

Approved: SRJ 3-11-09
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Vice Chairman John Grange at 9:09 a.m. on February 17, 2009, in Room 784 of the Docking State Office Building.

All members were present.

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Jerry Donaldson, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Stephen Bainum, Committee Assistant

Others attending:

See attached list.

The meeting was called to order by Vice Chairman John Grange at 9:09 a.m. The minutes for February 11th and 12th were approved. The Vice Chairman called upon the Committee to work **HB 2339**.

HB 2339 - Concerning certified public accounts, mobility, practice privilege, powers of the board of accountancy and peer review.

Renae Jefferies, Assistant Revisor distributed the Revisor's Technical Amendments (Attachment 1). The changes were corrections of a technical nature and the substance or the intent of the bill were not changed.

Representative Schwab said that he thought the bill need more cleanup and asked Chairman Brunk if there was any way to hold off on this bill now and come back to it after turn around just to make sure we get it right.

Chairman Brunk asked Susan Sommers, Kansas Board of Accountancy, if she had an opportunity to review all the technical changes. She replied that they had reviewed them. The Chairman asked further if she had any questions as to why the changes were made. Susan said that 90% of them were typographical errors and the others were form over substance issues and they didn't change the purpose of the bill at all. The Accountancy Board had no problem with the changes that were made and they did not change the substance of the bill. The Accountancy Board approved of the changes.

Representative Grant made a motion to adopt the Revisor's Technical Amendments Balloon on **HB 2339**. Representative Schwab seconded the motion. The motion carried.

Representative Schwab made a motion to table the bill, ask the Speaker to bless it and then take it up after turn around.

The Chairman said that it was unnecessary to table the bill and that the bill was already a blessed bill because it was introduced in the House Federal and State Committee. The intent was that we would work it before turn around, get this out and not have it stack up. If the general consensus of the Committee is to table it then we can do that but we don't need to table it because it is already blessed and we have as much time as we want up to the end of the session.

The motion died for lack of a second.

Representative Grant made a motion to pass out the bill as a substitute for **HB 2339** favorable for passage as amended. Representative Kerschen seconded the motion. The motion carried.

The Chairman advised that there would be no meetings the rest of the week.

The meeting was adjourned at 09:23 a.m.

HOUSE BILL No. 2339

By Committee on Federal and State Affairs

2-12

Revisor's Technical Amendments
February 13, 2009

certified

9 AN ACT concerning accountants; relating to licensure, examination, reg-
10 istration and peer review; amending K.S.A. 1-307, 1-315 and 1-322
11 and K.S.A. 2008 Supp. 1-301, 1-302b, 1-308, 1-310, 1-311, 1-312, 1-
12 316, 1-321 and 1-501 and repealing the existing sections.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) Upon receipt of a complaint or information sug-
16 gesting violations of the accountancy statutes or the rules and regulations
17 of the board of accountancy, the board may conduct investigations to
18 determine whether there is probable cause to institute proceedings under
19 K.S.A. 1-311, 1-312, 1-316 and 1-322, and amendments thereto. An in-
20 vestigation shall not be a prerequisite to such proceedings in the event
21 that a determination of probable cause can be made without an
22 investigation.

23 (b) The board may designate one or more board members to serve
24 as investigating officers. The investigating officer or officers may employ,
25 appoint, designate or utilize any other person of appropriate competence
26 to assist with the investigation. Such person, if required, may later provide
27 testimony in the event of a hearing.

28 (c) Upon completion of an investigation, the investigating officer or
29 officers shall determine whether probable cause exists based upon the
30 documents gathered, discussions with the person or firm under investi-
31 gation and reports submitted by any other person assisting with the
32 investigation.

33 (d) If the investigating officer or officers find no probable cause, the
34 complaint, if any, testimony and any documents gathered during the in-
35 vestigation including any information regarding the pendency of an in-
36 vestigation shall be confidential and shall not be disclosed to any person,
37 without the consent of the person or firm under investigation, except to
38 law enforcement and state or federal agencies.

39 (e) Upon a finding of probable cause, the matter may be referred for
40 prosecution or disciplinary action to the office of attorney general or to
41 an attorney retained by the board.

42 (f) No person who provides services to the board in conjunction with
43 any investigation authorized in subsection (a) shall be liable in a civil

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Attachment # 1

1 action for damages or other relief arising from any testimony, recom-
2 mendation or opinion provided by such person acting in good faith and
3 without malice.

4 (g) In all investigative and disciplinary matters pending before the
5 board, the board shall have the power to issue subpoenas and compel the
6 attendance of witnesses and the production of all necessary papers, books
7 and records, documentary evidence and materials. Any person failing or
8 refusing to appear or testify regarding any matter about which such per-
9 son may be lawfully questioned or to produce any papers, books, records,
10 documentary evidence or materials in the matter to be heard, after having
11 been required by order of the board or by a subpoena of the board to do
12 so, upon application to any district judge of the state of Kansas, may be
13 ordered to comply with such subpoena. Upon failure to comply with the
14 order of the district judge, the court may compel obedience by bringing
15 an indirect contempt action pursuant to K.S.A. 20-1204a, and amend-
16 ments thereto. A subpoena may be served upon any person named
17 therein, anywhere within the state of Kansas with the same fees and
18 mileage being paid as for any officer authorized to serve subpoenas in
19 civil actions in the same manner as is prescribed by the code of civil
20 procedure for subpoenas issued out of the district courts of this state.

21 (h) Within five days after service of a subpoena on any person re-
22 quiring the production of any evidence in the person's possession or under
23 the person's control, such person may petition the board to revoke, limit
24 or modify the subpoena. The board shall revoke, limit or modify such
25 subpoena if in its opinion: The evidence required does not relate to prac-
26 tices which may be grounds for disciplinary action; the subpoena is not
27 relevant to the charge which is the subject matter of the proceeding or
28 investigation; or the subpoena does not describe with sufficient particu-
29 larity the physical evidence which is required to be produced. The district
30 court, upon application by the board or by the person subpoenaed pur-
31 suant to subsection (g), shall have jurisdiction to issue an order revoking,
32 limiting or modifying the subpoena if in the court's opinion: The evidence
33 demanded does not relate to practices which may be grounds for disci-
34 plinary action; the subpoena is not relevant to the charge which is the
35 subject matter of the hearing or investigation; or the subpoena does not
36 describe with sufficient particularity the evidence which is required to be
37 produced.

38 New Sec. 2. (a) If the board's order is adverse to a firm, an applicant,
39 a certificate or permit holder or a person practicing pursuant to K.S.A.
40 1-322, and amendments thereto, reasonable costs incurred by the board
41 in conducting any proceeding under the Kansas administrative procedure
42 act may be assessed against the parties to the proceeding in such pro-
43 portion as the board may determine upon consideration of all relevant

(i) This section shall be part of and supplemental to article 2 of chapter 1 of the Kansas Statutes Annotated, and amendments thereto.

When the board issues an order that

1 circumstances including the nature of the proceeding and the level of
2 participation by the parties. If the board is the unsuccessful party, the
3 board shall absorb the board's costs.

Such order shall include findings and conclusions in support of the assessment of costs.

4 (b) For the purposes of this section, board costs incurred shall mean
5 the presiding officer fees and expenses, attorneys fees, costs of making
6 any transcripts, statutory witness fees and mileage, and any fees and ex-
7 penses of persons identified in subsection (b) of section 1, and amend-
8 ments thereto. Board costs incurred shall not include presiding officer
9 fees, attorney fees and expenses or costs of making transcripts unless the
10 board has designated or retained the services of independent contractors
11 to perform such functions.

12 (c) ~~When the board is the successful party, the board, in either the~~
13 ~~order disposing of the case or in a subsequent order, shall make an as-~~
14 ~~essment of reasonable costs incurred in the proceeding. Such order shall~~
15 ~~include findings and conclusions in support of the assessment of costs.~~

This section shall be part of and supplemental to article 2 of chapter 1 of the Kansas Statutes Annotated, and amendments thereto

16 Sec. 3. K.S.A. 2008 Supp. 1-301 is hereby amended to read as fol-
17 lows: 1-301. (a) The board shall charge and collect a fee from each ap-
18 plicant for a Kansas certificate or notification and shall charge and collect
19 a fee for a *Kansas* permit to practice as a certified public accountant in
20 this state; *and shall charge and collect a fee for firm registrations in this*
21 *state*. The board or the board's designated examination service may
22 charge an examination application processing fee. Each fee payable to the
23 board or the examination service shall accompany the appropriate
24 application.

25 (b) The board shall adopt rules and regulations fixing the fees pro-
26 vided to be charged and collected under this section, which shall be as
27 follows:

28 (1) For issuance of a certificate (initial or duplicate) an amount not
29 to exceed \$50;

30 (2) for issuance of a reciprocal certificate an amount not to exceed
31 ~~\$250~~ \$350;

32 (3) for issuance or renewal of a permit to practice for the holder of
33 a Kansas certificate, an amount not to exceed ~~\$150~~ \$350, subject to par-
34 agraphs (4) and (6);

35 (4) for issuance or renewal of a permit to practice for the holder of
36 a Kansas certificate whose permit is issued or renewed for a period of 12
37 months or less, an amount equal to 1/2 the amount of the fee fixed under
38 paragraph (3), subject to paragraph (6);

39 (5) for issuance of a duplicate permit to practice for the holder of a
40 Kansas certificate, an amount not to exceed ~~\$25~~ \$50;

41 (6) for reinstatement of a permit to practice in the case of the holder
42 of a Kansas certificate who had in some prior year held a permit to prac-
43 tice but who did not hold such a permit for the year immediately pre-

1-3

1 permit to practice; and

2 (5) at least a simple majority of the ownership of the firm, in the
3 terms of equity capital and voting rights of all partners, shareholders ~~and~~
4 ~~or or members, or any combination of the preceding persons,~~ belongs to
5 the holders of valid licenses to practice as certified public accountants in
6 some state. All nonlicensee owners must be of good moral character and
7 must be natural persons actively participating in the business of the firm
8 or *actively participating in the business of entities*, such as partnerships,
9 corporations or other business associations, that are affiliated with the
10 firm, ~~provided that each ultimate beneficial owner of an equity interest~~
11 ~~in such an affiliated entity shall be a natural person actively participating~~
12 ~~in the business of the firm or affiliated entity.~~ Although firms may include
13 nonlicensee owners there shall be at least one certified public accountant
14 who has ultimate responsibility for all the services provided by the firm
15 and, the firm and its ownership must comply with rules and regulations
16 promulgated by the board. Any firm which is denied registration pursuant
17 to this section shall be entitled to notice and an opportunity to be heard
18 pursuant to the Kansas administrative procedures act.

19 (b) *Notwithstanding any other provision of Kansas law, the following*
20 *must be registered by the board:*

21 (1) *Any firm with an office in this state which practices certified pub-*
22 *lic accountancy;*

23 (2) *any firm that does not have an office in this state but performs or*
24 *offers to perform attest services described in subsection (d) of K.S.A. 1-*
25 *321, and amendments thereto, for a client having its home office in this*
26 *state;*

27 (c) *A firm which is not subject to subsection (b) may perform or offer*
28 *to perform services described in subsection ~~(c)~~ of K.S.A. 1-321, and*
29 *amendments thereto, and may use the "certified public accountant,"*
30 *"CPA" or "CPA firm" without registering with the board only if:*

(s)

31 (1) *The individuals performing such services on behalf of the firm*
32 *have the qualifications described in subsections (b) and (c) of K.S.A. 1-*
33 *302b, and amendments thereto;*

34 (2) *it performs such services through an individual with practice priv-*
35 *ileges under K.S.A. 1-322, and amendments thereto; and*

perform such services

36 (3) *it can lawfully ~~do so~~ in the state where such individuals with*
37 *practice privileges have their principal place of business.*

38 (d) *An individual who has practice privileges under subsection (a) of*
39 *K.S.A. 1-322, and amendments thereto, who performs or offers to perform*
40 *services for which a firm registration is required under this section shall*
41 *not be required to obtain a certificate or permit under K.S.A. 1-310, and*
42 *amendments thereto.*

43 (e) A professional corporation in partnership with one or more cor-

1 porations or individuals shall not be registered with the board as a part-
 2 nership unless such a partnership was registered prior to January 1, 2007.

3 ~~(e)~~ (f) The term "resident" as used in this section, shall include a
 4 person engaged in practice as a certified public accountant in this state,
 5 who spends all or the greater part of such person's time during business
 6 hours in this state, but who resides in another state.

7 ~~(d)~~ (g) Each firm *required to register under this section* shall register
 8 prior to engaging in the practice of certified public accountancy in this
 9 state and shall renew the firm's registration ~~annually~~ *by December 31 of*
 10 *each year*. Each firm shall designate a permit holder of this state, *or in*
 11 *the case of a firm which must register pursuant to subsection (b) a licensee*
 12 *of another state who meets the requirements set out in subsection (a) of*
 13 *K.S.A. 1-322, and amendments thereto*, who is responsible for the proper
 14 registration of the firm and shall identify that individual to the board by
 15 affidavit of a general partner, manager or officer of the firm. A fee may
 16 be charged for the registration of a firm.

17 ~~(e)~~ (h) A firm that is not registered in accordance with this section *or*
 18 *not exempt from registration under subsection (c)* shall not use the words
 19 "certified public accountants" or the abbreviation CPA in connection with
 20 its name. Notification shall be given the board, within one month, after
 21 the admission or withdrawal of a partner, shareholder or member from
 22 any *registered* firm ~~so registered~~. Firms which fall out of compliance with
 23 the provisions of this section due to changes in firm ownership or per-
 24 sonnel shall take corrective action to bring the firm back into compliance
 25 as quickly as possible. The board may grant a reasonable period of time
 26 for a firm to take such corrective action. Failure to bring the firm back
 27 into compliance within a reasonable period as determined by the board
 28 will result in the suspension or revocation of the firm permit.

29 (i) *Any firm prohibited from practicing certified public accountancy*
 30 *in this state, as a result of having a firm registration revoked or suspended*
 31 *by the board, shall not practice under subsection (c) without first obtain-*
 32 *ing the approval of the board.*

33 Sec. 7. K.S.A. 2008 Supp. 1-310 is hereby amended to read as fol-
 34 lows: 1-310. (a) Permits to engage in the practice of certified public ac-
 35 countancy in this state shall be issued by the board to persons who have
 36 met the requirements under K.S.A. 1-302b, and amendments thereto.

37 (b) Each holder of a Kansas certificate, which is numbered with an
 38 odd number, who is qualified under K.S.A. 1-302b, and amendments
 39 thereto, shall have a permit to practice issued or renewed on a biennial
 40 basis which shall expire on the next July 1 which occurs after the date the
 41 permit was issued or renewed and which occurs in an odd-numbered
 42 year.

43 (c) Each holder of a Kansas certificate, which is numbered with an

paragraph (2)
of

reports subject to peer review; or

(2) any business organization including, but not limited to, a general partnership, limited liability partnership, general corporation, professional corporation or limited liability company.

~~(l)~~ (l) "Good moral character" means lack of a history of professional dishonesty or other felonious acts.

~~(m)~~ (m) "Home office" means the location specified by the client as the address to which a service described in subsection (d) of K.S.A. ~~1-332~~ and amendments thereto, is directed.

1-322

(n) "Active license" means a certificate or a permit to practice issued by another state that is currently in force and authorizes the holder to practice certified public accountancy.

~~(o)~~ (o) "Licensee" means the holder of a certificate or a permit to practice issued by this state or another state.

~~(p)~~ (p) "Manager" means a manager of a limited liability company.

~~(q)~~ (q) "Member" means a member of a limited liability company.

~~(r)~~ (r) "NASBA" means the national association of state boards of accountancy.

~~(s)~~ (s) "Nonattest" means providing the following services:

(1) The preparation of tax returns and providing advice on tax matters;

(2) the preparation of any compilation;

(3) management advisory, consulting, litigation support and assurance services, except for attest services;

(4) financial planning; ~~and~~

~~(5) valuation services; and~~

(6) any other financial service not included in the statements on auditing standards, the statements on standards for accounting and review services, the standards for attestation engagements as developed by the American institute of certified public accountants or as defined by the board.

~~(t)~~ (t) "PCAOB" means the public company accounting oversight board created by the Sarbanes-Oxley act of 2002.

~~(u)~~ (u) "Practice of certified public accountancy" means performing or offering to perform attest or nonattest services for the public while using the designation "certified public accountant" or CPA in conjunction with such services.

(t) "Practice of public accountancy" means performing or offering to perform attest or nonattest services for the public by a person not required to have a permit to practice or a firm not required to register with the board.

~~(v)~~ (v) "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and

1-6

1 substantially equivalent to this state's requirements and may be granted
2 all the privileges of permit holders of this state without the need to obtain
3 a permit issued under K.S.A. 1-310 and amendments thereto, ~~or regis-~~
4 ~~tration issued under K.S.A. 1-308 and amendments thereto; or~~

5 (2) an individual whose principal place of business is not in this state
6 having an active license to practice certified public accountancy from any
7 state which the NASBA national qualification appraisal service, or similar
8 organization approved by the board, ~~board or its designee~~ has not verified
9 to be in substantial equivalency with the CPA licensure requirements of
10 the uniform accountancy act ~~may shall~~ be presumed to have qualifications
11 substantially equivalent to this state's requirements and may be granted
12 all the privileges of permit holders of this state without the need to obtain
13 a permit to practice issued under K.S.A. 1-310, and amendments thereto,
14 ~~or registration issued under K.S.A. 1-308 and amendments thereto, if~~
15 ~~such individual obtains from the NASBA national qualification appraisal~~
16 ~~service, or similar organization approved by the board, verification that~~
17 ~~such individual's CPA qualifications are substantially equivalent to the~~
18 ~~CPA licensure requirements of the uniform accountancy act. Any person~~
19 ~~meeting the requirements set forth in this section who is denied the right~~
20 ~~to practice in this state under this section shall have the opportunity to~~
21 ~~be heard pursuant to the Kansas administrative procedures act if such~~
22 ~~individuals certified public accountancy qualifications are substantially~~
23 ~~equivalent to the following requirements:~~

24 (A) Have at least 150 semester hours of college education, including
25 a baccalaureate or higher academic degree, with a concentration in ac-
26 counting as defined by the home licensing jurisdiction, from a college or
27 university;

28 (B) obtains credit for passing each of the four test sections of the
29 uniform certified public accountant examination; and

30 ~~(e)~~ possess at least one year of experience including service or advice
31 involving the use of accounting, attest, compilation, management advi-
32 sory, financial advisory, tax or consulting skills, all of which were verified
33 by a certified public accountant holding an active license to practice.

(C)

34 Any individual who has passed the uniform certified public accountant
35 examination and holds a valid license to practice certified public account-
36 ancy issued by another state prior to January 1, 2012, may be exempt
37 from the education requirement in subparagraph (A) of paragraph (2) of
38 subsection (a) for the purposes of this section.

39 (b) Individuals seeking to practice certified public accountancy in
40 Kansas pursuant to subsection (a) shall notify the board prior to com-
41 mencing practice in this state. Such individuals shall have a reasonable
42 amount of time from the date of such notification to the board to com-
43 plete an application of notification provided by the board and shall renew

1 "certified" shall not be interpreted as implying that one is a certified
2 public accountant.

3 (d) Except as provided by this subsection, no person holding a permit
4 *or practice privilege* or a firm holding a registration under this act *or*
5 *meeting the requirements to be exempt from such registration* shall use a
6 professional or firm name or designation that is misleading as to: (1) The
7 legal form of the firm; (2) the persons who are partners, officers, mem-
8 bers, managers or shareholders of the firm; or (3) any other matter. The
9 names of one or more former partners, members or shareholders may be
10 included in the name of a firm or its successor unless the firm becomes
11 a sole proprietorship because of the death or withdrawal of all other part-
12 ners, officers, members or shareholders. The use of a fictitious name by
13 a firm is permissible if the fictitious name is registered with the board
14 and is not otherwise misleading. The name of a firm may not include the
15 name of an individual who is neither a present nor a past partner, member
16 or shareholder of the firm or its predecessor. The name of the firm may
17 not include the name of an individual who is not a certified public
18 accountant.

19 (e) It is unlawful for any person, except the holder of a Kansas permit
20 to practice *or practice privilege pursuant to K.S.A. 1-322, and amend-*
21 *ments thereto*, or a valid Kansas firm registration, to issue a report with
22 regard to any attest ~~or compilation service that references the AICPA or~~
23 ~~the PCAOB, or both~~ *service under standard adopted by the board. A*
24 *reference in a report to auditing standards generally accepted in the*
25 *United States of America is deemed to be a reference to standards adopted*
26 *by the board.* The practice of public accountancy by persons not required
27 to hold a permit to practice, including public accountants, is not prohib-
28 ited or regulated by the provisions of this act, except for the provisions
29 of this section, K.S.A. 1-308, 1-318 and 1-319, and amendments thereto.
30 The title "enrolled agent" may only be used by individuals so designated
31 by the federal internal revenue service.

or compilation

standards

32 (f) Any person who violates any provision of this section shall be guilty
33 of a misdemeanor, and upon conviction thereof, shall be subject to a fine
34 of not more than ~~\$1,000~~ \$5,000, or to imprisonment for not more than
35 one year, or by both such fine and imprisonment.

36 Sec. 12. K.S.A. 2008 Supp. 1-321 is hereby amended to read as fol-
37 lows: 1-321. When used in chapter 1 of the Kansas Statutes Annotated,
38 and amendments thereto, the following terms shall have the meanings
39 indicated:

40 (a) "Actively participate" means participation that is continuous as
41 one's primary occupation.

42 (b) "Affiliated entity" means one that provides services to the CPA
43 firm or provides services to the public that are complementary to those

1 ~~or any combination~~ of the following causes:

2 (1) Fraud, dishonesty or deceit in obtaining a certificate, permit, firm
3 registration ~~or~~, notification *or practice privilege*;

4 (2) cancellation, revocation, suspension or refusal to renew a person's
5 authority to practice for disciplinary reasons in any other jurisdiction for
6 any cause;

7 (3) failure, on the part of a holder of a permit to practice ~~or~~, notifi-
8 cation *or practice privilege* to maintain compliance with the requirements
9 for issuance or renewal of such permit ~~or~~, notification *or practice*
10 *privilege*;

11 (4) revocation or suspension of the right to practice by the PCAOB
12 or any state or federal agency;

13 (5) dishonesty, fraud or gross negligence in the practice of certified
14 public accountancy;

15 (6) failure to comply with applicable federal or state requirements
16 regarding the timely filing of the person's personal tax returns, the tax
17 returns of the person's firm or the timely remittance of payroll and other
18 taxes collected on behalf of others;

19 (7) violation of any provision of this act or rule and regulation of the
20 board except for a violation of a rule of professional conduct;

21 (8) willful violation of a rule of professional conduct;

22 (9) violation of any order of the board;

23 (10) conviction of any felony, or of any crime an element of which is
24 dishonesty, deceit or fraud, under the laws of the United States, of Kansas
25 or of any other state, if the acts involved would have constituted a crime
26 under the laws of Kansas;

27 (11) performance of any fraudulent act while holding a Kansas
28 certificate;

29 (12) making any false or misleading statement or verification, in sup-
30 port of an application for a certificate, permit, notification or firm regis-
31 tration filed by another;

32 (13) failure to establish timely compliance with peer review pursuant
33 to K.S.A. 1-501, and amendments thereto; and

34 (14) any conduct reflecting adversely on a person's fitness to practice
35 certified public accountancy.

36 (b) In lieu of or in addition to any remedy specifically provided in
37 subsection (a), the board may require of a permit holder satisfactory com-
38 pletion of such continuing education programs as the board may specify.

39 (c) All administrative proceedings pursuant to this section shall be
40 conducted in accordance with the provisions of the Kansas administrative
41 procedure act and the act for judicial review and civil enforcement of
42 agency actions.

43 Sec. 9. K.S.A. 2008 Supp. 1-312 is hereby amended to read as fol-

1 such notification on a biennial basis. The board may enact rules and reg-
 2 ulations governing notification and renewal. ~~Individuals entering the state~~
 3 ~~to provide attest services under this section shall be required to provide~~
 4 ~~proof of having a peer review in accordance with K.S.A. 1-501 and amend-~~
 5 ~~ments thereto, or similar requirements as approved by the board. Not-~~
 6 ~~withstanding any other provision of law, an individual who offers or ren-~~
 7 ~~ders professional services on or after November 1, 2009, whether in~~
 8 ~~person, by mail, telephone or electronic means, and possesses the quali-~~
 9 ~~fications set forth in paragraph (1) of (2) of subsection (a) shall be granted~~
 10 ~~practice privileges in this state and no notice, fee or other submission shall~~
 11 ~~be provided by any such individual. Such an individual shall be subject~~
 12 ~~to the requirements in subsection (e). Permits issued pursuant to this sec-~~
 13 ~~tion prior to November 1, 2009, shall continue in effect until the expiration~~
 14 ~~date of the permit.~~

OR

15 (c) The board may charge a fee for such notification and a renewal
 16 of such notification pursuant to K.S.A. 1-301 and amendments thereto.

17 (d) Any licensee of another state exercising the privilege afforded
 18 under subsection ~~(a)~~ (b) and the firm which employs that licensee hereby
 19 simultaneously consent, as a condition of the grant of this privilege:

20 (1) ~~Consents~~ To the personal and subject matter jurisdiction of this
 21 board; ~~and~~;

22 (2) to the appointment of the state regulatory body that initially issued
 23 the licensee's certificate which issued their licenses as the agent upon
 24 whom process may be served in any action or proceeding by the Kansas
 25 board against the licensee; ~~and~~

26 ~~(2) (3) to cease offering or rendering professional services in this state~~
 27 ~~individually and on behalf of the firm in the event that the license from~~
 28 ~~the state of the individual's principal place of business is not longer valid;~~
 29 ~~and~~

NO

30 (4) agrees to comply with this act and the board's rules and
 31 regulations.

32 (e) ~~An individual who has been granted practice privileges under this~~
 33 ~~section who, for any client having its home office in this state, performs~~
 34 ~~any of the following services:~~

35 (1) ~~Any audit or other engagement to be performed in accordance~~
 36 ~~with the statements on auditing standards (SAS);~~

37 (2) ~~any audit to be performed in accordance with the Kansas munic-~~
 38 ~~ipal audit guide;~~

39 (3) ~~any review of a financial statement to be performed in accordance~~
 40 ~~with the statements on standards for accounting and review services~~
 41 ~~(SSARS);~~

42 (4) ~~any engagement, except a compilation, to be performed in accord-~~
 43 ~~ance with the statements on standards for attestation engagements~~

1 (~~SSAE~~), and

2 (~~5~~) any engagement to be performed in accordance with the standards
3 of the PCAOB, may only do so through a firm which has registered pur-
4 suant to K.S.A. 1-308, and amendments thereto.

5 (~~f~~) Any individual prohibited from practicing certified public ac-
6 countancy in this state, as a result of having a permit ~~or certificate~~ revoked
7 or suspended by the board, shall not be granted practice privileges under
8 this section without first obtaining the approval of the board.

9 (~~g~~) A holder of a permit to practice issued by this state offering or
10 rendering services or using a CPA title in another state may be subject
11 to disciplinary action in this state for an act committed in another state
12 for which the permit holder would be subject to discipline for an act
13 committed in the other state. The board ~~may~~ shall investigate any com-
14 plaint made by the board of accountancy of another state.

15 Sec. 14. K.S.A. 2008 Supp. 1-501 is hereby amended to read as fol-
16 lows: 1-501. (a) The board may require as a condition for renewal of a
17 firm registration that a firm that provides attest services undergo a peer
18 review and submit evidence of such so that the board may determine the
19 degree of the firm's compliance with generally accepted accounting prin-
20 ciples, generally accepted auditing standards and other similarly recog-
21 nized authoritative technical standards. The reviews shall occur at least
22 once every three years with the cost of such review to be borne by the
23 firm. ~~Unless exempt from registration pursuant to K.S.A. 1-308, and~~
24 ~~amendments thereto, upon the issuance of the first report subject to peer~~
25 ~~review, the firm shall immediately notify the board, and on a form pro-~~
26 ~~vided by the board, register as a firm in compliance with K.S.A. 1-308,~~
27 ~~and amendments thereto, and provide a peer review letter of completion~~
28 ~~to the board within 18 months after the date on which the report subject~~
29 ~~to peer review was issued.~~

30 (b) A firm's completion of a peer review program endorsed or sup-
31 ported by the AICPA or other substantially similar programs shall satisfy
32 the requirements of this section. The board shall provide for oversight of
33 these programs by adoption of rules and regulations.

34 (c) A firm ~~at the time of application,~~ may request in writing upon
35 forms provided by the board, a waiver from the review requirement. The
36 board may grant a waiver if the firm does not perform or has not per-
37 formed any attest services during the twelve-month period preceding the
38 date of application or for good cause as determined by the board.

39 A firm granted a waiver on the basis that the firm does not perform or
40 intend to perform attest services shall immediately notify the board if the
41 firm engages in such practice and thus becomes subject to the review.

42 (d) Except as provided by K.S.A. 60-437, and amendments thereto,
43 and subsections (e) and (g) of this section, any reports, statements, mem-

An individual who has been granted practice privileges under this section who, for any client having its home office in this state, performs any of the following services: (1) Any audit or other engagement to be performed in accordance with the statements on auditing standards (SAS); (2) any audit to be performed in accordance with the Kansas municipal audit guide; (3) any review of a financial statement to be performed in accordance with the statements on standards for accounting and review services (SSARS); (4) any engagement, except a compilation, to be performed in accordance with the statements on standards for attestation engagements (SSAE); and (5) any engagement to be performed in accordance with the standards of the PCAOB; may only do so through a firm which has registered pursuant to K.S.A. 1-308, and amendments thereto.

, certificate or practice privilege

(b) Upon
And by relettering the remaining subsections accordingly

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