may operate following the death of the firm's sole owner; to authorize the
22 board to require licensees and certain persons to submit work products for certain
23 review; to provide for revisions with respect to the preparation of financial statement
24 engagements; to remove provisions requiring licensees to provide certain written

1 disclosure to clients with respect to received commission and referral fees; to provide
 2 relative to fines and fees; to increase fines for licensees and certain persons with
 3 respect to certain willful violations; to provide with respect to a licensee's working
 4 papers and client records; to provide privity of contract with respect to the
 5 preparation of financial statement engagements; to require certain individuals to
 6 perform attest services through firms meeting certain state requirements; to provide
 7 for other clarification; to provide for technical corrections; and to provide for related
 8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 37:73(introductory paragraph), (1)(a)(ii) through (iv) and (b), (3) and
 11 (6) through (17), 74(D), (E)(4), (F), (G)(2) and (J)(introductory paragraph), 74.1, 75(A), (C),
 12 (D), and (G), 76(D), (F), and (G)(5), 77(A), (B), (C)(2)(b), (3) and (4), and (D) through (H),
 13 77.1(A)(introductory paragraph), (1) and (2) and (B), 79(A)(introductory paragraph) and (3)
 14 and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and 91(B) are hereby
 15 amended and reenacted and R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A)(4) are
 16 hereby enacted to read as follows:

17 §73. Definitions

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

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

22 * * *

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

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

28 (iv) ~~Issuance of any report or performance of any engagement, including~~
 29 ~~compilations, prescribed by the Statements on Auditing Standards, Statements on~~
 30 ~~Standards for Accounting and Review Services, Statements on Standards for~~

1 ~~Attestation Engagements, or Government Auditing Standards, or on any services to~~
 2 ~~which those statements on standards apply, indicating that the service was performed~~
 3 ~~in accordance with standards established by the American Institute of Certified~~
 4 ~~Public Accountants~~ Any engagement to be performed in accordance with the
 5 Standards of the Public Company Accounting Oversight Board (PCAOB).

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

11 * * *

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

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

19 (b) An "inactive certificate" is one held by ~~a person~~ an individual who
 20 registers with the board in inactive status. This applies to (i) persons grandfathered
 21 by R.S. 37:75(I); who held an unlicensed certificate under the prior accountancy act;
 22 or (ii) persons granted an exemption from continuing education pursuant to R.S.
 23 37:76(D)(2). Such a person may use the designation "~~CPA-Inactive~~" "CPA-Inactive"
 24 or "CPA-Retired" in accordance with the provisions of this Part.

25 * * *

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

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

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

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

8 ~~(6)~~(7) "Good moral character" means a the propensity to provide
 9 professional services in a fair, honest, and open manner and the lack of history of
 10 any dishonest or felonious acts.

11 ~~(7)~~(8) "License" means an active certificate of certified public accountant,
 12 pursuant to ~~R.S. 37:73(3)(a)~~ Subparagraph(3)(a) of this Section, or a CPA firm's
 13 permit to practice issued in accordance with the provisions of this Part.

14 ~~(8)~~(9) "Licensee" means the holder of a license.

15 ~~(9)~~(10) "Manager" means a manager of a limited liability company or a
 16 limited liability partnership.

17 ~~(10)~~(11) "Member" means a member of a limited liability company or a
 18 limited liability partnership.

19 ~~(11)~~(12) "Peer review" means a study, appraisal, or review of one or more
 20 aspects of the professional work of a CPA firm that performs attest services by a
 21 person or persons who hold licenses and who are not affiliated with the CPA firm
 22 being reviewed.

23 ~~(12)~~(13) "Permit" means a permit to practice as a CPA firm issued pursuant
 24 to the provisions of this Part or pursuant to corresponding provisions of law of
 25 another state.

26 (14) "Preparation of financial statement" means an engagement by a licensee
 27 to prepare financial statements for an entity but not to perform a compilation, review,
 28 or audit with respect to those financial statements and as provided in the American
 29 Institute of Certified Public Accountants' Statement on Standards for Accounting and
 30 Review Services.

1 ~~(13)~~(15) "Professional" means arising out of or related to the specialized
2 knowledge or skills associated with CPAs.

3 ~~(14)~~(16) "Report" means, when used with reference to any attest services,
4 an opinion, report, or other form of language that states or implies ~~assurances~~ an
5 assurance as to the reliability of any financial statement or assertion. "Report" also
6 means any statement or implication that the person or firm issuing it has special
7 knowledge or competence in accounting or auditing and that the service reported
8 upon was performed under standards for such services established by the American
9 Institute of Certified Public Accountants. Such a statement or implication of special
10 knowledge or competence may arise from use by the issuer of the report of names
11 or titles indicating that the person or firm is an accountant or auditor, or from the
12 language of the report itself. "Report" also means any form of language which
13 disclaims an opinion when such form of language is conventionally understood to
14 imply any positive assurance as to the reliability of the financial statements referred
15 to or special competence on the part of the person or firm issuing such language.
16 "Report" also means any other form of language that is conventionally understood
17 to imply such assurance or such special knowledge or competence.

18 ~~(15)~~(17) "Rule" means any rule, regulation, or other written directive of
19 general application adopted by the board in accordance with the Administrative
20 Procedure Act.

21 ~~(16)~~(18) "State" means any state of the United States, the District of
22 Columbia, Puerto Rico, the United States Virgin Islands, ~~and~~ Guam, and the
23 Commonwealth of the Northern Mariana Islands. "This state" or "the state" means
24 the state of Louisiana.

25 ~~(17)~~(19) "Substantial equivalency" or "substantially equivalent" means a
26 determination by the board, or its designee, that the education, examination, and
27 experience requirements contained in the statutes and administrative rules of another
28 state or jurisdiction are comparable to or exceed the education, examination, and
29 experience requirements of this state or that an individual CPA's education,

1 examination, and experience qualifications are comparable to or exceed the
2 education, examination, and experience requirements of this state.

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

4 * * *

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

8 E.

9 * * *

10 (4) The board shall retain or arrange for the retention of such applications
11 and documents under oath that are filed with the board, as well as all records of its
12 proceedings as required by law or regulation. The board shall maintain a registry of
13 the names and addresses of all licensees and all certificates and permits issued by the
14 board. In any civil or criminal court proceeding arising out of or founded upon any
15 provision of this Part, copies of any records certified as true copies under the seal of
16 the board shall be admissible in evidence as tending to prove the contents of ~~said~~ the
17 records.

18 * * *

19 F. The members of the board shall receive monthly compensation in an
20 amount to be fixed by the board for the time expended by such members in the
21 discharge of their official duties. The compensation of the board officers shall not
22 exceed the sum of ~~one~~ two hundred fifty dollars per month per officer. The
23 compensation of other members of the board shall not exceed the sum of ~~one~~ two
24 hundred dollars per month per member. Such expenses shall be paid out of the
25 treasury of the board. No expenses incurred by the board shall be charged to or
26 against the funds of this state.

27 G.

28 * * *

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

3 * * *

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

8 * * *

9 §74.1. Fees

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

12	(1)	Original or reciprocal certification application	\$150.00 <u>\$250.00</u>
13	(2)	Reinstatement application	\$150.00 <u>\$500.00</u>
14	(3)	Notice under substantial equivalency	\$100.00 <u>\$200.00</u>
15	(4)	Transfer of grades transfer fee	\$ 50.00
16	(5)	Written verifications requested by applicants	
17		and registrants	\$ 50.00 <u>\$100.00</u>
18	(6)	Registration <u>and renewal</u> fee for CPA,	\$ 60.00 <u>\$100.00</u>
19		inactive <u>CPA-Inactive</u> status	
20	(7)	<u>Registration and renewal fee for</u>	
21		<u>CPA-Retired</u> status	<u>\$50.00</u>
22	(7) (8)	Application to establish experience	\$100.00 <u>\$200.00</u>
23		<u>or evaluate education courses and qualifications</u>	
24	(8) (9)	Annual renewal of certificate	\$100.00 <u>\$200.00</u>
25	(9) (10)	Renewal <u>Additional</u> fee if not renewed prior to	
26		February 1	<u>\$200.00 per month</u>
27	(10)	Renewal fee if not renewed and reinstated	
28		prior to March 1	<u>\$300.00</u>
29	(11)	Additional fee if not renewed and reinstated	
30		prior to April 16	<u>\$200.00</u>

1	(12)	Certified public accountants, registrants,	
2		or CPA firms who have received three	
3		suspensions within the previous six years	
4		for delinquent filing of renewals of their	
5		certificates or permits an additional fee of	\$300.00
6	<u>(11)</u>	<u>Additional fee to licensees or CPA firms who</u>	
7		<u>have delinquently renewed their certificates</u>	
8		<u>or permits three times within the previous</u>	
9		<u>six years</u>	<u>\$300.00</u>
10	(13) <u>(12)</u>	Firm permit, initial application	\$150.00 <u>\$250.00</u>
11	(14) <u>(13)</u>	Annual filing fee for firm permit	\$15.00 per owner, partner,
12		member, or shareholder not	
13		licensed to practice in	
14		Louisiana, with a maximum	
15		fee of \$5,000.00 per firm	
16		\$100.00 plus \$25.00 per each	
17		owner over 10, with a maximum	
18		fee of \$2,500.00 per firm	
19	(15) <u>(14)</u>	Additional delinquent fees for	\$15.00 per owner, partner,
20		firm permit renewals received	member, or shareholder, in
21		on or after February 1	addition to the regular filing
22			fee for renewal of firm permit,
23			not in excess of a maximum
24			additional fee of \$5,000.00
25			<u>\$300.00</u>
26	(16)	Delinquent fees for firm permit	\$30.00 per owner in addition
27		renewals per owner, partner,	to the regular filing fee for
28		member, or shareholder received	renewal of firm permit, not in
29		on or after March 1	excess of a maximum addi-
30			tional \$10,000.00

1	(17)(15) Reinstatement fee for firms	The number of years the
2	continuing to practice as a CPA	firm practiced without a
3	firm in Louisiana after the expir-	permit times the annual firm
4	ation or cancellation of the firm	permit renewal fee

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

6 A. A certificate of certified public accountant shall be granted to persons of
7 good moral character who have attained the age of eighteen years and meet the
8 education, experience, and examination requirements of this Section and who make
9 application to the board.

10 * * *

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

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

29 ~~(3)~~(2) Any applicant who has attained a baccalaureate degree prior to
30 January 1, 1992, shall not be subject to any of the requirements of this Subsection,

1 except that such degree ~~must~~ shall be ~~have been~~ conferred by a Louisiana college or
 2 university approved by the board and ~~must~~ shall have such adequate concentration
 3 in the area of accounting as the board may prescribe. If the required baccalaureate
 4 degree received by the applicant prior to January 1, 1992, does not reflect
 5 concentration in the area of accounting sufficient to satisfy the educational standards
 6 and regulations prescribed by the board, the board may require an applicant to
 7 successfully complete additional course work as prescribed by the board.

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

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

15 ~~(3)~~(2) The board shall prescribe the methods for applying for and conducting
 16 the examination including methods for grading examinations and determining a
 17 passing grade required of an applicant for a certificate. However, the board shall to
 18 the extent possible see to it that the examination itself, grading of the examination,
 19 and the passing grades are uniform with those applicable in all other states.

20 ~~(4)~~(3) The board may make use of all or any part of the Uniform Certified
 21 Public Accountant Examination and Advisory Grading Service of the American
 22 Institute of Certified Public Accountants and may contract with third parties to
 23 perform such administrative services with respect to the examination as it deems
 24 appropriate to assist it in performing its duties.

25 * * *

26 G.(1) An applicant for initial issuance of a certificate ~~under~~ pursuant to the
 27 provisions of this Section shall show that he has completed at least one hundred fifty
 28 semester hours of college education including a baccalaureate or higher degree
 29 conferred by a college or university acceptable to the board, the total educational
 30 program to include an accounting concentration or equivalent as determined by the

1 board to be appropriate. The applicant shall meet all education requirements by
 2 December thirty-first of the fifth calendar year following successful completion of
 3 the examination, or the examination scores will be voided. The board may grant
 4 additional time to complete the requirements as provided in this Section when an
 5 applicant can demonstrate circumstances of extreme hardship.

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

14 * * *

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

16 * * *

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

23 (2) The board may create an exception to such continuing education
 24 requirement for certificate holders who do not perform or offer to perform for the
 25 public one or more kinds of service involving the use of accounting or auditing
 26 skills, including issuance of reports on financial statements, or of one or more kinds
 27 of management advisory, financial advisory, or consulting services, or the
 28 preparation of tax returns or the furnishing of advice on tax matters. Certificate
 29 holders granted such an exception by the board ~~must~~ shall place either the word
 30 "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~~
30 ~~Part in accordance with rules promulgated by the board.~~ but provides attest services

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 in this state shall hold a permit issued pursuant to this Section unless it meets each
 2 of the following requirements:

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

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

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

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

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

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

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C.

* * *

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

* * *

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

* * *

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

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

~~D. An applicant for initial issuance or renewal of a permit to practice shall be required to register each office of the firm within this state with the board and to~~

1 ~~show that all attest services rendered in this state are under the charge of a person~~
2 ~~holding a valid active certificate.~~

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

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

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

24 ~~H.(1) G.(1)~~ G.(1) ~~The board shall provide for the regular periodic review of the~~
25 ~~reports issued by licensees registered with the board for compliance with applicable~~
26 ~~generally accepted standards. The board shall during such period exempt from the~~
27 ~~requirements of such review of reports licensees who during such period have been~~
28 ~~subjected to a professional peer review, the report of which shall be available to the~~
29 ~~board, approved by and acceptable to the board and conducted pursuant to standards~~
30 ~~not less stringent than peer review standards applied by the American Institute of~~

1 ~~Certified Public Accountants and administered by the Society of Louisiana Certified~~
2 ~~Public Accountants or another state-certified public accountant society. If the~~
3 ~~professional peer review report is not made available to the board, the licensee shall~~
4 ~~submit the report to the board in accordance with rules and regulations adopted and~~
5 ~~promulgated by the board in accordance with the Administrative Procedure Act~~
6 Firms that provide attest services, excluding engagements subject to a permanent
7 inspection program of the Public Company Accounting Oversight Board, shall enroll
8 in a board-approved peer review program and comply with the applicable
9 requirements of that program.

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

15 Each of the following is approved by the board:

16 (i) The American Institute of Certified Public Accountants peer review
17 program.

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

25 (iii) The Society of Louisiana Certified Public Accountants, other state CPA
26 societies fully involved in the administration of the American Institute of Certified
27 Public Accountants peer review program, and the American Institute of Certified
28 Public Accountants for the administration of peer review.

29 (iv) The Public Company Accounting Oversight Board's permanent
30 inspection process for engagements subject to a permanent inspection program of the

1 Public Company Accounting Oversight Board. Firms performing only such
2 engagements are exempt from the peer review requirement in Paragraph (1) of this
3 Subsection.

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

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

16 (3) The board may adopt rules to:

17 ~~(a)(i) Establish a program for the scheduled inspection, examination, and~~
18 ~~review of working papers developed by licensees in connection with the issuance of~~
19 ~~any audit, review, or compilation report and provide for such a review of all~~
20 ~~licensees within each three-year period or such longer period as the board may~~
21 ~~prescribe. The board shall during any such period exempt from the requirement of~~
22 ~~such review of working papers licensees who during such period have been subjected~~
23 ~~to a professional peer review, the report of which shall be available to the board,~~
24 ~~approved by and acceptable to the board and conducted pursuant to standards not~~
25 ~~less stringent than those applied by the American Institute of Certified Public~~
26 ~~Accountants and administered by the Society of Louisiana Certified Public~~
27 ~~Accountants or another state-certified public accountant society. If the professional~~
28 ~~peer review report is not made available to the board, the licensee shall submit the~~
29 ~~report to the board in accordance with rules and regulations adopted and promulgated~~
30 ~~by the board in accordance with the Administrative Procedure Act.~~

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

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

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

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

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

24 ~~(4)(a) (5)(a) Except as provided in Subparagraph (b) of this Paragraph, the~~
25 The proceedings, records, reports, letters of comment, letters of response, or working
26 papers related to a peer review shall be privileged and shall not be subject to
27 discovery, subpoena, or other means of legal process or introduction into evidence
28 in any civil proceeding. No person, firm, or governmental entity in possession of
29 information or documents related to any proceedings, records, reports, letters of
30 comments, letters of response, or working papers on a peer review shall disclose

1 such information or records to any person, firm, or governmental entity either
 2 voluntarily or pursuant to discovery, subpoena, or other means of legal process. No
 3 member of a peer review committee or person who was involved in a peer review
 4 shall be permitted or required to testify in any civil proceeding as to any matters
 5 produced, presented, disclosed, or discussed during or in connection with the peer
 6 review, or as to any findings, recommendations, evaluations, opinions, or other
 7 actions of any person involved in the peer review.

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

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

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

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

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

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

25 †. H. All firms holding a valid registration as a certified public accounting
 26 firm on June 18, 1999, shall be deemed to have met the initial permit requirements
 27 of this Section.

28 §77.1. Firm permits to practice; single-owner firms; death of owner

29 A. Notwithstanding the provisions of this Chapter to the contrary, upon
 30 written authorization from the board, a firm that is a sole proprietorship, a

1 single-member limited liability company, a single-shareholder professional
 2 accounting corporation, or any other single-owner business entity licensed to practice
 3 public accounting by the state of Louisiana may continue to operate for a period of
 4 up to ~~twelve~~ twenty-four months following the date of death of the owner.
 5 Authorization of the continuation of the firm shall be granted by the board when the
 6 following documents have been provided to the board:

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

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

13 * * *

14 B. ~~If the~~ The firm's permit to practice as a certified public accountant firm
 15 ~~will expire prior to the twelve-month period, the board, upon granting the right to~~
 16 ~~continue business, shall renew the firm's permit for~~ shall be renewed annually during
 17 the period of continuance of the firm. The board may charge a fee for applying for
 18 the continuation of business; not to exceed the annual filing fee for firm permits
 19 ~~charged in R.S. 37:74.1(16).~~

20 * * *

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

22 A. After notice and a hearing as provided for in R.S. 37:81, the board may
 23 revoke any certificate, permit, or privileges granted ~~under~~ pursuant to the provisions
 24 of R.S. 37:94, or suspend for a period of not more than five years; or refuse to issue
 25 or renew any certificate or permit, or reprimand, censure, or limit the scope of
 26 practice of any licensee or individual granted privileges ~~under~~ as provided by R.S.
 27 37:94, or impose an administrative fine not to exceed two thousand dollars per
 28 violation, or place any licensee or individual granted privileges ~~under~~ as provided by

1 R.S. 37:94 on probation, all with or without terms, conditions, and limitations, for
2 any one or more of the following reasons:

3 * * *

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

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

10 * * *

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

13 * * *

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

17 * * *

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

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

25 (2) The proceeding shall be summarily tried by the judge without a jury, and
26 the court may receive evidence by form of affidavit. Upon proof that the respondent
27 has failed to pay timely all costs, fees, or fines imposed by the board, the court shall
28 enter judgment in favor of the board. The court shall order the respondent to pay the
29 board, within a reasonable time fixed by the court, the costs, fees, and fines imposed
30 by the board, the costs and reasonable attorney fees incurred by the board in bringing

1 the action, plus a civil penalty of not less than five hundred dollars nor more than one
2 thousand dollars as may be determined by the court. The failure of a respondent to
3 comply with the order of the court shall constitute and be punishable as contempt of
4 court for which the board may seek relief in accordance with law.

5 * * *

6 §83. Unlawful acts

7 A. Only licensees or individuals granted privileges ~~under~~ pursuant to the
8 provisions of R.S. 37:94 may perform preparation of financial statement
9 engagements, which purport to be in compliance with the Statements on Standards
10 for Accounting and Review Services (SSARS), or issue a report on financial
11 statements of any other person, firm, organization, or governmental unit, which
12 purports to be in compliance with standards applicable to attest services, or otherwise
13 offer to render or render any attest service. This restriction does not apply to
14 nonlicensees who use accounting skills in the preparation of tax returns, management
15 advisory services, and the preparation of financial statements without the issuance
16 of reports ~~thereon~~. This restriction also does not apply to nonlicensees who may
17 prepare financial statements which do not purport to be in compliance with the
18 Statements on Standards for Accounting and Review Services (SSARS).

19 * * *

20 K.

21 * * *

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

27 (3) Any licensee who expects to accept a referral fee for recommending or
28 referring any service of a licensee to any person or entity; or who expects to pay a

1 referral fee to obtain a client shall disclose such acceptance ~~of or~~ payment ~~in writing~~
2 to the client ~~prior to the acceptance or payment of such referral fee.~~

3 * * *

4 §84. Injunctions against unlawful acts; criminal penalties

5 * * *

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

10 §85. Single act evidence of practice

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

15 §86. Confidential communications

16 * * *

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

27 * * *

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

29 * * *

1 §94. Substantial equivalency

2 A.

3 * * *

4 (4) An individual who has been granted practice privileges as provided by
5 this Section who performs any attest service may do so only through a firm which
6 meets the requirements of this Part.

7 * * *

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____