

# House Research Act Summary

**CHAPTER:** 195

**SESSION:** 2008 Regular Session

**TOPIC:** Board of Accountancy

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**Analyst:** Anita Neumann (651) 296-5056

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## Section

- 1 **Board of accountancy.** Specifies that data related to disciplinary proceedings are classified.
- 2 **Attest.** Adds to the definition of “attest” to include any engagement performed in accordance with auditing and related standards of the Public Company Accounting Board created by the Sarbanes-Oxley Act of 2002.
- 3 **Peer review.** Modifies the definition of “peer review” to mean an independent study, appraisal or review of the professional work of a licensee that issues attest or compilation reports, or of the professional work of a registered accountant by persons not affiliated with the licensee under review.
- 4 **Principal place of business.** Defines term to mean an office location designated by the licensee for the purposes of substantial equivalency and reciprocity.
- 5 **Substantial equivalency.** Specifies that substantial equivalency is met when the education, examination or experience required for Minnesota purposes is met or exceeded by those of another jurisdiction. The sequence in which the experience, education or examination is not a determining factor in determining qualifications.
- 6 **Board.** Clarifies that no fewer than two board members who may be any of the seven CPAs must be owners or employees of a qualifying CPA firm.
- 7 **Officers.** Eliminates the requirement that the board have a judicially noticed seal and provides that an affirmative vote of the majority of qualified members of the board or a majority or quorum of the board at any meeting is considered action of the board.
- 8 **Power.** Specifies that the powers and duties of the board shall be as provided in section 326A.02 or as otherwise provided by law. Allows the board to authorize a complaint committee to issue subpoenas, administer oaths, take testimony or cooperate with state,

federal foreign regulatory or law enforcement authorities. Strikes language directing the board to enforce the standards of general education, special education in the science and art of accounting and standards of good character and general experience and replaces that language with laws relating to the practice of public accounting under law or rule.

9 **Rules.** Authorizes the board to adopt rules governing professional standards as developed by the Public Company Accounting Oversight Board. As a result of any change in this law, if the board determines that a rule change is required, it may use the expedited process under section 14.389 for up to one year after the law change.

10 **Complaint committee.** Extends the committee's jurisdiction to include alleged violation of rules.

11 **Executive direction.** Directs the board to appoint an executive director.

12 **CPA qualifications.** Defines good moral character to mean the propensity to provide professional services in a fair, honest and trustworthy manner and a lack of a history of dishonest or felonious acts. Provides for rules for early examination

13 **Certificate issuance and renewal.** Eliminates the requirement that the board grant or renew certificates to those eligible under the substantial equivalency standard. Extends the period that certificates must be first issued and renewed from not more than one year to a period of three years. Applications for certificate renewal not granted or denied prior to January 1 are renewed on a 90-day provisional basis after January 1 or until the board acts, whichever occurs sooner. Modifies the requirement that certificates be issued to holder of substantially equivalent foreign country designation to generally equivalent foreign country designation. Requires the board to adopt rules for requirements for a professional ethics examination which must be completed before an initial certificate is issued.

14 **General.** Itemized the type of entities required to hold a permit as a CPA firm.

15 **Timing.** Directs that applications permit renewal that are complete and timely filed with the board and which are not granted or denied by the board by January 1, are renewed on a provisional basis as of January 1 and for 90 days after or until the board takes action on a permit.

16 **Qualifications.** Specifies that an individual who has been granted practice privileges under the substantial equivalency requirements and who performs services for which a firm permit is required is not required to obtain a certificate from the board

17 **Initial issuance or renewal.** Makes technical changes.

18 **Fees.** Sets an initial permit fee of \$100 and an annual fee of \$68.

19 **LPAs and accounting practitioners.** Makes technical changes.

20 **Appointment of secretary of state as agent.** Makes technical changes.

21 **Hearings.** Sets forth that hearings conducted according to chapter 14 related to disciplinary action are private data until the board issues its final order in the matter.

22 **Cease and desist orders.** Makes technical changes.

23 **Actions against persons or firms.** Allows the board to limit the scope of practice of any licensee and limit privileges under substantial equivalency in certain cases including negligent or unprofessional acts in the filing or failure to file the licensee's income tax returns.

24 **Temporary suspension provisions.** Makes technical clarifying changes.

25 **Violations.** Removes the requirement that hearings be conducted in accordance with chapter 14 the Administrative Procedures Act.

26 **Discipline.** Makes technical changes.

27 **Notification of other states.** Provides for notice by mail or other reasonable means.

28 **Unlawful acts.** Extends the authority to issue reports on financial statements to an individual granted privileges through substantial equivalence. Prohibits the use of certain titles without certifications or permits.

- 29 Confidential communications.** Specifies that confidential communications applies to persons granted practice privileges under substantial equivalency.
- 30 Working papers.** Applies to persons granted privileges under substantial equivalency.
- 31 Substantial equivalency.** Directs that notwithstanding other provisions of this law, an individual who offers or renders professional services shall be granted practice privileges in this state, is subject to the requirement of paragraph (c) and is not required to provide any notice. An individual that passed the Uniform CPA exam and holds a valid license issued in another state prior to January 1, 2009, is exempt from some of the education requirements. A firm employing a licensee is deemed to have consented to conditions set forth in this act. Extends the conditions to include ceasing services if the license issued by the state of the individual's principal place of business is no longer valid.
- 32 Repealer.** Repeals the cooperative auditing organization statute.
- 33 Effective date.** Sections 1 to 32 are effective the day following final enactment.