

RÉSUMÉ DIGEST**ACT 553 (HB 870)****2016 Regular Session****Stokes**

Relative to the La. Accountancy Act, new law clarifies and simplifies the prior 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").

New law defines "CPA-Retired" for those professionally licensed individuals who retire, meet certain criteria, and wish to perform uncompensated volunteer services.

New 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 (hereinafter referenced as "AICPA") Statement on Standards for Accounting and Review Services.

New law modifies the prior law definition of "good moral character" to include one's propensity to provide professional services in a fair, honest, and open manner.

New law modifies the prior law definitions of "manager" and "member" to include limited liability partnerships within the respective definitions.

New law modifies the prior law definition of "state" to include the Commonwealth of the Northern Mariana Islands.

Existing law provides compensation for board officers. New law modifies prior 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.

Existing law authorizes the board to adopt rules in accordance with the Administrative Procedure Act (APA) to impose and collect fees. New law retains prior law.

New law modifies the fee schedule of prior law (R.S. 37:74.1).

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

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

New law increases the fee for a "notice under substantial equivalency" from \$100.00 to \$200.00.

New law retains the existing law "transfer of grades transfer fee" in the amount of \$50.00.

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

Prior law provided for a "registration fee for CPA inactive status" and a fee of \$60.00. New law changes prior law to a "registration and renewal fee for CPA-Inactive status" and increases the fee from \$60.00 to \$100.00.

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

Prior law provided for an "application to establish experience" and a fee of \$100.00. New law changes prior law to an "application to establish experience or evaluate education courses and qualifications" and increases the fee from \$100.00 to \$200.00.

New law increases the "annual renewal of certificate" fee from \$100.00 to \$200.00.

Prior law provided for a \$200.00 "renewal fee if not renewed prior to February 1". New law changes prior law to an "additional fee if not renewed prior to February 1" and changes the fee from \$200.00 to \$200.00 per month.

Prior law provided for a "renewal fee if not renewed and reinstated prior to March 1" and the applicable fee of \$300.00. New law repeals prior law.

Prior law provided for an "additional fee if not renewed and reinstated prior to April 16" and the applicable fee of \$200.00. New law repeals prior law.

Prior law provided 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". New law repeals prior law.

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

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

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

Prior law provided "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. New law changes all fees to a flat fee of \$300.00 for the firm.

Prior law provided "delinquent fees for firm permit renewals per owner, partner, member, or shareholder received on or after March 1". Provided a fee of \$30.00 per owner in addition to the regular filing fee for renewal of the firm permit, not in excess of a maximum additional \$10,000.00. New law repeals prior law.

Existing 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". Provides that the fee is the number of years the firm practiced without a permit times the annual firm permit renewal fee. New law retains existing law.

New law requires an applicant for licensure to have attained the age of 18 years.

Existing law provides certain education requirements for CPA applicants. New law eliminates the education requirement for an applicant to complete at least 150 semester hours of college education to apply for the CPA examination.

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

New law requires an applicant for licensure to complete at least 150 semester hours of college education, including certain concentration in accounting. Requires 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.

New law retains existing law with respect to the privileges of retired CPAs. New law adds that a 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.

Existing law authorizes a person designated as "CPA-Inactive" to use the designation in accordance with the La. Accountancy Act. New law retains existing law and adds persons designated as "CPA-Retired" to have the authorization of existing law.

New 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 existing law.

New law requires nonlicensee owners of a CPA firm to be of good moral character.

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

New law clarifies that firms providing attest services are required to enroll in a board-approved peer review program. Provides recognition and approval of the AICPA peer review program. Approves other nationally recognized peer review programs and peer review standards that are not less stringent than the AICPA peer review program.

New law approves 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.

New law provides recognition and approval of the Public Company Accounting Oversight Board's (PCAOB) permanent inspection process for engagements subject to the permanent inspection program of the PCAOB.

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

New law changes prior 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. Provides that a notarized affidavit of evidence of a CPA firm owner's death is acceptable to the board. Further provides for the firm permit to be renewed annually for the continuance of the firm.

New 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.

New 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 existing law and new law (R.S. 37:94).

Prior law required licensees receiving a commission or referral fee, or expecting to pay a referral fee, to provide written disclosure of such payment to the client which it relates. New law removes the requirement for licensees to disclose the fact, in writing, prior to the receipt or payment of such commission or referral fee.

New law increases the potential fine for a licensee's knowing violation of any provision of existing law (R.S. 37:83) from \$500.00 to \$2,000.00 for each violation or imprisonment, or both.

New 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 existing law and new law.

New 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 existing law and new law.

New 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.

New 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 existing law and new law.

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

Effective August 1, 2016.

(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)(5), 77(A), (B), (C)(2)(b), (3) and (4), and (D) through (H), 77.1(A)(intro. para.), (1) and (2) and (B), 79(A)(intro. para.) and (3) and (4), (B)(3) and (C), 83(A) and (K)(2) and (3), 84(B), 85, 86(C), and 91(B); Adds R.S. 37:73(18) and (19), 79(B)(5), 87(D), and 94(A)(4); Repeals R.S. 37:77(I))