

**OKLAHOMA ACCOUNTANCY BOARD**  
**MINUTES OF MEETING AND HEARINGS**

December 19, 2008

The Oklahoma Accountancy Board (OAB) convened in regular session on Friday, December 19, 2008 in the Board Room of the Water Resources Board at 3800 N. Classen, Oklahoma City, Oklahoma. A recording of the meeting is on file in the OAB office. Members present at the meeting:

Vicky Petete, CPA, Chair  
Carlos Johnson, CPA, Vice Chair  
Barbara Ley, CPA, Secretary  
Wade Biswell, CPA, Member  
Janice L. Gray, CPA, Member  
E.B. St. John, PA, Member

Also in attendance at the meeting: Staff: Edith Steele, Executive Director, Donita Graves, Colin Autin, Matthew Sinclair, Sharon Wells, Gloria Finch and Barbara Walker, Board staff members; Guests: Daryl Hill and Dick Shanahan, CPA representing the Oklahoma Society of Certified Public Accountants (OSCPA); Jim Nolen, Roger Berryman, Peggy Johnson and Dean Taylor representing the Oklahoma Society of Accountants (OSA); Assistant Attorney General John Crittenden. Brett Willis, Special Prosecutor for the OAB; Joe Fleckinger, CPA, Deputy Director of Information Technology and Director of Information Services Division, Office of State Finance (OSF) and Drew Hall from OSF; Matt Caban from Capitol Network News; and S. Nicole Prieta-Johns were present for relevant segments of the meeting.

**Agenda Item #1a -- Call To Order:** At 8:38 a.m. Chair Petete called the meeting to order.

**Agenda Item #1b -- Declaration of Quorum:** Chair Petete declared a quorum.

**Agenda Item #1c – Announcement of Legal Meeting Notice:** Executive Director Steele confirmed the notice of the meeting was filed with the Secretary of State and the agenda for the meeting was posted in the reception area of the OAB's office and outside the building and meeting room in compliance with the Open Meeting Act.

**Agenda Item #1d – Announcement of Absences and Action, if Necessary, to Determine Whether Absence(s) Was Unavoidable Pursuant to Title 59, Section 15.3.B.5:** Chair Petete acknowledged the absence of Member Volturo and declared that it was excused. All other members were present.

**Agenda Item #2 – Announcement of Visitors:** Executive Director Steele read the names of the visitors present.

**Agenda Item #3 – Public Comment Period:** Executive Director Steele advised the OAB that representatives from the OSA, Roger Berryman and Peggy Johnson requested to speak before the OAB with regard to Agenda Item # 7.

**Agenda Item #4 – Consent Agenda:** The Consent Agenda contained 6 items for the OAB's consideration. (1) Approve the minutes of the November 4, 2008 OAB Meeting; (2) Ratification of the staff's recommendation to allow registrants who were affected by the recent hurricanes to renew the registration, permit or report CPE after the September 30 deadline and waive all late fee assessments, as well as the ethics examination requirement for lapsed permits; (3) Take official notice of the OAB's Statements of Receipts and Disbursements for the Months ending October 31, 2008 and November 30, 2008; (4) Ratify the CPE/Experience Verification Committee's approval of the verifications of experience by non-registrant individuals; (5) Approve the list for verified experience of successful candidates for certification; (Appendix 1) and (6) Approve the actions taken by the Executive Director on applications and registrations filed since the previous meeting. (Appendix 1)

Chair Petete recognized the passing of former Board member, Sam Hunsaker. Vice Chairman Johnson raised questions regarding the effective dates of reinstatement applications approved by the OAB. He inquired about the retired status of CPA Certificate No. 939.

Gray moved that the Consent Agenda be approved; Johnson second. Johnson presented an amendment to the motion that the Consent Agenda be approved subject to staff's discussion with CPA Certificate No. 939; Gray accepted the amendment. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Agenda Item #9 – Discussion and Possible Action on Report from the Technology Committee:** As Chairman of the Technology Committee, Member Biswell addressed this item. He referenced a proposal from Jeffrey Carlin, President of CDS Systems Co. offering to enhance his services to the OAB at the following rates: first 10 hours of any month at \$150 per hour; 10.1 to 20 hours at \$125 per hour; and, hours greater than 20 at \$100 per hour.

Biswell moved to accept Jeffrey Carlin's proposal effective January 1, 2009 subject to a ceiling of 10 hours per month with anything exceeding 10 hours requiring additional approval by the Chair of the Technology Committee and the Executive Director; Johnson second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Agenda Item #10 – Discussion and Possible Action on Recommendations for Contract Services from Joe Fleckinger, Deputy Director of Information Technology and Director of Information Services Division, Office of State Finance:** Mr. Fleckinger presented a proposal to the OAB for services to include a

business analyst coordinator from OSF who will serve as a liaison between the OAB staff and its three technology vendors in addition to working with OAB staff to evaluate the existing licensing system database and to ensure adequate documentation procedures are in place.

Biswell moved to retain OSF to do this work at a rate of \$50 per hour for the first 90 days, then at the end of 90 days, a monthly fee will be approved by the Board on an ongoing basis; St. John second. Biswell amended his motion to include a 200-hour cap; St. John accepted the amendment. Affirmative votes: St. John, Gray, Petete, Ley and Biswell. Absent: Volturo. Abstained: Johnson due to his personal relationship with Mr. Fleckinger.

**Case No. 1679 – Hearing in the Matter of Richard Walton, Non-Registrant:** This matter came on for hearing at 9:35 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General John Crittenden represented the Board. Respondent was not present nor was he represented by counsel.

Special Prosecutor Brett Willis represented the State. No witnesses were called on behalf of the State.

The purpose of the hearing was to determine whether the Respondent was in violation of: (1) Section 15.11(A) and 15.25(1) and (3) of the Act by holding himself out as a CPA; and (2) Section 15.14A(A) of the Act and Section 10:15-3-1 of the Board's rules by holding himself out and/or practicing public accounting without a permit.

Johnson moved to reserve the right for a final motion to be held over for deliberations in Executive Session; Gray second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Case No. 1707 – Hearing in the Matter of Joseph N. Hall, CPA, Certificate 6259:** This matter came on for hearing at 9:45 a.m. The members of the Oklahoma Accountancy Board present were seated on the hearing panel.

Assistant Attorney General John Crittenden represented the Board. Respondent was not present nor was he represented by counsel.

Special Prosecutor Brett Willis represented the State. No witnesses were called on behalf of the State.

For purposes of the record, Secretary Ley noted that the Respondent had worked for her twenty years ago. Vice Chairman Johnson noted that the Respondent had worked for the CPA firm Peat Marwick at the same time he worked for the firm.

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The purpose of the hearing was to determine whether the Respondent was in violation of: Section 15.14B(6) of the Oklahoma Accountancy Act and Section 10:15-39-1 of the Oklahoma Administrative Code by (a) performing acts discreditable to the Certified Public Accountant Profession, (b) failed to produce the promised work products, (c) lied to the clients, (d) allowed tax returns and payroll taxes to become delinquent, and (e) failed to return the clients records when requested to do so by the client.

Johnson moved to go into Executive Session for both Case Nos. 1679 and 1707; Gray second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Johnson moved to come out of Executive Session for both Case Nos. 1679 and 1707; Ley second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Chair Petete noted for the record that no votes were taken during Executive Session.

Johnson moved in the matter of Case No. 1679, Richard Walton, the OAB accept the Administrative Law Judge's recommendations as presented but the Respondent be fined \$10,000 per violation with two (2) violations identified in this case; plus costs known to date in the amount of \$3,176.69; St. John second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Member Gray noted for the record that the Respondent admitted to at least 50 violations.

Johnson moved that in Case No. 1707, the OAB accept the Consent Order as presented with costs; Gray second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Gray moved to adjourn the hearing; Johnson second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1679.

The proceedings and the individual votes of the members were conducted in open session. The evidence is contained in Docket File No. 1707.

**Agenda Item #7 – Discussion and Possible action on the Proposed Amendments to the Oklahoma Accountancy Act – Draft 5:** Representatives from the OSA, Roger Berryman and Peggy Johnson expressed appreciation to the OAB's Legislative Committee for working with both the OSA and the OSCPA in reaching compromises on issues to be proposed during the upcoming legislative session.

As Chair of the Legislative Committee, Member Gray addressed this item and referenced the OAB's current draft of proposed legislation. She urged both the OAB and the OSA to support the OSCPA's proposed legislation which will be filed with the House of Representatives since it mirrors the OAB's proposed legislation. She expressed appreciation to both organizations and to the OAB's Legislative Committee.

Gray moved for the OAB to support legislation the OSCPA will file which exactly mirrors the OAB's recommendations; Biswell second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Agenda Item #16 -- Proposed Executive Session Pursuant to 25 O.S. Supp. 2006, Section 307(B)(1) for Discussion and Possible Action on Employment, Hiring Appointment, Promotion, Disciplining, Resignation, Changes to Existing Salaries, or Setting Salary Ranges for the Following Individual Positions: a) Executive Director, b) Deputy Director, c) Registration Coordinator, d) Examination Coordinator, e) CPE Coordinator, f) Administrative Assistant, g) Peer Review Coordinator, h) Records Coordinator, i) Receptionist, j) Information Systems Services Coordinator, and k) Legal Counsel (in house):**

Johnson moved to go into Executive Session; Gray second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Johnson moved to come out of Executive Session; Ley second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

Chair Petete noted for the record that no decisions or official votes were made during Executive Session.

Johnson moved for the OAB to offer Nicole Johns the position of Deputy Director at the starting salary of \$48,000 subject to her acceptance and negotiation of benefits being transferred from the agency she is currently employed and the OAB receiving positive responses to background checks; St. John second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Agenda Item #5 – Report on the Annual Financial Statements and Independent Auditors’ Reports as of and for the Fiscal Years Ended June 30, 2008 and 2007:**

As Chair of the OAB’s Audit and Budget Committee, Secretary Ley addressed this item. She requested Executive Director Steele distribute the draft of the report to OAB members with any comments being directed to Secretary Ley.

**Agenda Item #6a -- Discussion and Possible Action on Recommendations by the Enforcement Committee:** Vice Chairman Johnson presented a written summary of investigative files and administrative actions taken, with recommendations for the disposition of each.

Johnson moved to close File Nos. 1222, 1458 and 1467;  
Gray second. Affirmative votes: St. John, Gray, Johnson,  
Petete, Ley and Biswell. Absent: Volturo.

**Files to Close:**

**File 1222 – CPA**

A complaint was filed that the registrant refused to return copies of documents that the complainant claimed was their property and were valuable to the complainant in a court matter. As instructed by the Enforcement Committee an investigator was assigned to the file. The investigator concluded that the complaint was venomous in nature and found no wrong doing on the registrant’s part. The Enforcement Committee recommends the file be closed.

**File 1458 – CPA**

The registrant self reported an arrest involving a domestic dispute. As routine, staff obtained an OSBI background check which revealed repetitious complaints; however, all matters have been dismissed. The Enforcement Committee recommends the file be closed but that staff continue to monitor for any future arrests or charges.

**File 1467 – CPA**

A complaint was filed that the registrant failed to prepare the complainant’s tax return timely and alleged errors in the preparation of the joint tax return. As instructed by the Enforcement Committee an investigator was assigned to this file. The investigator’s report concluded the neither party could provide sufficient evidentiary matter to fully support their respective position and rebut the other party’s claims. Based on the investigator’s opinion that there was insufficient evidence to establish that the registrant failed to comply with the provisions of the Act or the OAB’s rules in this matter the Enforcement Committee recommends the file be closed.

**Files to be assigned to the Administrative Law Judge:**

Subchapter 10:15-37-6(e) of the Oklahoma Administrative Code provides “Hearings will be conducted by one (1) of the following methods, ***as determined by the Board*** (emphasis added): (3) By an attorney licensed to practice law in this state appointed by the Board to act as a hearing examiner or Administrative Law Judge”

The Vice Chairman recommends the following files be heard before the Administrative Law Judge:

None

**Agenda Item #6b – Discussion and Possible Action on Executive Director’s Recommendation to Lift the Suspension of Certificate No. 11781, John K. Fodge:**

Vice Chairman Johnson addressed the staff’s recommendation to lift the suspension of Certificate No. 11781, John K. Fodge and his certificate be reinstated subject to the approval of his application.

Johnson moved to lift the suspension of John K. Fodge; Ley second. Affirmative votes: St. John, Gray, Johnson, Petete, Ley and Biswell. Absent: Volturo.

**Agenda Item #8 – Discussion and Possible Action on the Proposed Amendments to the Oklahoma Administrative Code – Draft 4:**

In Rules Committee Chairman Volturo’s absence, Member Biswell addressed this item and referenced the current draft of proposed amendments. Discussion followed among the OAB members concerning the number of CPE hours required for CPAs re-entering active status.

**The Board adjourned for lunch at 11:45 a.m. and reconvened at 1:50 p.m.**

**Vice Chairman Johnson did not return when the Board meeting reconvened.**

**Continuation of Agenda Item #8 – Discussion and Possible Action on the Proposed Amendments to the Oklahoma Administrative Code – Draft 4:**

Discussion continued among the OAB members concerning the number of CPE hours required for CPAs re-entering active status.

Member Gray suggested changing the proposed language in 10:15-30-9(1) to read: “The 3-year CPE cycle of a registrant returning to active status shall begin January 1 of the year in which the registrant returns to active status. 40 hours of CPE credit reported to meet the requirements to return to active status will count toward the 3-year CPE cycle.”

Member Gray suggested changing the proposed language in 10:15-30-9(6)(B) from 180 days to a year to read: “One year from the date of the return to active status for any additional CPE above the (40) hours described in (A) above.”

Ms. Walker also submitted additional verbiage needed in subsections 10:15-32-2 and 10:15-32-5 which now reads, in part, "courses offered by the AICPA or other such organizations as determined by the Board".

Biswell moved to accept the rules subject to changes as modified in the preceding discussion; Ley second. Affirmative votes: St. John, Gray, Petete, Ley and Biswell. Absent: Volturo and Johnson.

**Agenda Item #11a -- Discussion and Possible Action on Request from Michael Stapp, CPA, for four 2-hour ethics courses to count toward the equivalent of the AICPA Comprehensive Ethics Exam course required in 10:15-30-3:** The OAB's CPE Coordinator, Barbara Walker addressed this item.

Gray moved to deny the request of Mr. Stapp that courses are equivalent based on research completed by the staff and if Mr. Stapp wants to find another course other than the AICPA course, he must ask for prior approval from the Board; Biswell second. Affirmative votes: St. John, Gray, Petete, Ley and Biswell. Absent: Volturo and Johnson.

**Agenda Item #11b – Discussion and Possible Action on Request from Dr. Massood Saffarian of Rogers State University to allow BADM 3333 Business and Professional Ethics class as equivalent to the AICPA Comprehensive Ethics Exam course:** The OAB's CPE Coordinator, Barbara Walker addressed this item. Member Gray requested the staff obtain the curriculum for the ethics college course the Texas Board requires and suggested that approved ethics courses be posted on the Board's website. The OAB deferred action on this item.

**Agenda Item #11c – Discussion and Possible Action on Request from Albert Nation, CPA for a waiver of the CPE Requirement to return to active status:** The OAB's CPE Coordinator, Barbara Walker addressed this item.

Ley moved to allow Mr. Nation to earn 40 hours (32 hours in tax and 8 hours for the AICPA Ethics Examination) within 60 days and allow him one year to complete 80 hours and he cannot practice until the 40 hours of CPE are completed; Gray second. Affirmative votes: St. John, Gray, Petete, Ley and Biswell. Absent: Volturo and Johnson.

**Agenda Item #11d – Discussion and Possible Action on Request for guidance from the OAB's CPE Coordinator as to the Procedures to follow when Registrants fail to meet the 3-year, 120-hour CPE Requirement as of December 31, 2008:** The OAB's CPE Coordinator, Barbara Walker addressed this item. As Chairman of the OAB's CPE/Experience Verification Committee, Member St. John recommended the CPE Coordinator continue working with registrants who fail to meet the 3-year, 120-hour CPE requirement. For compliance monitoring purposes, Secretary Ley recommended

marking the files of such registrants by adding a field in the registrant database if necessary.

Ley moved that because this is the first triennium for CPE reporting, the staff be given discretion to grant one-time extensions up to 90 days for CPE to registrants on a case-by-case basis, but a strongly written admonition will be sent to them notifying them that this is a one-time extension and those who are granted an extension will be included in next year's CPE audit; Gray second. Affirmative votes: St. John, Gray, Petete, Ley and Biswell. Absent: Volturo and Johnson.

**Agenda Item #12 – Discussion and Possible Action on Request from Virchow Krause & Company for firm name change:** At the request of Chair Petete, this item was deferred.

**Agenda Item #13 – Discussion and Possible Action on Request from Lori Shaw, CPA, for waiver of peer review requirement:** At the request of Chair Petete, this item was deferred.

**Agenda Item #14 – Discussion and Possible Action on Request from NASBA for Comments on 120/150 Paper due December 31, 2008:** At the request of Chair Petete, this item was deferred.

**Agenda Item #15 – Discussion and Possible Action on Request from NASBA for Comments on Proposed Revisions to UAA Model Rules – Exposure Draft, due January 31, 2009:** At the request of Chair Petete, this item was deferred.

**Agenda Item #17 – Director's Report:** Executive Director Steele addressed the following issues:

- Progress update on the second draft of the OAB personnel policy and procedure manual.
- Progress update on the report on the pros and cons for outsourcing examination procedures to NASBA.
- Receipt of comments and filing deadline for the NASBA Focus Questionnaire on December 29, 2008 with NASBA's Southwest Regional Director, Carlos Johnson.
- The purchase of 3 workstations for the OAB office.

**Agenda Item #18a – Chair's Report:** Chair Petete did not present a report.

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**Agenda Item #18b – Next Meeting Date Announced:** The next regularly scheduled OAB meeting will be 8:30 a.m., Friday, January 30, 2009 at the Water Resources Board Room, 3800 N. Classen Blvd, 2<sup>nd</sup> Floor, Oklahoma City, OK 73118.

**Agenda Item #19 – New Business:** No new business.

**Agenda Item #20 – Adjournment:** There being no further business to come before the OAB, at 2:45 p.m., Chair Petete adjourned the meeting.

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Vicky Petete, Chair

ATTEST:

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Barbara Ley, Secretary

**APPENDIX 1****CERTIFICATES SURRENDERED BY REGISTRANTS:****CPAs:****Surrendering CPA Certificate Due To The New CPE Requirements:**

Donald Bronson Atkins, Certificate No. 939 issued January 21, 1954  
**(cancellation request withdrawn)**

Kathy J. Kirkpatrick, Certificate No. 8990 issued July 31, 1986

Glenna Marcum Loyd, Certificate No. 2622 issued January 31, 1972

**No Longer Residing In Oklahoma:**

Matthew David Mura, Certificate No. 16259-R issued September 21, 2006

H. Eugene Scammahorn, Certificate No. 4137 issued July 18, 1977

**Out-of-State CPAs No Longer Practicing:**

Robert Othel Glisson, Certificate No. 10581-R issued September 28, 1989

**DECEASED REGISTRANTS:****CPAs:**

**Sam Wiley Hunsaker, Certificate No. 874-R issued April 21, 1953  
(Mr. Hunsaker served on the Board from July 1, 1995 until June 30, 2000)**

Marion Earl Gordon, Certificate No. 12907 issued January 30, 1995

Edward E. McGee Jr., Certificate No. 4114 issued July 18, 1977

**DISSOLVED FIRMS:****CPA Partnership:**

Havern, Behrens and Heim, CPA's

**CPA Corporation:**

Dale & Associates CPAs, Inc. P.C.

**CPA Limited Liability Partnership:**

Tullius Taylor Sartain & Sartain LLP

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**Applications Approved:** The OAB took official notice of the following experience verification applications which have been approved by the Executive Director:

Name

Elizabeth Lea Chandler  
Rayna Diekelman  
Diana Lin Galatian  
Jana Kim  
LeAnne Michelle Matthews  
Beth Miller  
Adrienne Maria Myers  
Alecia Kay Paschal  
Lysa Michelle Ross  
Clint Russell Roush  
Trae Michael Stiles  
Amanda Rachel Vermillion

**Applications and Registrations Approved:** The OAB took official notice of the following applications and registrations, which have been approved by the Executive Director:

APPLICATIONS FOR CERTIFICATION (Successful Candidates):

16446	Robert Gregory Haight
16491	Rebecca Ann Thompson
16542	Doroteia Bozhidarova Bozhanova
16543	Andrew Warren Bunch
16546	Cory Anthony Hepburn
16547	Anthony Lemuel Herron, Jr.
16549	Jennifer M. Holloway
16550	Laura Danielle Holman
16551	Floyd Joseph Langlely
16552	Virginia Faye Lee
16553	Matthew Brooks Neas
16555	Maria Willsher-Urlaub

APPLICATIONS FOR RECIPROCAL CPA CERTIFICATES:

16556-R	Zane Phillip Finch
16557-R	Sive Abednigo Mazibuko
16558-R	Frederick Focke Mischler

APPLICATIONS FOR PRACTICE PRIVILEGES IN ACCORDANCE WITH  
SUBSTANTIAL EQUIVALENCY (Based on State SE Recognition):

Richard A. Bili (Kansas)  
Eric Bing Chin (California)  
Dennis K. Lavin (California)  
John Laurence Przybysz (Arkansas)  
Christina M. Ricke (Kansas)  
Neil Richard Schafer (California)  
Megan E. Todd (Kansas)

APPLICATIONS FOR REINSTATEMENT OF CPA CERTIFICATES:

1768	David Dean Walden
2466	Shelba Fern Parmley
2762	Alfred Marshall Snipes, Jr.
4068	Joyce Huff Allen
4246	Thomas Bueno
4910	Kimberly C. Sellers
5120	Marianne Crowdis
5978	Sandra Lynn Howerton
6092	Frances McNeill Church
8834	Troy Kent Davis
8994	Victor Lynn Smith
9668	Rebecca Ann Collins
9946	Lynda Hamra Ramming
10234	Vijaya Krishna
10292	Kimberly Lynne Ashlock
11206	Teresa Marie Wuchter
11294	Carrie England Chandler
12040	Patrick Alan Jones
12268	Karla Hoose
12327	Jerry Pianalto
13136	Roger Paul Johnson
13290	Daniel J. Dempewolf
15130	Kathryn Phillips Wilson
15136	Melissa Renee Ruby
15998-R	Brian Ray Morris

INITIAL REGISTRATION OF A CPA PARTNERSHIP:

HBC CPAs & Advisors

INITIAL REGISTRATION OF A CPA LIMITED LIABILITY PARTNERSHIP:

HoganTaylor LLP

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INITIAL REGISTRATIONS OF CPA PROFESSIONAL CORPORATIONS:

Burdorf, Parrott and Associates, P.C. (Iowa)  
Erwin & Company, P.A. (Arkansas)  
Keith A. Robben, CPA PC  
Robert R Witt, Jr, CPA, P.C.

REINSTATEMENT OF A CPA PROFESSIONAL CORPORATION:

Phillip Courtney Hogan P.C. (Texas)

INITIAL REGISTRATIONS OF CPA PROFESSIONAL LIMITED LIABILITY COMPANIES:

McLaughlin and Company, P.L.L.C.  
Plante Moran LLC (Michigan)

## APPENDIX 2

### 10:15-18-3. Retake and granting of credit requirements

(a) A grade of seventy-five (75) in each required test section shall be the minimum passing grade for purposes of granting credit.

(b) A candidate may take the required test sections individually and in any order. Credit for any test section(s) passed shall be valid for eighteen months from the date the candidate took that test section, without having to attain a minimum score on any failed test section(s) and without regard to whether the candidate has taken other test sections.

(1) A CPA candidate must pass all four test sections of the AICPA Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section(s) passed is taken. In the event all four test sections of the AICPA Uniform CPA Examination are not passed within the rolling eighteen-month period, credit for any test section(s) passed outside the eighteen-month period will expire and that/those test section(s) must be retaken.

(2) A PA candidate must pass the Financial Accounting and Reporting (FAR), Auditing and Attestation (AUD), and Regulation (REG) sections of the AICPA Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section(s) passed is taken. In the event all three test sections of the PA Examination are not passed within the rolling eighteen-month period, credit for any test section(s) passed outside the eighteen-month period will expire and that/those test section(s) must be retaken.

(3) A candidate cannot retake a failed test section(s) in the same examination window. An examination window refers to a three-month period in which a candidate has an opportunity to take the CPA/PA examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, a candidate will be able to test two out of the three months within an examination window.

~~(c) A candidate having earned conditional credits on the paper and pencil examination, as of the launch date of the computer based AICPA Uniform CPA Examination, will retain conditional credits for the corresponding test sections of the computer-based CPA examination as follows:~~

~~(1) A candidate having earned conditional credits on the paper and pencil examination in Auditing will retain conditional credits in Auditing and Attestation (AUD) on the computer-based examination.~~

~~(2) A candidate having earned conditional credits on the paper and pencil examination in Financial Accounting and Reporting (FARE) will retain conditional credits in Financial Accounting and Reporting (FAR) on the computer-based examination.~~

~~(3) A candidate having earned conditional credits on the paper and pencil examination in Accounting and Reporting (ARE) will retain conditional credits in Regulation (REG) on the computer-based examination.~~

~~(4) A candidate having earned conditional credits on the paper and pencil examination in Business Law and Professional Responsibilities (LPR) will retain conditional credits in Business Environment and Concepts (BEC) on the computer-based examination.~~

~~(d)~~—A candidate who has attained conditional status as of the launch date of the computer-based AICPA Uniform CPA Examination will be allowed a transition period to complete any remaining test sections of the CPA/PA examination. The transition is the maximum number of opportunities that a candidate who has conditioned under the paper-and-pencil examination has remaining, at the launch of the computer-based examination, to complete all remaining test sections or the number of remaining opportunities under the paper-and-pencil examination, multiplied by six months, whichever is first exhausted.

~~(e)~~—If a previously conditioned candidate does not pass all remaining test sections during the transition period, conditional credits earned under the paper-and-pencil examination will expire and the candidate will lose credit for the test sections earned under the paper-and-pencil examination. However, any test section(s) passed during the transition period is subject to the conditioning credit provisions of the computer-based examination as indicated in the aforementioned credit requirements, except that a previously conditioned candidate will not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than eighteen months may have elapsed from the date the test section is passed, until the end of the transition period.

~~(f)~~(c) A candidate shall be deemed to have passed the CPA examination once the candidate holds at the same time valid credit for passing each of the four test sections of the examination within the rolling eighteen month period. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

~~(g)~~(d) A candidate shall be deemed to have passed the PA examination once the candidate holds at the same time valid credit for passing each of the three test sections of the examination within the rolling eighteen month period. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

#### **10:15-18-4. Educational requirements**

(a) An qualification applicant shall show, to the satisfaction of the Board, that the applicant has graduated from an accredited two-year or four-year college or university.

(1) As to an applicant whose college credits are reflected in quarter hours, each quarter hour of credit shall be considered as two-thirds (2/3) of one (1) semester hour when determining semester hour credits necessary to qualify for examination or transfer of credits.

(2) When determining eligibility based on educational qualifications, the Board shall consider only educational credit reflected on official transcripts, from an accredited two-year or four-year college or university.

(3) The Board may accept as temporary consideration, an official letter signed and sealed by the registrar's office of any two-year or four-year college or university attesting to the completion of educational qualifications of any qualification applicant, provided that official transcripts be submitted to the Board prior to any score release.

~~(3)~~(4) The specific requirement that each applicant shall have completed at least one (1) course in auditing may only be satisfied with an auditing or assurance course taken for credit from an accredited two-year or four-year college or university.

(b) When determining eligibility of an qualification applicant ~~for qualification~~, the Board shall not consider any combination of education and experience.

(c) The Board will also consider an qualification applicant who has graduated from a college or university located outside the United States if an educational evaluation performed by a national credential evaluation service, as approved by the Board, certifies in writing that the applicant's course of study and degree are equivalent to the requirements set forth in Section 15.8 of the Act.

(d) On and after July 1, 2003, one hundred fifty (150) semester hours or its equivalent of collegiate education is required to qualify for any examination as set forth in Section 15.8.C. of the Oklahoma Accountancy Act. Any MIS or AIS course, or derivative thereof, as defined in Code 10:15-1-2, used by the applicant to qualify must have a substantial relationship, either direct or indirect, to the accounting profession. However, only AIS courses will qualify for the core accounting courses as required in Section 15-8.C.

(e) Any candidate who has qualified to take the examination on the basis of education prior to July 1, 2003, as provided in Section 15.8.B, is not subject to subparagraph (d) of this subsection.

#### **10:15-18-6. Denial of application**

(a) Any qualification applicant or candidate who has not met the applicable qualifications and/or whose application has been denied shall be notified in writing. The written notice shall include the reason(s) for the denial.

(b) If an application is denied, the qualification applicant or candidate may file a written request with the Board for a review of the denial. The qualification applicant or candidate shall have the burden of demonstrating to the Board that the qualifications required by the Oklahoma Accountancy Act and the rules implementing the Act have been met. Any evidence submitted by the qualification applicant or candidate shall be in documentary form.

#### **10:15-18-7. Board review of denied applications**

(a) The Board shall consider all requests for review of denied applications.

(b) The issues considered for review shall include, but not be limited to, the statutory eligibility requirements and rules upon which the denial of the application was based.

(c) The qualification applicant or candidate who has requested the review shall be notified in writing of the Board's decision. If the denial is sustained by the Board, the written notice shall include the reason(s) for sustaining the denial.

(d) If the denial of the application is sustained, and the qualification applicant or candidate is not satisfied with the decision of the Board, the qualification applicant or candidate may request in writing a public hearing before the Board. Such request shall be granted only if the qualification applicant or candidate can provide additional information to the Board which was not previously available to the Board at the time of the initial evaluation or review. Any additional evidence shall be in documentary form. If any additional evidence is to be presented by oral testimony, a written synopsis of that oral evidence shall accompany the request for a public hearing.

(e) If the Board grants a public hearing to the qualification applicant or candidate, the hearing may be held in conjunction with the next regular meeting of the Board or at a special meeting of the Board.

**10:15-27-3.1. Qualification and examination fees**

Qualification A applicants and candidates shall, for each application filed with the Board, pay a Fifty-Dollar (\$50.00) fee and shall be responsible for all fees charged by the American Institute of Certified Public Accountants, National Association of State Boards of Accountancy (NASBA), and test delivery service provider which are payable to NASBA prior to scheduling the examination.

**10:15-30-2. Required CPE for issuance of an original permit**

Certificate and license holders applying for their first permit to practice public accounting must report a minimum of forty (40) hours of CPE earned within the previous calendar year or within 365 days immediately preceding the date of the application and shall also provide evidence of the successful completion of the AICPA Ethics Examination or its equivalent as determined by the Board ~~earned within the previous calendar year or within 365 days immediately preceding the date of the application~~ before a permit will be issued. If the ethics examination course is to be counted toward the CPE required for the permit, it must have been completed during the same period as the remaining CPE reported to obtain the permit. The passing score is determined by the Board. Any ethics course meeting the requirements for issuance of an original permit:

- (1) must be one course which has been recommended for at least eight (8) hours of CPE credit by the course provider; and
- (2) must have been passed with a score of 90% or above.

**10:15-30-3. Required CPE for issuance of a lapsed permit**

Certificate and license holders previously holding a permit to practice public accounting must report a minimum of forty (40) hours of CPE earned within the previous calendar year or within 365 days immediately preceding the date of the application and shall also provide evidence of the successful completion of the AICPA Ethics Examination or its equivalent as determined by the Board ~~earned within the previous calendar year or within 365 days immediately preceding the date of the application~~ before a permit will be issued. If the ethics examination course is to be counted toward the CPE required for the permit, it must have been completed during the same period as the remaining CPE reported to obtain the permit. The passing score is determined by the Board. Any ethics course meeting the requirements for the renewal of a lapsed permit:

- (1) must be one course which has been recommended for at least eight (8) hours of CPE credit by the course provider; and
- (2) must have been passed with a score of 90% or above.

**10:15-30-5. Reporting and documentation by certificate and license holders**

(a) Certificate and license holders not otherwise exempt must complete one hundred twenty (120) hours of qualifying CPE within a rolling three (3) calendar year period. A certificate or license holder's three (3) year period begins January 1 in the year the certificate or license holder was required to earn CPE. A minimum of twenty (20) hours of acceptable CPE, ~~including~~ shall be completed each calendar year. Effective January 1, 2009, four hours of professional ethics must be completed within each rolling three

(3) calendar year period. CPE shall be reported annually by July 31 on a form prescribed by the Board.

(b) The professional ethics requirement as mandated in this section may be met by courses from other licensed professional disciplines that relate directly to the practice of public accounting, such as law or securities and may be met by courses on ethical codes in jurisdictions other than Oklahoma.

(c) Each certificate and license holder required to report CPE shall certify, in a format prescribed by the Board, information regarding the CPE hours claimed for credit for the calendar year.

(d) CPE hours claimed for credit may be claimed only for the compliance period in which the course was completed and credit granted.

(e) Each letter or certificate of completion shall include the date of completion of the seminar or course as evidenced by:

(1) Date the in-attendance course was completed;

(2) Date a self-study course was completed and evidenced by the date of certified mailing or date of facsimile transmission to the program sponsor;

(3) Date an internet self-study course is transmitted to the program sponsor.

(f) At the time of completing each course, or within sixty (60) days thereafter, the certificate or license holder shall obtain a letter or certificate attesting to completion of the course from the sponsor of the course. Such letters or certificates shall be retained for a period of five (5) years after the end of the compliance period in which the program is completed and shall include the specific information set forth in the Board's CPE Standards.

(g) Participants in structured CPE programs shall also retain descriptive material for five (5) years which reflects the content of a course in the event the participant is requested by the Board to substantiate the course content.

(h) If a certificate or license holder's main area of employment is industry and the certificate or license holder holds a permit to practice, at least seventy-two (72) hours of the one hundred twenty (120) hour requirement within a three (3) year period of the qualifying CPE completed by the certificate or license holder shall be in subjects related to the practice of public accounting and shall earn a minimum of eight (8) hours in the areas of taxation, accounting or assurance per calendar year.

### **10:15-30-9. Re-Entering Active Status**

An inactive status registrant upon return to active status must comply with CPE requirements as follows:

~~(1) For each month the registrant was on inactive status, three and one-third (3 1/3) hours of qualified CPE, rounded up to the nearest half credit.~~

~~(2) The maximum number of qualified CPE hours required by this rule shall be one hundred twenty (120) hours, including at least four (4) hours of CPE in ethics.~~

~~(3) The registrant can claim any CPE hours earned while on inactive status during the preceding three (3) year period.~~

~~(4) A registrant who immediately gives written notice to the Board upon changing to active status may be granted the following time periods from the date of the change of status in which to complete the CPE required by this section.~~

~~(A) From the date of the change of status, for registrants needing forty (40) hours or less to comply with (1) or (2) above, sixty (60) days; and~~

~~(B) From the date of the change of status, a registrant shall complete~~

~~additional CPE over the forty (40) hours described in (a) above within one hundred eighty (180) days.~~

~~(5) A registrant must document, on a form prescribed by the Board, all qualified CPE required by this rule.~~

~~(6) At its discretion, the Board may modify the requirements of this rule for good cause on a case by case basis.~~

(1) The three (3)-year CPE cycle of a registrant returning to active status shall begin January 1 of the year in which the registrant returns to active status. Forty (40) hours of the CPE credit reported to meet the requirements to return to active status will be counted toward the three (3)-year CPE cycle.

(2) For each calendar year in which the registrant claimed an exemption to the CPE requirement, the registrant must complete forty (40) hours of CPE.

(3) The maximum number of CPE hours required to return to active status shall be one hundred twenty (120) hours, including at least four (4) hours of professional ethics.

(4) If the number of CPE hours required to return to active status is fewer than one hundred twenty (120), two (2) hours of professional ethics must be included.

(5) The registrant may claim any CPE hours earned while on inactive status during the preceding three (3)-year period.

(6) A registrant who immediately gives written notice to the Board upon changing to active status may be granted the following time periods in which to complete the CPE required by this section:

(A) Sixty (60) days from the date of the return to active status for registrants needing forty (40) hours of CPE; and

(B) One year from the date of the return to active status for any additional CPE above the (40) hours described in (A) above.

(7) A registrant must document, on a form prescribed by the Board, all qualified CPE required by this rule.

(8) At its discretion, the Board may modify the requirements of this rule for good cause on a case by case basis.

#### **10:15-32-2. Standards for CPE Program Sponsors**

(a) CPE program sponsors are responsible for compliance with all applicable standards and other CPE requirements.

(b) CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and/or other professional organizations or bodies. Professional guidance for CPE program sponsors is available from the AICPA and NASBA; state-specific guidance is available from the state boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

(c) Sponsors of self-study CPE programs must be registered with NASBA's National Registry of CPE Sponsors, courses offered by the AICPA, or other such organizations as determined by the Board in order for their courses to qualify for CPE credit.

#### **10:15-32-5. Standards for CPE program measurement**

(a) Sponsored learning activities are measured by program length, with one 50-minute period equal to one CPE credit. One-half CPE credit increments (equal to 25 minutes) are permitted after the first credit has been earned in a given learning activity.

- (1) For learning activities in which individual segments are less than 50 minutes, the sum of the segments should be considered one total program. For example, five 30-minute presentations would equal 150 minutes and should be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted should be rounded down to the nearest one-half credit. Thus, learning activities with segments totaling 140 minutes should be granted two and one-half CPE credits.
  - (2) While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must monitor group learning activities to assign the correct number of CPE credits.
  - (3) For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:
    - (A) Semester System 15 credits; and
    - (B) Quarter System 10 credits;
  - (4) For university or college non-credit courses that meet these CPE standards, CPE credits shall be awarded only for the actual classroom time spent in the non-credit course.
  - (5) Credit is not granted to participants for preparation time.
  - (6) Only the portions of committee or staff meetings that are designed as programs of learning and comply with these standards qualify for CPE credit.
- ~~(e)~~ (b) CPE credit for self-study learning activities must be based on a pilot test of the average completion time. A sample of intended professional participants should be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group of at least three individuals must be independent of the program development group and possess the appropriate level of knowledge before taking the program. The sample does not have to ensure statistical validity. CPE credits should be recommended based on the average completion time for the sample. If substantive changes are subsequently made to program materials further pilot tests of the revised program materials should be conducted to affirm or amend, as appropriate, the average completion time. Only self-study programs offered by sponsors registered with NASBA's National Registry of CPE Sponsors, courses offered by the AICPA, or other such organizations as determined by the Board will be considered for CPE credit.
- ~~(d)~~ (c) Instructors or discussion leaders of learning activities should receive CPE credit for both their preparation and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these CPE standards.
- (1) Instructors, discussion leaders, or speakers who present a learning activity for the first time should receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation.
  - (2) Instructors of university or college courses can claim a maximum of fifteen (15) CPE credits per college credit hour taught to the extent the preparation required for the course maintains or improves their professional competence.
  - (3) For repeat presentations, CPE credit as provided in 10:15-32-5(d)(1) and (2) can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

~~(e)~~ (d) Writers of published articles, books, or CPE programs should receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. CPE credit from this activity shall be limited to 10 CPE credits per calendar year and will be determined by the Board on a case by case basis. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. CPE credits should be claimed only upon publication.

~~(f)~~ (e) CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract. The credits to be recommended by an independent study CPE program sponsor should be agreed upon in advance and should be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

#### **10:15-33-5. Effect of consecutive deficient reports**

(a) Effective for peer reviews commencing on or before December 31, 2008, a firm, including a succeeding firm, which receives two (2) consecutive modified reports and/or one (1) adverse report, may be required by the Board or its designee to have an ~~accelerated~~ a pre-issuance peer review or team captain revisit within eighteen (18) months from the year end of the firm's last peer review.

(b) If the ~~accelerated~~ pre-issuance review or team captain revisit required by subsection (a) above results in a ~~modified or adverse report~~ continued oversight:

(1) The firm may complete any review and audit engagement for which field work has already begun only if:

~~(A) Prior~~ prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the Board or its designee; and

~~(B) The engagement is completed within ninety (90) days of the acceptance of the peer review report, letter of comments, and letter of response by the sponsoring organization;~~

(2) The firm shall be referred to the Vice Chair of the Board for enforcement investigation.

(3) A firm may petition the Board for a waiver from the provisions of this rule subsection (b).

(c) Effective for peer reviews commencing on or after January 1, 2009, a firm, including a succeeding firm which receives two (2) consecutive pass with deficiencies reports and/or one (1) fail report, may be required by the Board or its designee to have an accelerated peer review within eighteen (18) months from the year end of the firm's last peer review.

(d) If the accelerated review required by subsection (a) or (c) above results in a deficient report:

(1) The firm may complete any service requiring a peer review for which field work has already begun only if:

(A) Prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the Board or its designee; and

(B) The engagement is completed within ninety (90) days of the acceptance of the peer review report, and letter of response (when applicable) by the sponsoring organization;

- (2) The firm shall be referred to the Vice Chair of the Board for enforcement investigation.
- (3) A firm may petition the Board for a waiver from the provisions of this rule subsection (d).

**10:15-33-7. Peer review oversight committee**

- (a) The Board shall appoint a Peer Review Oversight Committee for the purpose of:
  - (1) Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review minimum standards;
  - (2) Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the peer review minimum standards; and
  - (3) Reporting to the Board on the conclusions and recommendations reached as a result of performing functions in paragraphs (A) and (B) of this subsection.
- (b) The Peer Review Oversight Committee shall consist of three (3) members nominated by the Chair and approved by the Board, none of whom is a current member of the Board. Initial appointment of the three (3) committee members shall be as follows: one (1) member appointed for three (3) years; one (1) member appointed for two (2) years; and one member appointed for one (1) year. Subsequent committee members shall serve three (3) year terms. Compensation, if any, of Peer Review Oversight Committee members shall be set by the Board, not to exceed One Hundred Fifty Dollars (\$150.00) per hour. Each member of the Peer Review Oversight Committee must be active in the practice of public accounting at a supervisory level or above in the accounting or auditing function while serving on the committee or any employee involved at a supervisory level or above in an audit function of a state or local government. The member or member's firm must be enrolled in an approved practice/monitoring program and have received an unmodified or pass report on its most recently completed peer review. A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards for Performing and Reporting on Peer Reviews.
  - (1) No more than one Peer Review Oversight Committee member may be from the same firm.
  - (2) A Peer Review Oversight Committee member may not concurrently serve as a member of the AICPA's or any state's CPA society ethics or peer review committee.
  - (3) A Peer Review Oversight Committee member may not participate in any discussion or have any vote with respect to a reviewed firm when the committee member lacks independence or has a conflict of interest. The Board may appoint alternate committee member(s) to serve in these situations.
- (c) Information concerning a specific firm or reviewer obtained by the Peer Review Oversight Committee during oversight activities shall be confidential, and the firm's or reviewer's identity shall not be reported to the Board. Reports submitted to the Board will not contain information concerning specific registrants, firms or reviewers.
- (d) As determined by the Board, the Peer Review Oversight Committee shall make periodic recommendations to the Board, but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.
- (e) The Peer Review Oversight Committee may:
  - (1) When necessary in reviewing reports on peer reviews, prescribe actions designed to assure correction of the deficiencies in the reviewed firm's system of

quality control policies and procedures and provide such results to the Board;

- (2) Monitor the prescribed remedial and corrective actions to determine compliance by the reviewed firm;
- (3) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews or other standards as approved by the Board and the rules promulgated herein by the Board;
- (4) Establish a report acceptance process, which facilitates the exchange of viewpoints among committee members and sponsoring organization; and
- (5) Communicate to the governing body of the sponsoring organization on a recurring basis:
  - (A) Problems experienced by the enrolled registrants in their systems of quality control as noted in the peer reviews conducted by the sponsoring organization;
  - (B) Problems experienced in the implementation of the peer review program; and
  - (C) A summary of the historical results of the peer review program.
- (f) Committee members shall become disqualified to serve on Peer Review Oversight Committee if any of the provisions that qualify the committee member no longer exist or by majority vote of the Board.

#### **10:15-35-1. Application for reinstatement**

- (a) Upon application on a form prescribed by the Board an individual may request reinstatement of a canceled, suspended, or revoked certificate or license.
- (b) The applicant shall be of good moral character.
- (c) In addition to the application fee the applicant shall pay the required registration fees and permit fee, if applicable, as well as all costs and fines assessed by the Board which remain unpaid at the date the application is filed.
- (d) Individuals applying for the reinstatement of a certificate or license must meet the requirements to return to active status in 10:15-30-9 if they will be providing any services associated with accounting work.
- (e) Individuals applying for the reinstatement of a certificate or license must show evidence of successful completion of the AICPA ethics examination or its equivalent as determined by the Board.

#### **10:15-37-5. Filing of formal complaint**

- (a) All formal complaints shall be filed by the Enforcement Committee only with the agreement of the Special Prosecutor.
- (b) The Enforcement Committee, and the Special Prosecutor must concur. In the event they do not, the Vice Chairman will prepare a report for the Board and the Board will determine future action.
- (c) The formal complaint shall be signed by the Special Prosecutor or the Vice Chairman.
- (d) The formal complaint shall include a concise statement of the allegations and particular sections of the Oklahoma Accountancy Act and the rules implementing that Act which are involved.

**10:15-37-6. Formal proceedings**

(a) The Chairman shall set a time and place for the hearing of the formal complaint, provided that such hearing shall be set not less than twenty (20) days from service of the complaint and notice of the proceeding to the accused at the last known address in the official records of the Board.

(b) Notice may be taken of judicially cognizable facts. In addition, notice may be taken of generally recognized technical or scientific facts within the specialized knowledge of one (1) or more members of the Board.

(c) The accused shall be notified either before or during the hearing, or by reference in preliminary reports or otherwise of any material notices, including any staff memoranda or data to be relied on by the Board and the accused shall be afforded an opportunity to contest the material so noticed. The experience, technical competence, and specialized knowledge of the members of the Board may be utilized in the evaluation of the evidence.

(d) Oral proceedings or any part thereof shall be transcribed upon request of any party. All costs of such transcription shall be paid by the requesting party.

(e) Hearings will be conducted by one (1) of the following methods, as determined by the Board:

(1) By the Board;

(2) By any member of the Board or a designee of the Board acting as a hearing examiner or Administrative Law Judge; or

(3) By an attorney licensed to practice law in this state appointed by the Board to act as a hearing examiner or Administrative Law Judge.

(f) The standard of proof in all hearings shall be clear and convincing evidence.

(g) All orders, whether proposed or final, shall be issued within ninety (90) calendar days of the hearing. Final orders shall state their effective date.

(h) The Board shall consider past disciplinary action taken against any accused found guilty in any present proceeding. Such past conduct shall not be evidence of guilt in the present proceeding but will be considered only in determining appropriate sanctions to be imposed by the Board in the present proceeding.

(i) Unless precluded by law, the accused may waive any right granted in the law and proceed by stipulation, agreed settlement, consent order, or default. No provision of this section shall be construed as prohibiting the Board from suspending, or holding in abeyance, any formal proceeding pending the outcome of informal negotiation or informally agreed upon terms.

~~(j) The investigation files of the Board shall be confidential, except the Board may provide information in the investigation files and hearing record to the following:~~

~~(1) Any Board of Accountancy or Commission of the District of Columbia, or any other state or territory of the United States which exercises disciplinary authority over accountants; and~~

~~(2) Any law enforcement agency which makes a proper showing that such information is necessary to conduct a pending investigation.~~

~~(k)(j)~~ Any individual who has filed a complaint may be notified of the final disposition of the matter.

~~(k)~~ (k) The hearing record of any formal proceeding shall be open to the public.

~~(m)(l)~~ The notice and hearing procedures required for individual proceedings as set forth in the Oklahoma Administrative Procedures Act shall be followed by the Board.

**10:15-39-1. Application**

(a) To the extent not contradicted by rule herein, a registrant shall conform in fact and in appearance to the AICPA Code of Professional Conduct.

(b) To protect the public interest, the Rules of Professional Conduct are based on the premise that the public and the business community rely on sound financial reporting and on professional competence. This premise is inherent in the authorized use of the titles certified public accountant and public accountant, which imposes on persons registered with the Board certain obligations to the public and to others. These obligations which the Rules of Professional Conduct are intended to enforce, include: the obligation to maintain independence and objectivity of thought and action, to strive continuously to improve professional skills, to observe, where applicable, generally accepted accounting principles, governmental auditing standards, standards as set by the Public Company Auditing Accounting Oversight Board, and generally accepted auditing standards, to promote sound and informative financial reporting, to hold the affairs of clients or employers in confidence, to uphold the standards of the public accounting profession, and to maintain high standards of personal conduct in all matters affecting fitness to practice public accounting.

(c) Acceptance by a registrant of a certificate or license involves a duty to abide by the Rules of Professional Conduct.

(d) The Rules of Professional Conduct are intended to have application to all kinds of professional services performed in the practice of accounting, including, but not limited to, assurance, attest, auditing, accounting, review and compilation services, tax services, management advisory services and personal financial and investment planning, and intended to apply as well to all certificate and license holders, whether or not engaged in the practice of public accounting, except where the wording of one of the Rules of Professional Conduct clearly indicates that the applicability is more limited.

(e) A registrant who is engaged in the practice of public accounting outside the United States is not subject to discipline by the Board for departing, with respect to such foreign practice, from any of the Rules of Professional Conduct, so long as the conduct is in accordance with the Rules of Professional Conduct applicable to the practice of public accounting in the country in which the registrant is practicing. If the name of a registrant is associated with financial statements in such manner as to imply that the registrant is acting as an independent CPA or PA under circumstances which would entitle the reader to assume that United States practices are followed, the registrant will be expected to comply with auditing standards and accounting principles generally accepted in the United States of America, and other professional standards applicable to the services provided.

(f) In interpreting and enforcing these rules, the Board may give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings and opinions issued by the boards of other jurisdictions, appropriately authorized ethics committees of professional organizations and other federal and state agencies.

**10:15-39-9. Professional misconduct**

It is professional misconduct for a CPA, PA or a firm to:

- (1) violate or attempt to violate the Oklahoma Accountancy Act or the rules implementing that Act, knowingly assist or induce another to do so, or do so through the act of another; or
- (2) commit a criminal act that reflects adversely on the CPA's or PA's

integrity, trustworthiness or fitness to practice as a CPA or PA; or

(3) commit any act that reflects adversely on the CPA's or PA's fitness to practice public accounting.

(4) engage in conduct involving dishonesty, fraud, deceit, misrepresentation or omission of a known material fact; or

(5) engage in a pattern of repeated offenses, even ones of minor significance including an indifference to the Oklahoma Accountancy Act or the rules implementing that Act; or

(6) state or imply an ability to influence improperly a government agency or official; or

(7) ~~violate the rules and regulations~~ receive a censure, suspension, cancellation, revocation, of other state or federal regulatory agencies which results in the censure or suspension, cancellation, revocation, or withdrawal of registration or by a state or federal agency concerning the right of the registrant to practice by such before a state or federal agency, as a result of whether by a hearing, consent agreement, court order, or other administrative proceedings.

#### **10:15-43-7. Disqualification [NEW]**

At any time the firm's registration or permit to practice public accounting in Oklahoma is revoked, cancelled, dissolved or suspended, the firm's registration under this subchapter shall be disqualified and the firm's name shall be automatically removed from the list of Registrants Performing Governmental Audits in Accordance with Government Auditing Standards.

#### **10:15-43-8. Reinstatement [NEW]**

After disqualification, reinstatement shall only be granted upon the filing of the form prescribed by the Board and proof of the firm's qualification.

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**APPENDIX 2**

**10:15-18-3. Retake and granting of credit requirements**

(a) A grade of seventy-five (75) in each required test section shall be the minimum passing grade for purposes of granting credit.

(b) A candidate may take the required test sections individually and in any order. Credit for any test section(s) passed shall be valid for eighteen months from the date the candidate took that test section, without having to attain a minimum score on any failed test section(s) and without regard to whether the candidate has taken other test sections.

(1) A CPA candidate must pass all four test sections of the AICPA Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section(s) passed is taken. In the event all four test sections of the AICPA Uniform CPA Examination are not passed within the rolling eighteen-month period, credit for any test section(s) passed outside the eighteen-month period will expire and that/those test section(s) must be retaken.

(2) A PA candidate must pass the Financial Accounting and Reporting (FAR), Auditing and Attestation (AUD), and Regulation (REG) sections of the AICPA Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section(s) passed is taken. In the event all three test sections of the PA Examination are not passed within the rolling eighteen-month period, credit for any test section(s) passed outside the eighteen-month period will expire and that/those test section(s) must be retaken.

(3) A candidate cannot retake a failed test section(s) in the same examination window. An examination window refers to a three-month period in which a candidate has an opportunity to take the CPA/PA examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, a candidate will be able to test two out of the three months within an examination window.

~~(c) A candidate having earned conditional credits on the paper-and-pencil examination, as of the launch date of the computer-based AICPA Uniform CPA Examination, will retain conditional credits for the corresponding test sections of the computer-based CPA examination as follows:~~

~~(1) A candidate having earned conditional credits on the paper-and-pencil examination in Auditing will retain conditional credits in Auditing and Attestation (AUD) on the computer-based examination.~~

~~(2) A candidate having earned conditional credits on the paper-and-pencil examination in Financial Accounting and Reporting (FARE) will retain conditional credits in Financial Accounting and Reporting (FAR) on the computer-based examination.~~

~~(3) A candidate having earned conditional credits on the paper-and-pencil examination in Accounting and Reporting (ARE) will retain conditional credits in Regulation (REG) on the computer-based examination.~~

~~(4) — A candidate having earned conditional credits on the paper and pencil examination in Business Law and Professional Responsibilities (LPR) will retain conditional credits in Business Environment and Concepts (BEC) on the computer-based examination.~~

~~(d) — A candidate who has attained conditional status as of the launch date of the computer-based AICPA Uniform CPA Examination will be allowed a transition period to complete any remaining test sections of the CPA/PA examination. The transition is the maximum number of opportunities that a candidate who has conditioned under the paper and pencil examination has remaining, at the launch of the computer-based examination, to complete all remaining test sections or the number of remaining opportunities under the paper and pencil examination, multiplied by six months, whichever is first exhausted.~~

~~(e) — If a previously conditioned candidate does not pass all remaining test sections during the transition period, conditional credits earned under the paper and pencil examination will expire and the candidate will lose credit for the test sections earned under the paper and pencil examination. However, any test section(s) passed during the transition period is subject to the conditioning credit provisions of the computer-based examination as indicated in the aforementioned credit requirements, except that a previously conditioned candidate will not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than eighteen months may have elapsed from the date the test section is passed, until the end of the transition period.~~

~~(f)~~(c) A candidate shall be deemed to have passed the CPA examination once the candidate holds at the same time valid credit for passing each of the four test sections of the examination within the rolling eighteen month period. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

~~(g)~~(d) A candidate shall be deemed to have passed the PA examination once the candidate holds at the same time valid credit for passing each of the three test sections of the examination within the rolling eighteen month period. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

#### **10:15-18-4. Educational requirements**

(a) An qualification applicant shall show, to the satisfaction of the Board, that the applicant has graduated from an accredited two-year or four-year college or university.

(1) As to an applicant whose college credits are reflected in quarter hours, each quarter hour of credit shall be considered as two-thirds (2/3) of one (1) semester hour when determining semester hour credits necessary to qualify for examination or transfer of credits.

(2) When determining eligibility based on educational qualifications, the Board shall consider only educational credit reflected on official transcripts, from an accredited two-year or four-year college or university.

(3) The Board may accept as temporary consideration, an official letter signed

and sealed by the registrar's office of any two-year or four-year college or university attesting to the completion of educational qualifications of any qualification applicant, provided that official transcripts be submitted to the Board prior to any score release.

~~(3)~~(4) The specific requirement that each applicant shall have completed at least one (1) course in auditing may only be satisfied with an auditing or assurance course taken for credit from an accredited two-year or four-year college or university.

(b) When determining eligibility of an qualification applicant ~~for qualification~~, the Board shall not consider any combination of education and experience.

(c) The Board will also consider an qualification applicant who has graduated from a college or university located outside the United States if an educational evaluation performed by a national credential evaluation service, as approved by the Board, certifies in writing that the applicant's course of study and degree are equivalent to the requirements set forth in Section 15.8 of the Act.

(d) On and after July 1, 2003, one hundred fifty (150) semester hours or its equivalent of collegiate education is required to qualify for any examination as set forth in Section 15.8.C. of the Oklahoma Accountancy Act. Any MIS or AIS course, or derivative thereof, as defined in Code 10:15-1-2, used by the applicant to qualify must have a substantial relationship, either direct or indirect, to the accounting profession. However, only AIS courses will qualify for the core accounting courses as required in Section 15-8.C.

(e) Any candidate who has qualified to take the examination on the basis of education prior to July 1, 2003, as provided in Section 15.8.B, is not subject to subparagraph (d) of this subsection.

#### **10:15-18-6. Denial of application**

(a) Any qualification applicant or candidate who has not met the applicable qualifications and/or whose application has been denied shall be notified in writing. The written notice shall include the reason(s) for the denial.

(b) If an application is denied, the qualification applicant or candidate may file a written request with the Board for a review of the denial. The qualification applicant or candidate shall have the burden of demonstrating to the Board that the qualifications required by the Oklahoma Accountancy Act and the rules implementing the Act have been met. Any evidence submitted by the qualification applicant or candidate shall be in documentary form.

#### **10:15-18-7. Board review of denied applications**

(a) The Board shall consider all requests for review of denied applications.

(b) The issues considered for review shall include, but not be limited to, the statutory eligibility requirements and rules upon which the denial of the application was based.

(c) The qualification applicant or candidate who has requested the review shall be notified in writing of the Board's decision. If the denial is sustained by the Board, the written notice shall include the reason(s) for sustaining the denial.

(d) If the denial of the application is sustained, and the qualification applicant or candidate is not satisfied with the decision of the Board, the qualification applicant or

candidate may request in writing a public hearing before the Board. Such request shall be granted only if the qualification applicant or candidate can provide additional information to the Board which was not previously available to the Board at the time of the initial evaluation or review. Any additional evidence shall be in documentary form. If any additional evidence is to be presented by oral testimony, a written synopsis of that oral evidence shall accompany the request for a public hearing.

(e) If the Board grants a public hearing to the qualification applicant or candidate, the hearing may be held in conjunction with the next regular meeting of the Board or at a special meeting of the Board.

#### **10:15-27-3.1. Qualification and examination fees**

Qualification A applicants and candidates shall, for each application filed with the Board, pay a Fifty-Dollar (\$50.00) fee and shall be responsible for all fees charged by the American Institute of Certified Public Accountants, National Association of State Boards of Accountancy (NASBA), and test delivery service provider which are payable to NASBA prior to scheduling the examination.

#### **10:15-30-2. Required CPE for issuance of an original permit**

Certificate and license holders applying for their first permit to practice public accounting must report a minimum of forty (40) hours of CPE earned within the previous calendar year or within 365 days immediately preceding the date of the application and shall also provide evidence of the successful completion of the AICPA Ethics Examination or its equivalent as determined by the Board ~~earned within the previous calendar year or within 365 days immediately preceding the date of the application~~ before a permit will be issued. If the ethics examination course is to be counted toward the CPE required for the permit, it must have been completed during the same period as the remaining CPE reported to obtain the permit. The passing score is determined by the Board. Any ethics course meeting the requirements for issuance of an original permit:

- (1) must be one course which has been recommended for at least eight (8) hours of CPE credit by the course provider: and
- (2) must have been passed with a score of 90% or above.

#### **10:15-30-3. Required CPE for issuance of a lapsed permit**

Certificate and license holders previously holding a permit to practice public accounting must report a minimum of forty (40) hours of CPE earned within the previous calendar year or within 365 days immediately preceding the date of the application and shall also provide evidence of the successful completion of the AICPA Ethics Examination or its equivalent as determined by the Board ~~earned within the previous calendar year or within 365 days immediately preceding the date of the application~~ before a permit will be issued. If the ethics examination course is to be counted toward the CPE required for the permit, it must have been completed during the same period as the remaining CPE reported to obtain the permit. The passing score is determined by the Board. Any ethics course meeting the requirements for the renewal of a lapsed permit:

- (1) must be one course which has been recommended for at least eight (8)

hours of CPE credit by the course provider; and  
(2) must have been passed with a score of 90% or above.

#### **10:15-30-5. Reporting and documentation by certificate and license holders**

(a) Certificate and license holders not otherwise exempt must complete one hundred twenty (120) hours of qualifying CPE within a rolling three (3) calendar year period. A certificate or license holder's three (3) year period begins January 1 in the year the certificate or license holder was required to earn CPE. A minimum of twenty (20) hours of acceptable CPE, ~~including~~ shall be completed each calendar year. Effective January 1, 2009, four hours of professional ethics must be completed within each rolling three (3) calendar year period. CPE shall be reported annually by July 31 on a form prescribed by the Board.

(b) The professional ethics requirement as mandated in this section may be met by courses from other licensed professional disciplines that relate directly to the practice of public accounting, such as law or securities and may be met by courses on ethical codes in jurisdictions other than Oklahoma.

(c) Each certificate and license holder required to report CPE shall certify, in a format prescribed by the Board, information regarding the CPE hours claimed for credit for the calendar year.

(d) CPE hours claimed for credit may be claimed only for the compliance period in which the course was completed and credit granted.

(e) Each letter or certificate of completion shall include the date of completion of the seminar or course as evidenced by:

(1) Date the in-attendance course was completed;

(2) Date a self-study course was completed and evidenced by the date of certified mailing or date of facsimile transmission to the program sponsor;

(3) Date an internet self-study course is transmitted to the program sponsor.

(f) At the time of completing each course, or within sixty (60) days thereafter, the certificate or license holder shall obtain a letter or certificate attesting to completion of the course from the sponsor of the course. Such letters or certificates shall be retained for a period of five (5) years after the end of the compliance period in which the program is completed and shall include the specific information set forth in the Board's CPE Standards.

(g) Participants in structured CPE programs shall also retain descriptive material for five (5) years which reflects the content of a course in the event the participant is requested by the Board to substantiate the course content.

(h) If a certificate or license holder's main area of employment is industry and the certificate or license holder holds a permit to practice, at least seventy-two (72) hours of the one hundred twenty (120) hour requirement within a three (3) year period of the qualifying CPE completed by the certificate or license holder shall be in subjects related to the practice of public accounting and shall earn a minimum of eight (8) hours in the areas of taxation, accounting or assurance per calendar year.

#### **10:15-30-9. Re-Entering Active Status**

An inactive status registrant upon return to active status must comply with CPE requirements as follows:

- ~~(1) For each month the registrant was on inactive status, three and one-third (3 1/3) hours of qualified CPE, rounded up to the nearest half credit.~~
- ~~(2) The maximum number of qualified CPE hours required by this rule shall be one hundred twenty (120) hours, including at least four (4) hours of CPE in ethics.~~
- ~~(3) The registrant can claim any CPE hours earned while on inactive status during the preceding three (3) year period.~~
- ~~(4) A registrant who immediately gives written notice to the Board upon changing to active status may be granted the following time periods from the date of the change of status in which to complete the CPE required by this section:~~
- ~~(A) From the date of the change of status, for registrants needing forty (40) hours or less to comply with (1) or (2) above, sixty (60) days; and~~
- ~~(B) From the date of the change of status, a registrant shall complete additional CPE over the forty (40) hours described in (a) above within one hundred eighty (180) days.~~
- ~~(5) A registrant must document, on a form prescribed by the Board, all qualified CPE required by this rule.~~
- ~~(6) At its discretion, the Board may modify the requirements of this rule for good cause on a case by case basis.~~
- (1) The three (3)-year CPE cycle of a registrant returning to active status shall begin January 1 of the year in which the registrant returns to active status. Forty (40) hours of the CPE credit reported to meet the requirements to return to active status will be counted toward the three (3)-year CPE cycle.
- (2) For each calendar year in which the registrant claimed an exemption to the CPE requirement, the registrant must complete forty (40) hours of CPE.
- (3) The maximum number of CPE hours required to return to active status shall be one hundred twenty (120) hours, including at least four (4) hours of professional ethics.
- (4) If the number of CPE hours required to return to active status is fewer than one hundred twenty (120), two (2) hours of professional ethics must be included.
- (5) The registrant may claim any CPE hours earned while on inactive status during the preceding three (3)-year period.
- (6) A registrant who immediately gives written notice to the Board upon changing to active status may be granted the following time periods in which to complete the CPE required by this section:
- (A) Sixty (60) days from the date of the return to active status for registrants needing forty (40) hours of CPE; and
- (B) One year from the date of the return to active status for any additional CPE above the (40) hours described in (A) above.
- (7) A registrant must document, on a form prescribed by the Board, all qualified CPE required by this rule.
- (8) At its discretion, the Board may modify the requirements of this rule for good cause on a case by case basis.

### **10:15-32-2. Standards for CPE Program Sponsors**

- (a) CPE program sponsors are responsible for compliance with all applicable

standards and other CPE requirements.

(b) CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and/or other professional organizations or bodies. Professional guidance for CPE program sponsors is available from the AICPA and NASBA; state-specific guidance is available from the state boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

(c) Sponsors of self-study CPE programs must be registered with NASBA's National Registry of CPE Sponsors, courses offered by the AICPA, or other such organizations as determined by the Board in order for their courses to qualify for CPE credit.

#### **10:15-32-5. Standards for CPE program measurement**

(a) Sponsored learning activities are measured by program length, with one 50-minute period equal to one CPE credit. One-half CPE credit increments (equal to 25 minutes) are permitted after the first credit has been earned in a given learning activity.

(1) For learning activities in which individual segments are less than 50 minutes, the sum of the segments should be considered one total program. For example, five 30-minute presentations would equal 150 minutes and should be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted should be rounded down to the nearest one-half credit. Thus, learning activities with segments totaling 140 minutes should be granted two and one-half CPE credits.

(2) While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must monitor group learning activities to assign the correct number of CPE credits.

(3) For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

(A) Semester System 15 credits; and

(B) Quarter System 10 credits;

(4) For university or college non-credit courses that meet these CPE standards, CPE credits shall be awarded only for the actual classroom time spent in the non-credit course.

(5) Credit is not granted to participants for preparation time.

(6) Only the portions of committee or staff meetings that are designed as programs of learning and comply with these standards qualify for CPE credit.

~~(e)~~ (b) CPE credit for self-study learning activities must be based on a pilot test of the average completion time. A sample of intended professional participants should be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group of at least three individuals must be independent of the program development group and possess the appropriate level of knowledge before taking the program. The sample does not have to ensure statistical validity. CPE credits should be recommended based on the average completion time for the sample. If substantive changes are subsequently made to program materials further pilot tests of the revised program materials should be conducted to affirm or amend, as appropriate, the average completion time. Only self-

study programs offered by sponsors registered with NASBA's National Registry of CPE Sponsors, courses offered by the AICPA, or other such organizations as determined by the Board will be considered for CPE credit.

~~(d)~~ (c) Instructors or discussion leaders of learning activities should receive CPE credit for both their preparation and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these CPE standards.

(1) Instructors, discussion leaders, or speakers who present a learning activity for the first time should receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation.

(2) Instructors of university or college courses can claim a maximum of fifteen (15) CPE credits per college credit hour taught to the extent the preparation required for the course maintains or improves their professional competence.

(3) For repeat presentations, CPE credit as provided in 10:15-32-5(d)(1) and (2) can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

~~(e)~~ (d) Writers of published articles, books, or CPE programs should receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. CPE credit from this activity shall be limited to 10 CPE credits per calendar year and will be determined by the Board on a case by case basis. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. CPE credits should be claimed only upon publication.

~~(f)~~ (e) CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract. The credits to be recommended by an independent study CPE program sponsor should be agreed upon in advance and should be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

#### **10:15-33-5. Effect of consecutive deficient reports**

(a) Effective for peer reviews commencing on or before December 31, 2008, a firm, including a succeeding firm, which receives two (2) consecutive modified reports and/or one (1) adverse report, may be required by the Board or its designee to have an ~~accelerated~~ a pre-issuance peer review or team captain revisit within eighteen (18) months from the year end of the firm's last peer review.

(b) If the ~~accelerated~~ pre-issuance review or team captain revisit required by subsection (a) above results in a ~~modified or adverse report~~ continued oversight:

(1) The firm may complete any review and audit engagement for which field work has already begun only if:

(A) ~~Prior~~ prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the Board or its designee; ~~and,~~

(B) ~~The engagement is completed within ninety (90) days of the acceptance of the peer review report, letter of comments, and letter of~~

~~response by the sponsoring organization;~~

- (2) The firm shall be referred to the Vice Chair of the Board for enforcement investigation.
  - (3) A firm may petition the Board for a waiver from the provisions of this rule subsection (b).
- (c) Effective for peer reviews commencing on or after January 1, 2009, a firm, including a succeeding firm which receives two (2) consecutive pass with deficiencies reports and/or one (1) fail report, may be required by the Board or its designee to have an accelerated peer review within eighteen (18) months from the year end of the firm's last peer review.
- (d) If the accelerated review required by subsection (a) or (c) above results in a deficient report:
- (1) The firm may complete any service requiring a peer review for which field work has already begun only if:
    - (A) Prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the Board or its designee; and
    - (B) The engagement is completed within ninety (90) days of the acceptance of the peer review report, and letter of response (when applicable) by the sponsoring organization;
  - (2) The firm shall be referred to the Vice Chair of the Board for enforcement investigation.
  - (3) A firm may petition the Board for a waiver from the provisions of this rule subsection (d).

**10:15-33-7. Peer review oversight committee**

- (a) The Board shall appoint a Peer Review Oversight Committee for the purpose of:
- (1) Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review minimum standards;
  - (2) Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the peer review minimum standards; and
  - (3) Reporting to the Board on the conclusions and recommendations reached as a result of performing functions in paragraphs (A) and (B) of this subsection.
- (b) The Peer Review Oversight Committee shall consist of three (3) members nominated by the Chair and approved by the Board, none of whom is a current member of the Board. Initial appointment of the three (3) committee members shall be as follows: one (1) member appointed for three (3) years; one (1) member appointed for two (2) years; and one member appointed for one (1) year. Subsequent committee members shall serve three (3) year terms. Compensation, if any, of Peer Review Oversight Committee members shall be set by the Board, not to exceed One Hundred Fifty Dollars (\$150.00) per hour. Each member of the Peer Review Oversight Committee must be active in the practice of public accounting at a supervisory level or above in the accounting or auditing function while serving on the committee or any employee involved at a supervisory level or above in an audit function of a state or local government. The member or member's firm must be enrolled in an approved

practice/monitoring program and have received an unmodified or pass report on its most recently completed peer review. A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards for Performing and Reporting on Peer Reviews.

- (1) No more than one Peer Review Oversight Committee member may be from the same firm.
  - (2) A Peer Review Oversight Committee member may not concurrently serve as a member of the AICPA's or any state's CPA society ethics or peer review committee.
  - (3) A Peer Review Oversight Committee member may not participate in any discussion or have any vote with respect to a reviewed firm when the committee member lacks independence or has a conflict of interest. The Board may appoint alternate committee member(s) to serve in these situations.
- (c) Information concerning a specific firm or reviewer obtained by the Peer Review Oversight Committee during oversight activities shall be confidential, and the firm's or reviewer's identity shall not be reported to the Board. Reports submitted to the Board will not contain information concerning specific registrants, firms or reviewers.
- (d) As determined by the Board, the Peer Review Oversight Committee shall make periodic recommendations to the Board, but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.
- (e) The Peer Review Oversight Committee may:
- (1) When necessary in reviewing reports on peer reviews, prescribe actions designed to assure correction of the deficiencies in the reviewed firm's system of quality control policies and procedures and provide such results to the Board;
  - (2) Monitor the prescribed remedial and corrective actions to determine compliance by the reviewed firm;
  - (3) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews or other standards as approved by the Board and the rules promulgated herein by the Board;
  - (4) Establish a report acceptance process, which facilitates the exchange of viewpoints among committee members and sponsoring organization; and
  - (5) Communicate to the governing body of the sponsoring organization on a recurring basis:
    - (A) Problems experienced by the enrolled registrants in their systems of quality control as noted in the peer reviews conducted by the sponsoring organization;
    - (B) Problems experienced in the implementation of the peer review program; and
    - (C) A summary of the historical results of the peer review program.
- (f) Committee members shall become disqualified to serve on Peer Review Oversight Committee if any of the provisions that qualify the committee member no longer exist or by majority vote of the Board.

#### **10:15-35-1. Application for reinstatement**

- (a) Upon application on a form prescribed by the Board an individual may request

reinstatement of a canceled, suspended, or revoked certificate or license.

(b) The applicant shall be of good moral character.

(c) In addition to the application fee the applicant shall pay the required registration fees and permit fee, if applicable, as well as all costs and fines assessed by the Board which remain unpaid at the date the application is filed.

(d) Individuals applying for the reinstatement of a certificate or license must meet the requirements to return to active status in 10:15-30-9 if they will be providing any services associated with accounting work.

(e) Individuals applying for the reinstatement of a certificate or license must show evidence of successful completion of the AICPA ethics examination or its equivalent as determined by the Board.

#### **10:15-37-5. Filing of formal complaint**

(a) All formal complaints shall be filed by the Enforcement Committee only with the agreement of the Special Prosecutor.

(b) The Enforcement Committee, and the Special Prosecutor must concur. In the event they do not, the Vice Chairman will prepare a report for the Board and the Board will determine future action.

(c) The formal complaint shall be signed by the Special Prosecutor or the Vice Chairman.

(d) The formal complaint shall include a concise statement of the allegations and particular sections of the Oklahoma Accountancy Act and the rules implementing that Act which are involved.

#### **10:15-37-6. Formal proceedings**

(a) The Chairman shall set a time and place for the hearing of the formal complaint, provided that such hearing shall be set not less than twenty (20) days from service of the complaint and notice of the proceeding to the accused at the last known address in the official records of the Board.

(b) Notice may be taken of judicially cognizable facts. In addition, notice may be taken of generally recognized technical or scientific facts within the specialized knowledge of one (1) or more members of the Board.

(c) The accused shall be notified either before or during the hearing, or by reference in preliminary reports or otherwise of any material notices, including any staff memoranda or data to be relied on by the Board and the accused shall be afforded an opportunity to contest the material so noticed. The experience, technical competence, and specialized knowledge of the members of the Board may be utilized in the evaluation of the evidence.

(d) Oral proceedings or any part thereof shall be transcribed upon request of any party. All costs of such transcription shall be paid by the requesting party.

(e) Hearings will be conducted by one (1) of the following methods, as determined by the Board:

(1) By the Board;

(2) By any member of the Board or a designee of the Board acting as a hearing examiner or Administrative Law Judge; or

(3) By an attorney licensed to practice law in this state appointed by the

Board to act as a hearing examiner or Administrative Law Judge.

- (f) The standard of proof in all hearings shall be clear and convincing evidence.
- (g) All orders, whether proposed or final, shall be issued within ninety (90) calendar days of the hearing. Final orders shall state their effective date.
- (h) The Board shall consider past disciplinary action taken against any accused found guilty in any present proceeding. Such past conduct shall not be evidence of guilt in the present proceeding but will be considered only in determining appropriate sanctions to be imposed by the Board in the present proceeding.
- (i) Unless precluded by law, the accused may waive any right granted in the law and proceed by stipulation, agreed settlement, consent order, or default. No provision of this section shall be construed as prohibiting the Board from suspending, or holding in abeyance, any formal proceeding pending the outcome of informal negotiation or informally agreed upon terms.
- ~~(j) The investigation files of the Board shall be confidential, except the Board may provide information in the investigation files and hearing record to the following:
  - ~~(1) Any Board of Accountancy or Commission of the District of Columbia, or any other state or territory of the United States which exercises disciplinary authority over accountants; and~~
  - ~~(2) Any law enforcement agency which makes a proper showing that such information is necessary to conduct a pending investigation.~~~~
- ~~(k)(j)~~ Any individual who has filed a complaint may be notified of the final disposition of the matter.
- ~~(l)~~ (k) The hearing record of any formal proceeding shall be open to the public.
- ~~(m)~~ (l) The notice and hearing procedures required for individual proceedings as set forth in the Oklahoma Administrative Procedures Act shall be followed by the Board.

#### **10:15-39-1. Application**

- (a) To the extent not contradicted by rule herein, a registrant shall conform in fact and in appearance to the AICPA Code of Professional Conduct.
- (b) To protect the public interest, the Rules of Professional Conduct are based on the premise that the public and the business community rely on sound financial reporting and on professional competence. This premise is inherent in the authorized use of the titles certified public accountant and public accountant, which imposes on persons registered with the Board certain obligations to the public and to others. These obligations which the Rules of Professional Conduct are intended to enforce, include: the obligation to maintain independence and objectivity of thought and action, to strive continuously to improve professional skills, to observe, where applicable, generally accepted accounting principles, governmental auditing standards, standards as set by the Public Company Auditing Accounting Oversight Board, and generally accepted auditing standards, to promote sound and informative financial reporting, to hold the affairs of clients or employers in confidence, to uphold the standards of the public accounting profession, and to maintain high standards of personal conduct in all matters affecting fitness to practice public accounting.
- (c) Acceptance by a registrant of a certificate or license involves a duty to abide by the Rules of Professional Conduct.
- (d) The Rules of Professional Conduct are intended to have application to all kinds

of professional services performed in the practice of accounting, including, but not limited to, assurance, attest, auditing, accounting, review and compilation services, tax services, management advisory services and personal financial and investment planning, and intended to apply as well to all certificate and license holders, whether or not engaged in the practice of public accounting, except where the wording of one of the Rules of Professional Conduct clearly indicates that the applicability is more limited.

(e) A registrant who is engaged in the practice of public accounting outside the United States is not subject to discipline by the Board for departing, with respect to such foreign practice, from any of the Rules of Professional Conduct, so long as the conduct is in accordance with the Rules of Professional Conduct applicable to the practice of public accounting in the country in which the registrant is practicing. If the name of a registrant is associated with financial statements in such manner as to imply that the registrant is acting as an independent CPA or PA under circumstances which would entitle the reader to assume that United States practices are followed, the registrant will be expected to comply with auditing standards and accounting principles generally accepted in the United States of America, and other professional standards applicable to the services provided.

(f) In interpreting and enforcing these rules, the Board may give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings and opinions issued by the boards of other jurisdictions, appropriately authorized ethics committees of professional organizations and other federal and state agencies.

#### **10:15-39-9. Professional misconduct**

It is professional misconduct for a CPA, PA or a firm to:

- (1) violate or attempt to violate the Oklahoma Accountancy Act or the rules implementing that Act, knowingly assist or induce another to do so, or do so through the act of another; or
- (2) commit a criminal act that reflects adversely on the CPA's or PA's integrity, trustworthiness or fitness to practice as a CPA or PA; or
- (3) commit any act that reflects adversely on the CPA's or PA's fitness to practice public accounting.
- (4) engage in conduct involving dishonesty, fraud, deceit, misrepresentation or omission of a known material fact; or
- (5) engage in a pattern of repeated offenses, even ones of minor significance including an indifference to the Oklahoma Accountancy Act or the rules implementing that Act; or
- (6) state or imply an ability to influence improperly a government agency or official; or
- (7) violate the rules and regulations receive a censure, suspension, cancellation, revocation, of other state or federal regulatory agencies which results in the censure or suspension, cancellation, revocation, or withdrawal of registration or by a state or federal agency concerning the right of the registrant to practice by such before a state or federal agency, as a result of whether by a hearing, consent agreement, court order, or other administrative proceedings.

#### **10:15-43-7. Disqualification [NEW]**

At any time the firm's registration or permit to practice public accounting in Oklahoma is revoked, cancelled, dissolved or suspended, the firm's registration under this subchapter shall be disqualified and the firm's name shall be automatically removed from the list of Registrants Performing Governmental Audits in Accordance with Government Auditing Standards.

**10:15-43-8. Reinstatement [NEW]**

After disqualification, reinstatement shall only be granted upon the filing of the form prescribed by the Board and proof of the firm's qualification.