

RULE IMPACT STATEMENT

TITLE 10. OKLAHOMA ACCOUNTANCY BOARD

CHAPTER 15. LICENSURE AND REGULATION OF ACCOUNTANCY

Brief Description of the Purpose of the Proposed Rules:

These changes to the administrative rules will clean-up and modernize the Oklahoma Accountancy Board rules. First is CPE reciprocity affecting 10:15-30-8. The OAB has always had a continuing professional education (CPE) reciprocity CPE exemption for those that did not live in Oklahoma; however, it was only open to those who did not serve Oklahoma clients. After researching the issue, we found there was no significant difference between our CPE requirements and other states. As such, the rule has been changed to allow CPAs claiming this exemption to also serve Oklahoma clients.

Next, the OAB is looking to expand opportunities to CPA candidates. There has been a national initiative to extend the time given to candidates to pass all four parts of the CPA exam. Oklahoma is supportive of this idea and is looking to extend the time to sit for the exam from eighteen months to thirty. It will also change when the clock starts from when they sit for their first successful section to when they receive their first successful test score. It uses the date sat for the last successful section same as before. Furthermore, the ability to provide extensions to candidates for circumstances impacting their testing journey is limited to medical issues and active military. This expands it to include an extension option for circumstances beyond the candidate's control. The rules affected by these changes are as follows: 10:15-18-3, 10:15-18-11, and 10:15-18-14.

There were two legislative changes which necessitated corresponding rule changes: 120 to Sit and Firm Mobility. The changes mainly reflect the 120 to Sit and Firm Mobility legislation. The most significant change defines "equivalent" in regard to a bachelor's degree to include someone in a dual bachelor's/master's program or is waiting on their degree for some administrative reason. These rule changes can be found in 10:15-3-1, 10:15-23-2, 10:15-3-2, 10:15-18-1, and 10:15-18-4.

One goal of the OAB is to clean up old language and out-of-date regulation. Several changes were made to accomplish this. Updates include removing cites to long revoked administrative rules, references to the awarding of new public accountant licenses, redundant language regarding sole proprietors, and old language regarding college class restrictions which have been outdated. A few changes were included to adjust to new circumstances including the legislation ending the requirement that licenses be revoked for unpaid state taxes. This was extended to include non-CPA owners to ensure both CPA and non-CPA owners are treated identically. Furthermore, there were some changes to the statute governing the standards certain attestation engagements of municipal governments must follow which impacted the OAB's keeping of the Government Auditor list. This clarifies which standards those on the list must follow when completing attestation agreements for governmental entities. Clarification was given for what needs to be on a CPE certificate for an online class. Finally, the rules were brought in line with statute for the peer review fee. All of these changes can be found in the following sections of administrative rule: 10:15-3-1, 10:15-18-4, 10:15-18-13, 10:15-22-2, 10:15-23-2.1, 10:15-27-14, 10:15-30-5, 10:15-43-1, and 10:15-43-4.

The OAB is looking to modernize our CPE requirements including in regard to rounding and nano-learning. Nano-learning is a trend which allows CPAs to take CPE in 10 minute increments. It is helpful for busy professionals. At this time, OAB only allows CPE to be earned in .5 hours after the first hour is earned. Any additional time not on the half hour is rounded down to the closest half-hour. This ends the rounding system, allowing CPAs to keep all CPE earned regardless of the decimal point. It also allows up to 20 nano-learning courses per year. The sections of administrative rule impacted are: 10:15-1-2, 10:15-32-3, 10:15-32-5, and 10:15-32-6.

Peer Review is a very important part of the oversight process. As such, the OAB is working to make sure our rules are up to the most current standards. Currently our rules only specifically mention accelerated peer review after two failed or pass with deficiencies reports. This is no longer considered best practice so these rules simply allow for referral to enforcement. It also clarifies what information can be shared by the Peer Review Oversight

Committee with the Board to ensure proper confidentiality. These changes can be found in 10:15-33-5, 10:15-33-6, and 10:15-33-7.

Description of the classes of persons who most likely will be affected by the proposed rules, including classes that will bear the costs of the proposed rules, and any information on cost impact received by the agency from any private or public entities:

This will affect CPA candidates, CPA firms, and CPAs both in-state and out-of-state. We expect the changes to overall be positive with the changes related to the exam and CPE having particular impact. The remaining changes should not grossly affect any specific population as it is clean-up language.

We have not received a cost impact from any public or private entity.

Description of the classes of persons who will benefit from the proposed rule:

This will benefit candidates and CPAs both in-state and out-of-state. Candidates will benefit from a longer time to pass the exam and the expanded extension options. This will likely reduce costs as they will have more time to study between sections. CPAs who live out-of-state but serve Oklahoma clients will now have the option to simply attest they comply with their home state's CPE requirements versus having to report CPE to their home state and to us. Every CPA who completes CPE will benefit from the changes in rounding and will now fully receive the benefit from every CPE course which is taken versus having part of the hours earned reduced because of rounding rules. Firms undergoing peer review will benefit from having clarification in rules regarding procedures and confidentiality.

Description of the probable economic impact of the proposed rule upon affected classes of persons or political subdivisions, including a listing for all fee changes and, whenever possible, separate justification for each fee change:

The OAB does not anticipate the proposed rule changes will have any significant negative impact upon classes of persons or political subdivisions. There is one fee which is being reduced which will positively affect CPA firms in peer review.

The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rule, the source of revenue to be used for implementation and enforcement of the proposed rule, and any anticipated effects on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

By cleaning up the language and allowing for more leniency in the exam process and in the CPE rules, we expect the administrative burden to decrease at the OAB. We do not anticipate significant costs in implementing any changes referenced above, and there should be no significant change in revenue to the state. The peer review fee brings in less than \$5,000 a year, and the reduction is only \$25.

A determination of whether implementation of the proposed rule will have an economic impact on any political subdivision or require their cooperation in implementing or enforcement the rule:

No economic impact on any political subdivision is anticipated at this time, nor will a political subdivision be required to cooperate in implementing or enforcing the proposed rules.

A determination of whether implementation of the proposed rule may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

No adverse economic impact on small business is anticipated.

An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or non-regulatory methods or less intrusive methods for achieving the purpose of the proposed rule:

Benefits of the proposed rule changes include removing barriers to becoming a CPA and maintaining the CPA certificate. The cost of these changes is negligible.

A determination of the effect of the proposed rule on the public health, safety and environment and, if the proposed rule is designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk.

The proposed rules should have no effect on the public health, safety and environment.

Date the rule impact statement was prepared and the date modified:

Prepared: November 15, 2023
Modified: N/A

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