

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

400C0320

HOUSE BILL NO. 1058

Introduced by: The Committee on Commerce at the request of the Department of Commerce
and Regulation

1 FOR AN ACT ENTITLED, An Act to revise the Board of Accountancy's authority regarding
2 certificate holders not in public practice and to revise certain educational, continuing
3 education, and examination requirements for licensees and certificate holders.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That § 36-20A-1 be amended to read as follows:

6 36-20A-1. Terms, as used in this chapter, mean:

- 7 (1) "Board," the South Dakota Board of Accountancy established pursuant to
8 § 36-20A-3 or its predecessor;
- 9 (2) "Certificate," a certificate as a certified public accountant issued pursuant to
10 § 36-20A-8 or corresponding provisions of prior law, or a corresponding certificate
11 as certified public accountant issued after examination under the law of any other
12 state;
- 13 (3) "Firm," a sole proprietorship, a corporation, limited liability company, or a
14 partnership;
- 15 (4) "Licensee," the holder of a certificate issued pursuant to § 36-20A-8 or of a license
16 issued under prior law, or of a permit issued pursuant to § 36-20A-10, 36-20A-11,

1 or 36-20A-14; or, in each case, a certificate, license, or permit issued under
2 corresponding provisions of prior law;

3 (5) "Permit," a permit to practice public accountancy issued to a person pursuant to
4 § 36-20A-10 or 36-20A-11 or the corresponding provisions of prior law or to a firm
5 pursuant to § 36-20A-14;

6 (6) "~~Quality~~ Peer review," a study, appraisal, or review by a licensee of this state or a
7 person holding a certificate of any state, of one or more aspects of the professional
8 work of a person or firm in the practice of public accountancy;

9 (7) "State," any state of the United States, the District of Columbia, Puerto Rico, the
10 United States Virgin Islands, and Guam. However, the term, this state, means the
11 State of South Dakota;

12 (8) "Foreign," referring to a jurisdiction outside of the United States;

13 (9) "Domestic," referring to a jurisdiction of a state as the term, state, is defined by this
14 section; and

15 (10) "License," a license as a public accountant issued pursuant to § 36-20A-17.

16 Section 2. That § 36-20A-4 be amended to read as follows:

17 36-20A-4. The board shall elect annually from among its members a chair, and such other
18 officers as the board considers appropriate. The board shall meet at such times and places within
19 this state as may be fixed by the board. Any meeting of the board is open to the public except
20 insofar as they are concerned with investigations under § 36-20A-21 and except as may be
21 necessary to protect information which is required to be kept confidential by the laws of this
22 state. A majority of the board members ~~then in office~~ constitutes a quorum. The board shall
23 maintain a registry of the names and addresses of all licensees under this chapter ~~who hold~~
24 ~~current permits to practice public accountancy~~. The board shall be within the Department of
25 Commerce and Regulation and shall submit such reports of its activities in the form and at such

1 times as required by the secretary of commerce and regulation.

2 Section 3. That § 36-20A-7 be amended to read as follows:

3 36-20A-7. The board may promulgate rules pursuant to chapter 1-26 governing its
4 administration and enforcement of this chapter and the conduct of licensees, including:

- 5 (1) Rules governing the board's meeting and the conduct of its business;
- 6 (2) Rules of procedure governing the conduct of investigations and hearings by the board;
- 7 (3) Rules specifying the fees and educational qualifications required for the issuance of
8 certificates pursuant to §§ 36-20A-8 and 36-20A-10, the experience required for
9 issuance of permits pursuant to §§ 36-20A-10 and 36-20A-11, the date for renewal
10 of permits pursuant to §§ 36-20A-10 and 36-20A-14, and the continuing professional
11 education required for renewal of permits pursuant to § 36-20A-12;
- 12 (4) Rules of professional conduct to control the quality and integrity of the practice of
13 public accountancy by permit holders;
- 14 (5) Rules governing the manner and circumstances of use by holders of certificates who
15 do not also hold permits under this chapter of the titles, certified public accountant
16 and CPA;
- 17 (6) Rules specifying procedures and fees for registration of certificate holders who do not
18 also hold permits under this chapter of the titles, certified public accountant and CPA;
- 19 (7) Rules governing the manner and circumstances of use by holders of licenses issued
20 under prior law who do not also hold permits under this chapter of the titles, public
21 accountant and PA;
- 22 (8) Rules specifying procedures and fees for registration of license holders who do not
23 also hold permits under this chapter of the titles, public accountant and PA;
- 24 (9) Rules regarding quality peer review pursuant to § 36-20A-15;
- 25 (10) Rules specifying a quality review administrative fees;

- 1 (11) Rules specifying procedures and fees for ~~quality peer~~ review seminars and manuals;
- 2 (12) Rules specifying fees for examination and reexamination and issuance of a certificate
- 3 pursuant to § 36-20A-8;
- 4 (13) Rules governing the methods, eligibility, and requirements for applying for
- 5 examination and reexamination pursuant to § 36-20A-8;
- 6 (14) Rules specifying procedures and fees for proctoring applicants ~~of~~ from another
- 7 jurisdiction;
- 8 ~~(14)~~(15) Rules specifying the procedures and fees for initial issuance or renewal of an
- 9 individual or firm permit pursuant to § 36-20A-18; ~~and~~
- 10 ~~(15)~~(16) Rules specifying procedures and fees for renewal of certificates and individual
- 11 and firm permits not filed in a timely manner;
- 12 (17) Rules governing the application and fees for a modification of a suspension or reissue
- 13 of a certificate, license, or permit pursuant to § 36-20A-25;
- 14 (18) Rules specifying procedures and fees for replacement of a certificate or permits issued
- 15 pursuant to § 36-20A-8, 36-20A-10, 36-20A-11, 36-20A-14;
- 16 (19) Rules specifying methods and requirements for conducting the examination prescribed
- 17 in § 36-20A-8;
- 18 (20) Rules specifying methods, eligibility, and requirements of applying for a certificate in
- 19 accordance with § 36-20A-8;
- 20 (21) Rules specifying procedures and fees for issuance of certificates and individual and
- 21 firm permits not filed within the required period of time; and
- 22 (22) Rules defining active and inactive status of both certificate and PA license holders
- 23 who do not have a valid individual permit to practice.

24 Section 4. That § 36-20A-8 be amended to read as follows:

25 36-20A-8. The board shall grant ~~the a~~ a certificate ~~of certified public accountant~~ to any

1 applicant who meets the requirements of good character, education, and examination, and who
2 pays the fees prescribed in this chapter.

3 Good character for purposes of this section ~~means~~ is indicated by lack of a history of
4 dishonest or felonious acts. The board may refuse to grant a certificate on the ground of failure
5 to satisfy this requirement only if there is a substantial connection between the lack of good
6 character of the applicant and the professional responsibilities of a licensee. If an applicant is
7 found to be unqualified for a certificate because of a lack of good character, the board shall
8 furnish the applicant a statement containing the reasons for the refusal.

9 The education requirement for a certificate, which shall be met before one hundred days after
10 an applicant sits for the examination prescribed in this chapter, is at least one hundred fifty
11 semester hours of college education, including graduation from an accredited college or
12 university with a baccalaureate or a graduate major in accounting, or the satisfactory completion
13 of a course of study which the board has determined to be substantially the equivalent of an
14 accounting major, including related courses in other areas of business administration. Such
15 courses of study may be in a college or university recognized by the board.

16 The examination required to be passed as a condition for the granting of a certificate shall
17 be in writing, shall be held at least annually, and shall test the applicant's knowledge of the
18 subjects of accounting, auditing, and such other related subjects as the board may specify by
19 rules promulgated pursuant to chapter 1-26. The time and place for holding such examination
20 shall be fixed by the board and may be changed from time to time. The board shall prescribe by
21 rules promulgated pursuant to chapter 1-26 the requirements and methods of applying for and
22 conducting the examination, including methods for grading papers and determining a passing
23 grade entitling an applicant to a certificate.

24 An applicant shall be required to pass all parts of the examination provided for in this section
25 in order to qualify for a certificate. If at any sitting of the examination an applicant passes the

1 number of parts specified by the board by rules promulgated pursuant to chapter 1-26, then the
2 applicant shall be given credit for those parts ~~that he has~~ passed and need not sit for
3 reexamination in those parts, if:

- 4 (1) The applicant wrote all parts of the examination at that sitting;
- 5 (2) The applicant attained a minimum grade specified by the board by rules promulgated
6 pursuant to chapter 1-26 on each part not passed at that sitting;
- 7 (3) The applicant passes the remaining parts of the examination within seven consecutive
8 examinations given after the one at which the first parts were passed;
- 9 (4) At each subsequent sitting at which the applicant seeks to pass any additional parts,
10 the applicant writes all parts not yet passed; and
- 11 (5) In order to receive credit for passing additional parts in any such subsequent sitting,
12 the applicant attains such grades on parts written but not passed on such sitting as
13 specified by the board by rules promulgated pursuant to chapter 1-26.

14 An applicant shall be given credit for any parts of an examination passed in another state if
15 such credit would have been given, under then applicable requirements, if the applicant had taken
16 the examination in this state. The board may in particular cases waive or defer any of the
17 foregoing requirements regarding the circumstances in which the various parts of the
18 examination shall be passed, upon a showing that, by reason of circumstances beyond the
19 applicant's control, ~~he~~ the applicant was unable to meet such requirement.

20 The board may charge each applicant a fee, in an amount prescribed by the board by rules
21 promulgated pursuant to chapter 1-26, for each part of the examination or reexamination taken
22 by the applicant.

23 Section 5. That chapter 36-20A be amended by adding thereto a NEW SECTION to read
24 as follows:

25 An examination candidate, who was accepted under the educational requirement if effect

1 through December 31, 1997, and who sat on or before the November 1997 examination, may
2 continue to sit for the examination in accordance with requirements established by the board by
3 rules promulgated pursuant to chapter 1-26.

4 Section 6. That chapter 36-20A be amended by adding thereto a NEW SECTION to read
5 as follows:

6 A person, who passed the examination as a South Dakota candidate on or before the
7 November 1997 examination and who did not apply for a certificate by December 31, 1997, may
8 apply for a certificate in accordance with requirements and by such date established by the board
9 by rules promulgated pursuant to chapter 1-26.

10 Section 7. That § 36-20A-11 be amended to read as follows:

11 36-20A-11. Any individual practicing public accountancy in this state is required to have an
12 individual permit to practice.The board shall issue an individual permit to a holder of a certificate
13 issued by another state upon a showing that:

14 (1) The applicant passed an examination required for issuance of ~~his~~ the certificate
15 equivalent to the examination required by this state with grades that would have been
16 passing grades at the time in this state;

17 (2) The applicant meets all current requirements in this state for issuance of a certificate
18 at the time application is made; or at the time of the issuance of the applicant's
19 certificate in the other state, met all requirements then applicable in this state for
20 issuance of a certificate; or has four years of experience in the practice of public
21 accountancy or equivalent, meeting requirements prescribed by the board by rules
22 promulgated pursuant to chapter 1-26 after passing the examination upon which ~~his~~
23 the certificate was based and within the ten years immediately preceding ~~his~~ the
24 application; and

25 (3) The applicant meets the requirements of § 36-20A-10 other than holding a valid

1 certificate issued by this state.

2 Section 8. That § 36-20A-13 be amended to read as follows:

3 36-20A-13. Any applicant for initial issuance or renewal of individual permits shall in ~~his~~ the
4 application list all states in which ~~he~~ the applicant has applied for or holds any certificate or
5 permit; ~~and each~~ Each holder of an individual permit shall notify the ~~Board of Accountancy~~
6 board in writing, within thirty days after its occurrence, of any denial of an application, or
7 revocation or suspension of a certificate or permit, in another state.

8 Each holder of an individual permit shall notify the board in writing, within thirty days after
9 its occurrence, of any change in employment or address.

10 Section 9. That § 36-20A-14 be amended to read as follows:

11 36-20A-14. Any firm practicing public accountancy in this state ~~shall~~ is required have a firm
12 permit to practice. The board shall grant or renew a permit to practice public accountancy to any
13 firm that applies and demonstrates its qualifications. The board shall issue permits and renew
14 them for periods of one year but in any event expiring on the date as determined by the board
15 by rules promulgated pursuant to chapter 1-26 following issuance or renewal. The failure to
16 renew on the part of any registrant under this chapter does not deprive such firm of the right of
17 renewal thereafter if it is otherwise qualified. The fee for the renewal of the permit after it has
18 expired shall be increased by a uniform percent or amount to be established by the board by rules
19 promulgated pursuant to chapter 1-26. Applications for permits shall be made in such form, and
20 in the case of applications for renewal between such dates as the board may, ~~by rule;~~
21 promulgated pursuant to chapter 1-26, specify. An applicant for initial issuance or renewal of a
22 permit to practice pursuant to this section shall show that the proprietor or each partner,
23 member, officer, or shareholder who works in this state, and each employee holding a certificate
24 who works in this state except for employees who have not yet accumulated sufficient experience
25 to qualify for an individual permit pursuant to § 36-20A-10, holds a valid individual permit to

1 practice, and that each other partner, member, officer, or shareholder holds a certificate and is
2 licensed to practice public accountancy in some other state. An applicant for initial issuance or
3 renewal of a permit to practice pursuant to this section shall register with the board each office
4 of the firm within this state and each office of the firm located out of state that is practicing in
5 this state, and show that each office is under the charge of a person holding a valid permit to
6 practice.

7 Section 10. That § 36-20A-15 be amended to read as follows:

8 36-20A-15. The board may, by rules promulgated pursuant to chapter 1-26, require, on
9 either a uniform or a random basis, as a condition to renewal of firm permits pursuant to
10 § 36-20A-14, that applicants undergo quality peer reviews conducted in such manner and
11 producing such satisfactory result as the board may specify. However, any such requirement shall
12 include reasonable provision for compliance by means of an applicant furnishing evidence of a
13 satisfactory quality peer review performed for other purposes.

14 The board may charge any firm subject to quality peer review administrative fees to be
15 established by rules promulgated pursuant to chapter 1-26. The fees may be established in
16 accordance to the provisions under which the firm applies for quality peer review.

17 Pursuant to the quality peer review process, the board shall treat the reports of the reviewer
18 and all records submitted to the reviewer by the firm subject to review as confidential
19 information. The board may not disclose such information to any persons other than staff
20 members, legal counsel, and other persons retained by the board to assist it in fulfilling its
21 responsibilities under this chapter and the rules promulgated by the board pursuant to chapter
22 1-26.

23 Section 11. That § 36-20A-16 be amended to read as follows:

24 36-20A-16. Any applicant for initial issuance or renewal of firm permits shall, in his the
25 application, list all states in which he the applicant has applied for or holds any permit to practice

1 public accountancy; and each holder of or applicant for a firm permit shall notify the ~~Board of~~
2 ~~Accountancy~~ board in writing within thirty days after its occurrence of any change in the
3 identities of partners, members, officers, or shareholders who work within this state, any change
4 in the number or location of offices within this state, any change in the identity of the persons in
5 charge of such offices, and any issuance, denial, revocation, or suspension of a permit by any
6 other state.

7 Section 12. That § 36-20A-17 be amended to read as follows:

8 36-20A-17. Any person who on June 30, 1984, held any license as a public accountant or
9 permit to practice public accountancy issued under prior law of this state shall have ~~his~~ the permit
10 to practice renewed pursuant to § 36-20A-10, if ~~he~~ the person fulfills all requirements for
11 renewal other than holding a ~~certificate~~ license. If ~~such licensees~~ a licensee and the ~~firms~~ firm,
12 in which ~~they are proprietors, partners, officers, or shareholders~~ the licensee is a proprietor,
13 partner, officer, or shareholder, hold valid permits to practice pursuant to §§ 36-20A-10 and
14 36-20A-14, respectively, they may engage in the practice of public accountancy to the same
15 extent as other holders of such permits. They may also use the designations, public accountants
16 and PA, but no other designation, in connection with the practice of public accountancy.

17 Section 13. That § 36-20A-20 be amended to read as follows:

18 36-20A-20. The board may, in accordance with chapter 1-26, revoke any certificate or
19 permit issued pursuant to § 36-20A-8, 36-20A-10, 36-20A-11, or 36-20A-14, or corresponding
20 provisions of prior law, suspend any such certificate, license, or permit or refuse to renew any
21 such certificate, license, or permit for a period of not more than five years, reprimand, censure,
22 or limit the scope of practice of any licensee, or place any licensee on probation, all with or
23 without terms, conditions, and limitations for any of the following reasons:

- 24 (1) Fraud or deceit in obtaining a certificate, license, or permit;
- 25 (2) Cancellation, revocation, suspension, or refusal to renew authority to engage in the

- 1 practice of public accountancy in any other state for any cause;
- 2 (3) Failure, on the part of a holder of a permit pursuant to § 36-20A-10, 36-20A-11, or
- 3 36-20A-14 or on the part of a holder of a certificate pursuant to § 36A-20A-8 or of
- 4 a certificate issued by another state, to maintain compliance with the requirements for
- 5 issuance or renewal of such permit or to report changes to the board pursuant to
- 6 § 36-20A-13 or 36-20A-16, or section 22 of this Act;
- 7 (4) Revocation or suspension of the right to practice before any state or federal agency;
- 8 (5) Dishonesty or gross negligence in the practice of public accountancy or in the filing
- 9 or failure to file personal income tax returns;
- 10 (6) Violation of any of the provisions of this chapter or rules promulgated pursuant to
- 11 chapter 1-26 by the board under this chapter;
- 12 (7) Conviction of a felony or of any crime, an element of which is dishonesty or fraud,
- 13 under the laws of any state or the United States;
- 14 (8) Performance of any fraudulent act while holding a certificate, license, or permit;
- 15 (9) Any conduct reflecting adversely upon the licensee's fitness to engage in the practice
- 16 of public accountancy; and
- 17 (10) Dishonesty or gross negligence in the performance of ~~quality~~ peer reviews.

18 In lieu of or in addition to any remedy specifically provided in this section, the board may

19 require of a licensee a ~~quality~~ peer review conducted in such manner as the board may specify

20 or satisfactory completion of such continuing professional education programs as the board may

21 specify, or both.

22 In any proceeding in which a remedy provided by this section is imposed, the board may also

23 require the respondent licensee to pay some or all of the costs of the proceeding.

24 Section 14. That § 36-20A-24 be amended to read as follows:

25 36-20A-24. If the board renders a decision imposing discipline against a licensee under this

1 chapter, the board shall examine its records to determine whether the licensee holds a certificate,
2 license, or a permit to practice public accountancy in any other state. If so, the board shall notify
3 the board of accountancy of such other state of its decision, by mail, within thirty days of
4 rendering the decision. The board may also furnish information relating to proceedings resulting
5 in disciplinary action with other public authorities and with private professional organizations
6 having a disciplinary interest in the licensee.

7 Section 15. That § 36-20A-25 be amended to read as follows:

8 36-20A-25. If the board has suspended or revoked a certificate, license, or a permit, or
9 refused to renew a certificate, license, or permit, the board may, upon application in writing by
10 the person or firm affected and for good cause shown, modify the suspension or reissue the
11 certificate, license, or permit. The board shall, by rules promulgated pursuant to chapter 1-26,
12 specify the manner in which such applications shall be made, the times within which they shall
13 be made and the circumstances in which hearings shall be held thereon. Before reissuing, or
14 terminating the suspension of, a certificate, license, or permit under this section, and as a
15 condition thereto, the board may require the applicant therefor to show successful completion
16 of specified continuing professional education. The board may make the reinstatement of a
17 certificate, license, or permit conditional, and subject to satisfactory completion of a quality peer
18 review conducted in such manner as the board may specify.

19 Section 16. That § 36-20A-26 be amended to read as follows:

20 36-20A-26. No person or firm not holding a valid permit issued pursuant to § 36-20A-10,
21 36-20A-11, or 36-20A-14 may issue a report on financial statements of any other person, firm,
22 organization, or governmental unit. ~~Report~~ The term, report, if used with reference to financial
23 statements, means an opinion, report, or other form of language which states or implies
24 assurance as to the reliability of any financial statements and which also includes or is
25 accompanied by any statement or implication that the person or firm issuing it has special

1 knowledge or competence in accounting or auditing. Such a statement or implication of special
2 knowledge or competency may arise from use by the issuer of the report of names or titles
3 indicating that the issuer is an accountant or auditor, or from the language of the report itself.
4 The term, report, includes any form of language which disclaims an opinion when such form of
5 language is conventionally understood to imply any positive assurance as to the reliability of the
6 financial statements referred to or special competence on the part of the person or firm issuing
7 such language; and it includes any other form of language that is conventionally understood to
8 imply such assurance or such special knowledge or competence. This prohibition does not apply
9 to an officer, partner, member, or employee of any firm or organization affixing ~~his~~ the person's
10 signature to any statement or report in reference to the financial affairs of such firm or
11 organization with any wording designating the position, title, or office that ~~he~~ the person holds
12 therein; nor prohibit any act of a public official or employee in the performance of ~~his~~ the
13 person's duties as such; nor prohibit the performance by persons other than licensees of other
14 services involving the use of accounting skills, including the preparation of tax returns and the
15 preparation of financial statements without the issuance of reports thereon.

16 The prohibition contained in this section is applicable to issuance, by a person or firm not
17 holding a valid permit, of a report using any form of language conventionally used by licensees
18 respecting a review or compilation of financial information.

19 Any person who violates the provisions of this section is guilty of a Class 2 misdemeanor.

20 Section 17. That § 36-20A-27 be amended to read as follows:

21 36-20A-27. ~~No person not a current~~ Any person who is a licensee may use or assume the
22 title or designation, certified public accountant, or the abbreviation CPA, or any other title,
23 designation, words, letters, abbreviation, sign, card, or device ~~tending to indicate~~ indicating that
24 such person is a certified public accountant. However, a holder of a certificate issued pursuant
25 to § 36-20A-8, who does not also hold a permit, may use the titles pertaining to such certificate

1 in any manner not prohibited by rules promulgated by the board pursuant to chapter 1-26. Use
2 of the designation by a licensee is an inactive status is restricted as prescribed by rules
3 promulgated by the board pursuant to chapter 1-26.

4 No firm may assume or use the title or designation, certified public accountant, or the
5 abbreviation CPA, or any other title, designation, words, letters, abbreviation, sign, card, or
6 device ~~tending to indicate~~ indicating that such firm is composed of certified public accountants
7 unless:

- 8 (1) The firm holds a valid permit pursuant to § 36-20A-14; and
- 9 (2) All partners, officers, members, and shareholders of the firm hold certificates.

10 No person may assume or use the title or designation, public accountant, or the abbreviation
11 PA, or any other title, designation, words, letters, abbreviation, sign, card, or device ~~tending to~~
12 ~~indicate~~ indicating that such person is a public accountant unless ~~he~~ the person holds a public
13 accountant's license issued under prior law. However, a holder of a license issued under prior law
14 who does not also hold a permit, may use the titles pertaining to such license in any manner not
15 prohibited by rules promulgated pursuant to chapter 1-26 by the board.

16 No firm not holding a valid permit issued pursuant to § 36-20A-14 may assume or use the
17 title or designation, public accountant, or the abbreviation PA, or any other title, designation,
18 words, letters, abbreviation, sign, card, or device ~~tending to indicate~~ indicating that such firm is
19 composed of public accountants. ~~No~~ Any person or firm that does not holding hold a valid
20 permit issued pursuant to § 36-20A-10, 36-20A-11, or 36-20A-14 may assume or use the title
21 or designation, certified accountant, chartered accountant, enrolled accountant, licensed
22 accountant, registered accountant, accredited accountant, or any other title or designation likely
23 to be confused with the titles, certified public accountant or public accountant. ~~However, a~~
24 ~~holder of a certificate issued pursuant to § 36-20A-8, or of a license issued under prior law who~~
25 ~~does not also hold a permit, may use the titles pertaining to such certificate or license in any~~

1 manner not prohibited by rules promulgated by the Board of Accountancy.

2 ~~— No person or firm not holding a valid permit issued pursuant to § 36-20A-10, 36-20A-11,~~
3 ~~or 36-20A-14 may assume or use any title or designation that includes the words, accountant,~~
4 ~~auditor, or accounting, in connection with any other language including the language of a report~~
5 ~~which implies that such person or firm holds such a permit or has special competence as an~~
6 ~~accountant or auditor. However, this does not prohibit any officer, member, partner, or employee~~
7 ~~of any firm or organization from affixing his signature to any statement or report in reference to~~
8 ~~the financial affairs of such firm or organization with any wording designating the position, title,~~
9 ~~or office that he holds therein, nor prohibit any act of a public official or employee in the~~
10 ~~performance of his duties as such.~~

11 Any person or firm who violates the provisions of this section is guilty of a Class 2
12 misdemeanor.

13 Section 18. That chapter 36-20A be amended by adding thereto a NEW SECTION to read
14 as follows:

15 Any person or firm that does not hold a valid permit issued pursuant to § 36-20A-10, 36-
16 20A-11, or 36-20A-14 may not assume or use any title or designation that includes the words,
17 accountant, auditor, or accounting, in connection with any other language including the language
18 of a report which implies that such person or firm holds such a permit or has special competence
19 as an accountant or auditor. However, this does not prohibit any officer, member, partner, or
20 employee of any firm or organization from affixing the person's signature to any statement or
21 report in reference to the financial affairs of such firm or organization with any wording
22 designating the position, title, or office that the person holds therein, nor prohibit any act of a
23 public official or employee in the performance of the person's duties as such.

24 Any person or firm who violates the provisions of this section is guilty of a Class 2
25 misdemeanor.

1 Section 19. That § 36-20A-28 be amended to read as follows:

2 36-20A-28. No person holding a certificate or a license issued under prior law may engage
3 in the practice of public accountancy unless ~~he~~ the person also holds a valid permit issued
4 pursuant to § 36-20A-10 or 36-20A-11, or ~~he~~ the person is an employee and not a partner,
5 officer, member, or shareholder of a firm holding such a permit issued pursuant to § 36-20A-14
6 and has not been such an employee long enough to meet the experience requirement prescribed
7 by § 36-20A-10 for an individual permit to practice.

8 No firm may engage in the practice of public accountancy unless it holds a valid permit issued
9 pursuant to § 36-20A-14.

10 Any person or firm who violates the provisions of this section is guilty of a Class 2
11 misdemeanor.

12 Section 20. That § 36-20A-32 be amended to read as follows:

13 36-20A-32. If the ~~Board of Accountancy~~ board has suspended a certificate, license, or a
14 permit or has refused to renew a certificate, license, or permit for a specified period of time and
15 the specified period of time has elapsed, the board may, upon application in writing by the person
16 or firm affected and for good cause shown, reinstate or reissue the certificate, license, or permit.
17 The board shall by rules promulgated pursuant to chapter 1-26 specify the manner in which the
18 application shall be made, the time period within which the application shall be made, and the
19 circumstances in which a hearing shall be held on the application. Before reissuing or reinstating
20 the certificate, license, or permit under this section, and as a condition thereto, the board may
21 require the applicant to show successful completion of specified continuing professional
22 education. The board may make the reinstatement of a certificate, license, or permit conditional,
23 and subject to satisfactory completion of a quality peer review conducted in such manner as the
24 board may specify.

25 Section 21. That § 36-20A-33 be amended to read as follows:

1 36-20A-33. The board may, by rules promulgated pursuant to chapter 1-26, establish
2 requirements whereby personnel of any firm subject to quality peer review and any reviewer
3 performing a quality peer review shall attend a quality peer review seminar.

4 The board may by rules promulgated pursuant to chapter 1-26 establish requirements
5 whereby personnel of any firm subject to quality peer review and any reviewer performing quality
6 peer review shall purchase a quality peer review manual.

7 Section 22. That chapter 36-20A be amended by adding thereto a NEW SECTION to read
8 as follows:

9 The board shall renew certificates and licenses of individuals not holding individual permits
10 to practice, who reside or are employed in this state. Any certificate issued pursuant to § 36-
11 20A-8 or by another state or and license issued under prior law must be renewed for periods of
12 one year. The board shall, by rules promulgates pursuant to chapter 1-26, establish the renewal
13 date for such a certificate. The board may, by rules promulgated pursuant to chapter 1-26,
14 increase the fee for the renewal of a certificate or license. Applications for renewal of a certificate
15 or license shall be made in such form as the board shall specify by rules promulgated pursuant
16 to chapter 1-26.

17 The board may establish a continuing professional education requirement for renewal of a
18 certificate or license. However, no such requirement may be established prior to July 1,2002. The
19 board may provide, by rules promulgated pursuant to chapter 1-26, the type of education, the
20 number of hours of education required annually, and procedures for prorating continuing
21 professional education requirements for applicants whose certificate was issued less than three
22 years before the renewal date.

23 A certificate of license holder may be considered exempt from the continuing professional
24 education requirement by requesting an inactive status. The board shall establish, by rules
25 promulgated pursuant to chapter 1-26, requirements for an active and an inactive status.

- 1 Each certificate or license holder shall notify the board in writing within thirty days after its
- 2 occurrence of any change in employment or address.