

# Georgia Occupational Regulation Review Council

## House Bill 291 Public Accountancy Act of 2014

LC 29 5915S

A Review of the Proposed Legislation

April 2014

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## Executive Summary

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As provided in O.C.G.A. 43-1A, the Georgia Occupational Regulation Review Council reviews all bills proposing licensure of a profession or business referred to it by the chairperson of the legislative committee of reference. Accordingly, the Council, at the request of the Chairperson of the House Judiciary Committee, has reviewed House Bill 291, the Public Accountancy Act of 2014 (LC 29 5915S), which proposes to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office.

During the course of this review, Council staff obtained significant information from the Office of the Secretary of State, the State Accounting Office, the Department of Audits and Accounts, the Georgia Society of CPAs, the Georgia State Board of Accountancy, the National Association of State Boards of Accountancy, and the American Institute of Certified Public Accountants.

O.C.G.A. 43-1A-6 requires the Council to consider certain criteria when determining the need for the regulation of a business or a profession. For this review, the Council used these criteria to guide the development of findings related to the transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. Council staff developed the following findings during the course of this review:

- ❖ The Georgia State Board of Accountancy, as currently operated within the Office of the Secretary of State, presents a potential for harm.
- ❖ Transferring the Georgia State Board of Accountancy to the State Accounting Office, as provided by HB 291, would present a potential for harm.
- ❖ The practice of accountancy requires specialized training and the transfer of the Georgia State Board of Accountancy to the State Accounting Office will provide additional assurance of initial and continuing occupational ability.
- ❖ The current structure of the Georgia State Board of Accountancy effectively protects the citizens of the State of Georgia.
- ❖ The economic impact of transferring the Georgia State Board of Accountancy to the State Accounting Office could be cost neutral.
- ❖ There are currently other means available, within the Office of the Secretary of State, to protect the interests of the state.

Based on information developed and reviewed by the Council, the Council does recommend passage of House Bill 291, the Public Accountancy Act of 2014 LC 29 5915S, which proposes to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office.

# Georgia Occupational Regulation Review Council Membership

## April 2014

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### **Standing Members**

Trip Addison, Chairman  
Alan Skelton  
Ashley Short Sellers  
Shawn Conroy  
Lauren M. Curry  
Russell Crutchfield  
Christopher Sanders  
Tim Fleming

### **Representing**

Governor's Office of Planning and Budget  
State Accounting Office  
Department of Agriculture  
Governor's Office of Consumer Protection  
Department of Natural Resources  
Department of Public Health  
Department of Revenue  
Office of the Secretary of State

### **Legislative Members**

Representative Wendel Willard  
Senator Jack Murphy

Georgia House of Representatives  
Georgia State Senate

## Introduction

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House Bill 291, the Public Accountancy Act of 2014, proposes to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. This report focuses on providing information concerning the nature of the legislation; it does not present any evaluation or assessment of the need for the occupation of public accountant to be regulated in the State of Georgia.

In conducting this review, the Council solicited input from as many interested parties as possible. The applicant group, the Georgia Society of CPAs and the Georgia State Board of Accountancy, submitted a questionnaire providing background information that would support the transfer of the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. The Council also interviewed representatives from other state agencies and potentially interested groups, including:

- ❖ Office of the Secretary of State
- ❖ State Accounting Office
- ❖ Department of Audits and Accounts
- ❖ Georgia State Board of Accountancy
- ❖ Georgia Society of Certified Public Accountants
- ❖ National Association of State Boards of Accountancy

The Council provided representatives from interested parties the opportunity to present information during Council meetings, either by oral presentation and/or through written material. The Council posted meeting dates, times, and locations to the Office of

Planning and Budget website (<http://opb.georgia.gov/georgia-occupational-regulation-review-council>).

## Description of Proposed Legislation

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House Bill 291 amends Titles 43 and 50 of the Official Code of Georgia Annotated in order to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. The bill provides for the following:

- ❖ Transfers the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office;
- ❖ Authorizes the State Accounting Officer to hire an executive director, who in turn, may hire investigators and other necessary staff;
- ❖ Updates existing law to reflect changes in industry definitions, best practice language, and standard sanctions;
- ❖ Allows personal information reviewed by the Board and the deliberations of the Board with respect to applications, examinations, investigations, and disciplinary proceedings to remain confidential; and
- ❖ Provides certain benefits to veterans concerning the examination and a grace period of six months to recently separated service members who held a CPA license prior to service.

Appendix A contains the complete summary of the provisions of HB 291 and Appendix B contains a complete copy of the proposed legislation.

## Current Practices

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### Definition of a Certified Public Accountant

The American Institute for Certified Public Accountants (AICPA) defines a certified public accountant<sup>1</sup> (CPA) as a “trusted financial advisor who helps individuals, businesses, and other organizations plan and reach their financial goals”. Public accountancy is a broad term that includes accounting or auditing services, some management advisory or consulting services, and tax preparation or advisory services. CPAs may also provide forensic and valuation services, fraud prevention and detection services, personal financial planning, and information technology (IT) services. CPAs

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<sup>1</sup> For the purposes of this review, Council staff considered “public accountant” and “certified public accountant” synonymous; however, someone who simply works as a public accountant is not necessarily a certified public accountant. In the State of Georgia, it is illegal for a person to represent themselves as a “public accountant” if they are not in fact a licensed certified public accountant (O.C.G.A. 43-3-30 and 31).

service a variety of industries; however, these industries fall into five general practice areas: public, non-profit, corporate, government, and academia. The public accountancy profession is a diverse profession and CPAs touch several aspects of the public and private sectors.

## Becoming a Public Accountant

In order to be certified, and subsequently licensed, as a CPA, individuals must meet certain education, experience, examination, and ethical requirements. The state boards of accountancy set these requirements, which, with very few exceptions, are nationally standardized. After fulfilling the requirements and paying the appropriate fee, individuals receive their certification and license from the state.

### Education

Most states require 120 semester hours of education in order to be eligible to sit for the Uniform CPA Exam but every state requires the attainment of 150 semester hours of education in order to be licensed. Each state also designates a specific amount of semester hours be taken in accounting related courses. The number of accounting related courses necessary for licensure varies by state with some requiring 14 and some requiring as many as 150 semester hours. The Georgia State Board of Accountancy requires that 30 semester hours be earned in accounting related courses.

### Experience

In addition to the requisite education, all states require that individuals have a certain number of years of public accounting or accounting related experience in order to be licensed. In most states, individuals need to have 1 – 2 years of public accounting experience or 1 – 4 years of accounting-related experience in order to qualify for licensure. In Georgia, an individual can meet the experience requirement by having either 1 year of public accounting experience or 1 year of accounting-related experience.

### Exam

Each state requires that individuals wishing to be certified and licensed pass the Uniform CPA Examination. The Uniform CPA Exam is an examination developed by the AICPA and administered in a computer format by contracted testing companies like Prometric. The Exam consists of four sections: Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation. The Exam is scored on a scale from zero to 99 and individual must earn at least a 75 on all four parts in order to pass. The Uniform CPA Exam has one of the lowest passing rates of any professional exam. In fact, in 2013, less than 50% of qualified individuals passed the Uniform CPA Exam.

## Ethics

In addition to the requisite education, experience, and passage of the Uniform CPA Exam, thirty-six states require individuals pass some sort of ethics examination in order to be licensed. The AICPA offers a standard ethics exam that is required by many states, however, some states develop their own ethics exam and may even require specific ethics training for licensure. The Georgia State Board of Accountancy does not require an ethics exam; however, the Board, through the Office of the Secretary of State, does perform background checks on applicants in order to ascertain “good moral character”.

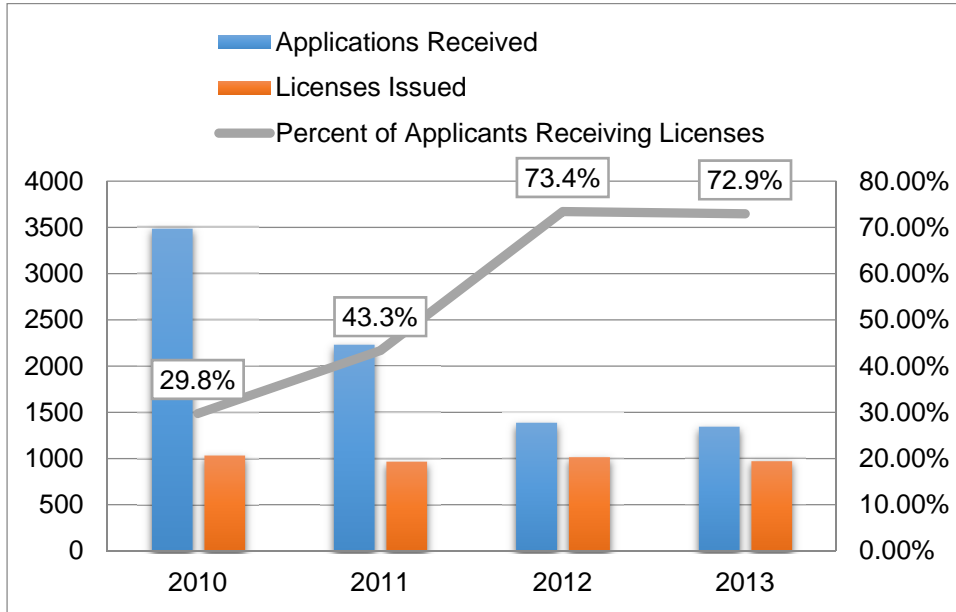
## Public Accountancy in Georgia

Georgia has over 20,000 active licensed CPAs and over 1,800 active CPA firms, making Georgia’s accounting industry the second largest in the Southeast. The Georgia State Board of Accountancy, a seven-member board administered by the Secretary of State’s Professional Licensing Board Division (PLBD), regulates the CPAs and CPA firms in Georgia.

## Processing Applications and Issuing Licenses

The Board is responsible for not only regulating the accounting industry in Georgia, but also licensing new applicants. As shown in Exhibit 1, in 2013, the Georgia Board of Accountancy received 1,338 applications for licensure, of which 976 (72.9%) were approved. The number of CPA applications received in Georgia has declined steadily since 2010, when the Board received over 3,494 applications for licensure. Despite decreased application volume, the number of licenses issued has remained relatively constant, with the Board issuing about 1,000 licenses a year on average since 2010.

**Exhibit 1**  
**Applications Received and Licenses Issued in Georgia**  
**Calendar Years 2010 – 2013**



Source: Office of the Secretary of State

**Revenue and Expenses**

According to the Office of the Secretary of State, the Georgia State Board of Accountancy generates \$1.2 million in revenue for the state every two years<sup>2</sup>. Individual CPA renewals are responsible for generating the majority of these funds, with firm renewals and reinstatement fees being the bulk of the remainder. As shown in Exhibit 2, the Board charges late and reinstatement fees to individuals and firms that do not file their renewals on time or allow their licenses to lapse. The Board also generates revenue through the imposition of fines and penalties; however, these revenues are not tracked at the board level.

<sup>2</sup> The renewal cycle is a two-year schedule that requires renewal of individual CPA licenses by December 31<sup>st</sup> on odd years and CPA firm licenses on June 30<sup>th</sup> on even years.



**Exhibit 2**  
**Fee Schedule for the Georgia State Board of Accountancy**  
**Calendar Year 2014**

Fee Type	Fee
Reinstatement Application for CPA	\$150.00
Renewal Biennial Fee for CPA or FA	\$50.00
Late Renewal Biennial Fee for CPA or FA	\$100.00
Firm Biennial Renewal Fee	\$75.00
Firm Reinstatement	\$575.00
Roster	\$100.00
Verifications	\$25.00
Copies Requested from Board	\$0.25
Wall Certificate Application Fee for CPA	\$50.00

Source: Office of the Secretary of State

In addition to fees collected by the Board, the Professional Licensing Board Division also generates accountancy-related revenue through a service contract with NASBA. As shown in Exhibit 3, in exchange for processing a portion of all initial licensing applications, the PLBD allows NASBA to set their own fees and remit a predetermined amount of those fees back to the PLBD. The PLBD entered into this agreement with NASBA in 2010. While NASBA has decreased the cost of their services, the revenue split per unit with the PLBD has remained unchanged. Data provided by the NASBA suggests the agreement with the PLBD provides average annual revenue of \$49,626.

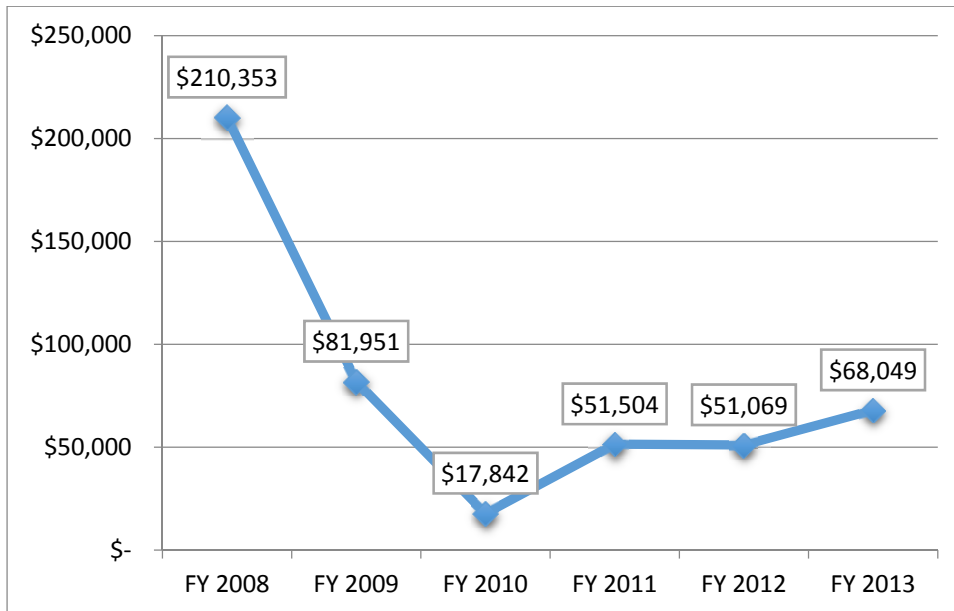
**Exhibit 3  
NASBA Fee Schedule  
Calendar Year 2014**

Fee Type	NASBA Portion	PLBD Portion	Total Charged to Applicant
Initial License Application	\$75.00	\$20.00	<b>\$95.00</b>
Transfer of Grades	\$75.00	\$120.00	<b>\$195.00</b>
Reciprocity	\$75.00	\$120.00	<b>\$195.00</b>
Firm License Application	\$75.00	\$75.00	<b>\$150.00</b>
Firm Late Fee	\$175.00	\$75.00	<b>\$250.00</b>
Pre Evaluation Fee	\$75.00	\$0.00	<b>\$75.00</b>

Source: NASBA Client Services Division

Data limitations prevent the calculation of the exact cost to the state of any specific licensing board; however, PLBD can approximate the expenses of any board based on their share of personnel, per diems, mileage, and professional dues. Based on information provided by PLBD, the expenses for the Georgia State Board of Accountancy totaled \$68,049, as shown in Exhibit 4. The functions of the Board also require the use of vehicles, IT, call center staff, and other shared services, which are not reflected in the expenses of the Board.

**Exhibit 4  
Georgia State Board of Accountancy Expenses  
Fiscal Years 2008 – 2013**



Source: Office of the Secretary of State

**Complaints against CPAs and CPA Firms**

Individuals, companies, and other entities serviced by CPAs and CPA firms, have several avenues through which to file a complaint against a CPA or CPA firm. One of

these methods is to file a complaint with the Georgia State Board of Accountancy. The Professional Licensing Board Division administers all complaints related to any licensed profession in Georgia. After creating a file for the complaint, the PLBD refers the complaint to a cognizant member of the Board, who then assigns the complaint either to the Board for review or to an investigator for action.

The PLBD received 47 accountancy-related complaints in calendar year 2013. Of the 47 complaints received, PLBD closed 20 within the year; however, 23 remained open as of April 1, 2014. The average time to close a complaint in 2013 was 89 business days, with PLBD closing some cases within the same day and some after over 200 business days. The Board referred several of the complaints that remained open as of April 1, 2014 to another division within the Office of the Secretary of State or the Attorney General’s Office. According to the Office of the Secretary of State, accountancy-related complaints represent less than 1% of their annual complaint volume.

## Statutory Requirements

In general, regulation of the accounting industry occurs in a manner such that national boards, either governmental or non-governmental, develop and promulgate standards for accounting, auditing, and advisory services, and federal and state governments pass laws, rules, and regulations requiring individuals, companies and firms to adhere to those established standards. Exhibit 5 provides an overview of the standard setting bodies, their standards, and the subject area to which those standards are relevant. This regulatory structure creates a strong relationship between those who develop the standards and those who enforce the standards.

### Exhibit 5 Accounting Standards and the Promulgating Organizations

Subject Area	Standard or Principle	Standard Setting Body
Public Company Accounting	Generally Accepted Accounting Principles (GAAP)	Financial Accounting Standards Board (FASB)
Public Company Auditing	PCAOB Auditing Standards	Public Company Accounting Oversight Board (PCAOB)
Private Company Accounting	Statements on Standards of Accounting and Review Services (SSARS)	American Institute of Certified Public Accountants (AICPA)
Private Company Auditing	Statements on Auditing Standards (SAS)	American Institute of Certified Public Accountants (AICPA)
State and Local Government Accounting	Generally Accepted Accounting Principles (GAAP)	Government Accounting Standards Board (GASB)
Federal Government	Generally Accepted Accounting Principles (GAAP)	Federal Accounting Standards Advisory Board (FASAB)
Government Auditing	Generally Accepted Government Auditing Standards (GAGAS)	Government Accountability Office (GAO)

Sources: FASB, PCAOB, AICPA, GASB, FASAB, and GAO.

## Federal Law

At the federal level, the Securities and Exchange Commission (SEC) is responsible for approving and enforcing the accounting and auditing standards for public companies, developed by the Financial Accounting Standards Board (FASB) and Public Company Accounting Oversight Board (PCAOB), respectively. Additionally, the Office of Management and Budget is responsible for approving and enforcing the accounting standards for the federal government, developed by the Government Accounting Standards Board, while the Government Accountability Office is responsible for developing and enforcing federal government auditing standards.

## State Law

The states and their respective boards of accountancy are responsible for developing laws and administrative rules to regulate the accounting and auditing of private companies and state and local governments. Current state law requires the Georgia State Board of Accountancy to adopt standards (specifically SAS, SSARS, SSAE, and PCAOB) in order to make rules and regulations for the state. As such, the Board and the Secretary of State are responsible for enforcing those standards for private company accounting and auditing in Georgia. It should be noted, however, that any work performance by a firm or individual licensed by the State of Georgia falls under the purview of the Georgia State Board of Accountancy.

## Voluntary Efforts

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### American Institute of Certified Public Accountants

In addition to assisting in the facilitation of the CPA exam, the American Institute of Certified Public Accountants (AICPA) also offers credentialing in specific subject areas. The goal of these subject area credentials is to distinguish CPAs particularly competent in specific subject areas. The AICPA offers additional certification in business valuation, financial forensics, information technology, global management, and personal finance. Certification in any of these subject areas requires the attainment of a certain amount of CPE hours as well as an exam in that subject area. Individuals must be CPAs in order to receive these specialty credentials and cannot maintain the specialty credential without maintaining the CPA qualification.

## Public Accountancy in Other States

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The accounting industry and the associated regulatory bodies have largely standardized the accounting discipline across the states, with accounting standards set at a national level and requirements for licensure being virtually uniform across the

states. There are, however, some differences in the administration of accountancy boards and certain licensing requirements in other states.

## Ethics Exam

The Georgia State Board of Accountancy does not require an ethics exam for licensure to practice public accountancy in the state. The majority, 36 other states, require some sort of ethics examination in order to become a licensed CPA. In some states, the board of accountancy develops and administers the ethics exam; however, many states require that applicants pass the ethics exam developed by the AICPA. While the Georgia Board of Accountancy has not opted to require an ethics exam, the Board does receive the results of a background check on each individual applying for licensure.

## Results of the NASBA Survey

At the request of the Georgia State Board of Accountancy, the National Association of State Board of Accountancy developed and distributed a survey of administrative practices to the various state boards of accountancy. The survey captured information on the number of licensees, the resources available to the agency, and some information on complaints. Of the 50 states and the District of Columbia, NASBA received responses from 33 boards of accountancy. The Georgia Society of CPAs provided the Council with the survey data and the results presented in Exhibit 6:

**Exhibit 6**  
**NABSA Survey Results**  
**November 2013**

Survey Subject	Number	Percentage
Board of Accountancy is its own separate agency	21	64%
Board of Accountancy has its own executive director	25	76%
Board of Accountancy has dedicated investigators	21	64%

## Findings

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O.C.G.A. 43-1A-6 requires the Georgia Occupational Regulation Review Council to apply the following criteria when evaluating whether to regulate a profession or business:

- ❖ Whether the unregulated practice of an occupation may harm or endanger the health, safety, and welfare of citizens of the state and whether the potential for harm is recognizable and not remote;
- ❖ Whether the practice of an occupation requires specialized skill or training, and whether the public needs and will benefit by assurances of initial and continuing occupational ability;
- ❖ Whether the citizens of this state are or may be effectively protected by other means;
- ❖ Whether the overall cost effectiveness and economic impact would be positive for citizens of the state; and
- ❖ Whether there are currently means other than state regulation to protect the interest of the state.

House Bill 291, as presented to the Council for review, proposes to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. For the purpose of this report, the Council has reviewed the proposed legislation, analyzed information, and developed findings concerning House Bill 291 based on the above criteria.

[The Georgia State Board of Accountancy, as currently operated within the Office of the Secretary of State, presents a potential for harm that is recognizable and not remote.](#)

The Office of the Secretary of State does not provide the Georgia State Board of Accountancy with staff, dedicated or shared, with training in the accounting industry. The staff employed by the Office of the Secretary of State serve several boards, stretching the resources available to each individual board. Additionally, the Office of the Secretary of State does not provide specialized training to individuals staffing the boards on the relevant occupations or industries. As a result, technical complaints, complaints related to industry standards, and investigations outside of prima-facie matters have the potential to be mishandled.

Complaint data provided by the Office of the Secretary of State indicates that the Georgia State Board of Accountancy is unable to deal with a relatively low complaint volume in an efficient and timely manner. In fact, 50% of the complaints filed in 2013 remained open as of April 1, 2014. Of the 20 cases that the Office of the Secretary of State was able to close, the PLBD closed seven due to a lack of response from the complainant within 30 days. When compared to the other states that provided responses concerning the average number of accountancy related complaints received

by their board, Georgia's average complaint volume of 64 is below the national average of 75. The lack of a timely and efficient complaint process could delay the resolution of matters with financial ramifications for the citizens of Georgia.

Moreover, the Georgia State Board of Accountancy, with the resources currently provided by the Office of the Secretary of State, is unable to verify the continuing education requirements for licensure for the majority of CPAs. During the 2013 renewal cycle, 50% of the CPAs selected for verification did not submit any documentation for review and another 10% did not submit the proper documentation for review. If this sample (2% of all licensed CPAs) is an indication, then CPAs in Georgia are not holding themselves accountable, and many may not be providing optimum services to the citizens and companies of Georgia.

The Department of Audits and Accounts (DOAA) serves as the principal auditor of the State's Comprehensive Annual Financial Report (CAFR) and the Single Audit Report. The Office of Quality Assurance, within the Department of Audits and Accounts, performed an analysis of HB 291 (See Appendix C), which indicated that HB 291, as passed by the Georgia House of Representatives and the State Senate, would expose the auditors to structural and undue influence threats at the next point of renewal in December of 2015. In their analysis, the Office of Quality Assurance also proposed safeguards to mitigate these threats. Even with these safeguards, however, the Office of Quality Assurance noted the following:

*"From the individual auditor perspective, though extremely unlikely with the proposed safeguards in place, uncertainty could still exist as to whether DOAA's licensed auditors would declare themselves not independent to audit the CAFR and Single Audit of the State of Georgia. However remote, if enough of DOAA's licensed auditors were to indicate they were impaired to do the audit as a result of HB 291, it could impact the current reporting deadlines for the CAFR and Single Audit. Eighty percent of the CAFR and Single Audit Management Team are licensed CPA's. If this were to occur, we [DOAA] would revisit our staffing plans to mitigate the impact as much as possible." (p. 5)*

The practice of accountancy requires specialized training, and the transfer of the Georgia State Board of Accountancy to the State Accounting Office, as indicated by HB 291, will provide additional assurance of initial and continuing occupational ability.

The practice of accountancy is a complicated, technical discipline that spans a variety of subject areas. Accountants are required to adhere to a variety of standards governing different types of financial and advisory services while performing technical work, which requires accuracy and attention to detail and carries very high risk associated with error. Due to the complex nature of the discipline, the accounting industry has established barriers to entry for the accounting profession, which include certain educational, examination, experience, as well as ethical requirements. These barriers to entry establish a certain level of knowledge and provide a certain assurance of initial occupational ability.

The State Accounting Office would be able to provide the Georgia State Board of Accountancy with dedicated personnel including but not limited to an executive director and specialized investigators. HB 291 requires the hiring of an executive director authorized to employ individuals “deemed necessary to assist in the duties of the Board”. The bill also gives general requirements for investigators, who must “have a level of experience or knowledge of the area investigated, including but not limited to accounting, auditing, and taxes”. Under HB 291, staff members and investigators who have specific knowledge of the accounting industry would be handling accountancy-related complaints, allowing for investigations that are more thorough. This level of competency in the staff assisting the Board would provide additional assurance of continuing occupational ability.



The current structure of the Georgia State Board of Accountancy may effectively protect the citizens of the State of Georgia.

The accounting industry is subject to a variety of safeguards and regulations, which offer protection to the citizens of Georgia both individually and at large. The Security and Exchange Commission and its related entities have established standards and enforcement mechanisms to prevent and detect wrongdoing. The Office of the Secretary of State, through the Georgia State Board of Accountancy, has established regulations and provided enforcement to prevent and punish wrongdoing. The Office of the Secretary of State received 47 complaints in calendar 2013, which represents one of the lowest complaint volumes in past four years, a ratio of one complaint for every 430 CPAs, putting Georgia above the average (1/407CPAs) based on a survey developed by NASBA.

If the Board increases their fees accordingly, and assuming the number of firms and CPAs licensed in the State of Georgia remains constant, the economic impact of transferring the Georgia State Board of Accountancy to the State Accounting Office could be cost neutral.

Currently, the Georgia State Board of Accountancy does not generate enough revenue to support of the structure proposed in HB 291 in a manner that would have a positive or neutral economic impact on the state. HB 291 requires the hiring of additional staff, including but not limited to an executive director and an investigator, and the transfer of functions that carry additional costs (licensing, investigation, board support). Since HB 291 requires the Georgia State Board of Accountancy to set their fees such that the revenue generated from those fees is close to the actual direct and indirect cost of operating the Board, the Georgia State Board of Accountancy would need to increase their fees.

The Secretary of State provided the Council with a report produced by Alabama's Commission on Improving State Government, which provided information that would indicated that Georgia's collective licensing model achieves significant cost-savings when compared to Alabama's separate licensing model. In the report (See Appendix E), the Commission recommends transitioning to a licensure structure similar to Georgia's in order to "substantially reduce fees while achieving much greater operational effectiveness through the provision of administrative, legal, and investigatory support" (p. 25). It is worth nothing that the structure proposed in HB 291 would require an increase in fees as well as the provision of additional administrative and investigatory support.

There are currently other means available, within the Office of the Secretary of State to protect the interest of the state.

The General Assembly could allocate additional funding for resources (staff, funding, IT) to the Office of the Secretary of State for the Georgia State Board of

Accountancy to address the concerns and issues which precipitated the drafting of HB 291. While the Office of the Secretary of State may have finite resources, the General Assembly provides state appropriations to the Secretary of State at the program level, allowing the agency to allocate any additional funds received as they see fit, within the Professional Licensing Board Division. The provision of additional funding could address the concerns of the Georgia State Board of Accountancy, namely providing dedicated staff, training or certification, and additional resources.

## Recommendation

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Based on information reviewed and developed by the Council, the Council does recommend passage of House Bill 291, the Public Accountancy Act of 2014 (LC 29 5915S), which proposes to transfer the Georgia State Board of Accountancy from the Office of the Secretary of State to the State Accounting Office. Additionally, the Council recommends that the General Assembly pass legislation in 2015, amending Titles 43 and 50 to change the Georgia State Board of Accountancy from being a division within the State Accounting Office to being an agency that is administratively attached to the State Accounting Office. The Council approved these recommendations with a 7 to 1 vote on Monday, April 21, 2014.

# Appendix A: Summary of Proposed Legislation

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Section	Subject	Description
43-1-9	Point Credits for Veterans	May allow veterans to receive points on examinations required by the Georgia State Board of Accountancy.
43-3-1	Short Title	Changes citable title to "Public Accountancy Act of 2014".
43-3-2	Definitions	Updates prior definitions to reflect current terminology and adds the following definitions to the section Executive Director, Peer Review, and Practice of Public Accountancy.
43-3-3	Transfer of Board	Transfers the Georgia State Board of Accountancy from the Office of the Secretary of State to a division within the State Accounting Office.
43-3-4	Creation of Board; Members	Allows for appointments being made when the Senate is not in session and allows for the members of the board to receive an expense allowance under
43-3-5	Chairperson and Secretary; Meetings; Seal; Records of Proceedings	Allows the Chairperson to determine the date, time, and location of board meetings and defines quorum for the board.
43-3-6	Executive Director; Powers; Duties	Establishes the Executive Director as a full-time employee of the State Accounting Office with the authority to employ other individuals to assist in the duties of the board.
43-3-7	Examination Fees	Authorizes the board to establish and charge fees in a manner such that the total amount of fees covers the direct and indirect costs of the board.
43-3-8	Promulgation of Rules and Regulations; Notice; Hearings	Charges the board with adopting rules and regulations consistent with current industry standards.
43-3-9	Requirements for Certification; Disclosure of Commissions	Provides the requirements for certification.
43-3-10	Examination for CPAs; Process for Nonresident Applicants	Prevents applicants who have passed the CPA exam from using the title "CPA" or representing themselves as such until they have the requisite education, experience, certificate, and license.
43-3-11	Certificate Holder as CPA or Public Accountant	Allows for the interchangeable use of "certified public accountant" and "public accountant".
43-3-12	Reciprocity for CPAs	Establishes the reciprocity provisions for CPAs.
43-3-13	Grandfathering Provisions	Expands the grandfathering provisions to include those holding certificates, live permits, or licenses issued prior to July 1, 2014.
43-3-14	Incidents with Nonresident CPAs	Appoints the Executive Director as the agent for service of process in dealing with issues concerning nonresident CPAs.
43-3-15	Registration as a Foreign Accountant	Provides for the renewal of licenses for foreign accountants registered with the board before July 1, 1989.
43-3-16	Registration Requirements for Firms	Amends the requirements for location to be based on the office location designated for substantial equivalency and reciprocity purposes.
43-3-17	Renewal of Registration	Defines the process and requirements for the renewal of registration for firms.
43-3-18	Issuance of Permits; Substantial Equivalency for Non Residents	Defines how permits will be issued and established substantial equivalency provisions for nonresident CPAs.
43-3-19	Continuing Professional Education Requirements	Allows the board to accredit continuing professional education programs and enter into agreements with sponsors to provide such programs.  Exempts licensees that are 70 years of age or older from the continuing professional education requirements.
43-3-20	Investigations	Allows the Executive Director to initiate investigations deemed necessary by the board, limits the availability of results of investigations to the board and the Executive Director, and allows for those results to be shared with enforcement agencies and licensing authorities.  Allows for the board to conduct certain private deliberations.
43-3-21	Revocation, Suspension, or Refusal to Renew	Defines the powers of the board as they pertain to revoking, suspending, or refusing to renew a certificate, registration, or permit for individuals
43-3-22	Revocation, Suspension, or Refusal to Renew (Firms)	Defines the powers of the board as they pertain to revoking, suspending, or refusing to renew a certificate, registration, or permit for firms.
43-3-23	Adjudicative Hearings Before the Board	Allocates initial judicial review of a final decision of the board to the superior court of the county of the domicile of the State Accounting Office.
43-3-24	Sanctions	Defines the sanctions that the board may impose.

Section	Subject	Description
43-3-25	Civil Penalties	Allows the board to impose a civil penalty not to exceed \$5000 for each violation, create a schedule for violations and penalties, and provides the considerations the board must make in determining the amount of the penalty.
43-3-25.1	Confidential Information	Requires that applications, other personal information, reference source information concerning an applicant, examination questions and materials, be treated as confidential and not disclosed without board permission.  Requires that the deliberations of the board with respect to an application, an examination, an investigation, or disciplinary proceeding be treated as confidential, and only released to an enforcement agency or licensing authority.
43-3-26	Disclosure of Investigations or Sanctions	Authorizes the Executive Director to provide information regarding past or pending investigations or disciplinary sanctions with any licensing authority.
43-3-27	Notification of Felony Convictions and Debt Obligations	Requires individuals practicing in Georgia under substantial equivalency to notify the board of felony convictions within 30 days of the conviction.
43-3-28	Reinstatement of Certification	Defines the board's ability to reinstate certification or registration or modify suspensions.
43-3-29	Ownership of Working Papers; Confidentiality of Communications	Protects the information obtained through peer review from being subject to discovery or introductions into evidence in any civil action, except hearing before the board.
43-3-30	Injunctions; Assistance of the Attorney General; Representation as a CPA	Defines the ability of the board to seek an injunction, the assistance of the Attorney General in enforcement, and the nature of evidence concerning representation as a CPA.
43-3-31	Use of Titles; False or Claims; Solicitation of Employment	Defines the use of titles or devices, false or fraudulent claims, or the regulation of solicitation of employment.
43-3-32	Exceptions to the operations of the chapter	Provides exceptions to the operation of the chapter.
43-3-33	Exception for Recently Separated Service Members	Allows service members with a license that expired while the individual was on active duty outside the state to practice public accountancy for a period of six months from the date of discharge with an expired license, without penalty.
43-3-34	Establishment of Violations as Misdemeanors	Establishes that any person who violates any provisions of the chapter is guilty of a misdemeanor.
50-5B-2	Establishment as a Division within the State Accounting Office	Establishes the Georgia State Board of Accountancy as a division within the State Accounting Office, with an Executive Director.
24-5-501	Updates References	Updates references to reflect new code sections.
36-81-8.1	Updates References	Updates references to reflect new code sections.

## Appendix B: Complete Text of HB 291

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House Bill 291 (AS PASSED HOUSE AND SENATE)

By: Representatives Knight of the 130<sup>th</sup>, Peake of the 141<sup>st</sup>, Mosby of the 83<sup>rd</sup>, Riley of the 50<sup>th</sup>, Carson of the 46<sup>th</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 43 of the Official Code of Georgia Annotated, relating to professions and  
2 businesses, so as to provide that the Georgia State Board of Accountancy is transferred from  
3 being administratively attached to the Secretary of State to being a division within the State  
4 Accounting Office; to provide a short title; to add definitions; to change provisions within  
5 the chapter that governs the practice of public accountancy, so as to update terminology and  
6 practice to current usage; to provide the powers and duties of the board; to authorize the state  
7 accounting officer to employ an executive director; to provide the powers and duties of the  
8 executive director; to revise provisions for purposes of conformity; to amend Chapter 5B of  
9 Title 50 of the Official Code of Georgia Annotated, relating to the State Accounting Office,  
10 so as to provide that the state accounting officer shall appoint the executive director of the  
11 Georgia State Board of Accountancy which shall be established as a division within the State  
12 Accounting Office; to amend Code Sections 24-5-501 and 36-81-8.1 of the Official Code of  
13 Georgia Annotated, relating to certain communications as privileged and definitions, grant  
14 certification forms, filings with the state auditor, forfeiture of funds for noncompliance, and  
15 no exemption from liability relative to local government budgets and audits, respectively, so  
16 as to correct cross-references; to provide for related matters; to repeal conflicting laws; and  
17 for other purposes.

18 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

19 **PART I**  
20 **SECTION 1-1.**

21 Title 43 of the Official Code of Georgia Annotated, relating to professions and businesses,  
22 is amended by revising Code Section 43-1-9, relating to point credit given to veterans taking  
23 examinations given by professional licensing boards, as follows:

24 "43-1-9.

25 Any applicant taking an examination required by any professional licensing board except  
26 ~~the State Board of Accountancy and~~ the Georgia Board of Nursing shall receive points in  
27 the following manner:

28 (1) Any applicant who served on active duty in the armed forces of the United States or  
29 on active duty in a reserve component of the armed forces of the United States, including  
30 the National Guard, for a period of one year or more, of which at least 90 days were  
31 served during wartime or during any conflict when military personnel were committed  
32 by the President of the United States, shall be entitled to a credit of five points. Such  
33 points shall be added by the person grading the examination to the grade made by the  
34 applicant in answering the questions propounded in any such examination;

35 (2) Any applicant who is a disabled veteran and who served on active duty in the armed  
36 forces of the United States or on active duty in a reserve component of the armed forces  
37 of the United States, including the National Guard, during wartime or during any conflict  
38 when military personnel were committed by the President of the United States shall be  
39 entitled to a credit of five points if the disability was for an injury or illness incurred in  
40 the line of duty and such disability is officially rated at less than 10 percent at the time  
41 of taking the examination. Such points shall be added by the person grading the  
42 examination to the grade made by the applicant in answering the questions propounded  
43 in any such examination; and

44 (3) Any applicant who is a disabled veteran who served on active duty in the armed  
45 forces of the United States or on active duty in a reserve component of the armed forces  
46 of the United States, including the National Guard, during wartime or during any conflict  
47 when military personnel were committed by the President of the United States shall be  
48 entitled to a credit of ten points if the disability was for an injury or illness incurred in the  
49 line of duty and such disability is officially rated at 10 percent or above at the time of  
50 taking the examination. Such points shall be added by the person grading the  
51 examination to the grade made by the applicant in answering questions propounded in  
52 any such examination."

53 **SECTION 1-2.**

54 Said title is further amended by revising Chapter 3, relating to the "Public Accountancy Act  
55 of 1977," as follows:



## 56 "CHAPTER 3

57 43-3-1.

58 This chapter shall be known and may be cited as the 'Public Accountancy Act of ~~1977~~  
59 2014.'

60 43-3-2.

61 As used in this chapter, the term:

62 (1) 'Any other state' means a state other than Georgia, the District of Columbia, the  
63 Commonwealth of Puerto Rico, the United States Virgin Islands, the Commonwealth of  
64 the Northern Marianas Islands, or Guam.65 ~~(1)(2)~~ 'Attest' means providing the following financial statement public accountancy  
66 services:67 (A) Any audit ~~or other engagement~~ to be performed in accordance with the Statements  
68 on Auditing Standards (SAS); and professional standards adopted by the board's rules  
69 or regulations;70 (B) Any review of a financial statement to be performed in accordance with the  
71 ~~Statements on Standards for Accounting and Review Services (SSARS); provided,~~  
72 ~~however, that nothing in this definition shall alter the rights of unlicensed accountants~~  
73 ~~contained in Code Section 43-3-36~~ professional standards adopted by the board's rules  
74 or regulations;75 (C) Any examination of prospective financial information to be performed in  
76 accordance with the ~~Statements on Standards for Attestation Engagements (SSAE); and~~  
77 professional standards for attestation engagements adopted by the board's rules or  
78 regulations;79 (D) Any engagement to be performed in accordance with the ~~auditing standards of the~~  
80 ~~Public Company Accounting Oversight Board~~ professional standards related to public  
81 companies adopted by the board's rules or regulations; and82 (E) Any examination, review, or agreed upon procedures engagement to be performed  
83 in accordance with the professional standards adopted by the board's rules or  
84 regulations, other than an examination of prospective financial information as described  
85 in subparagraph (C) of this paragraph.86 ~~The standards specified in this paragraph shall be adopted by reference by the board~~  
87 ~~pursuant to rule making and shall be those developed for general application by~~  
88 ~~recognized national accountancy organizations, such as the American Institute for~~  
89 ~~Certified Public Accountants and the Public Company Accounting Oversight Board.~~90 ~~(2)(3)~~ 'Board' means the Georgia State Board of Accountancy.

91 ~~(3)~~(4) 'Compilation' means providing a service to be performed in accordance with ~~the~~  
 92 ~~Statements on Standards for Accounting and Review Services~~ professional standards  
 93 adopted by the board's rules or regulations that presents information in the form of  
 94 financial statements that are the representation of management or owners without  
 95 undertaking to express any assurance as to the statements.

96 ~~(4)~~(5) 'CPA' means certified public accountant.

97 (6) 'Executive director' means the individual appointed by the state accounting officer  
 98 to serve as the chief executive officer of the board.

99 ~~(5)~~(7) 'Firm' means any ~~person~~, proprietorship, partnership, corporation, association, or  
 100 any other legal entity which ~~practices~~ is practicing public accountancy.

101 ~~(6) 'Home office' means the location identified by the client as the address to which a~~  
 102 ~~service described in paragraph (4) of subsection (b) of Code Section 43-3-24 is directed.~~

103 ~~(7) 'Live permit' means a permit issued under Code Section 43-3-24 which is in full force~~  
 104 ~~and effect.~~

105 (8) 'Peer review' means a study, appraisal, or review of one or more aspects of the  
 106 professional work of a licensee that provides attest or compilation services, by a licensee  
 107 who is not affiliated with the individual or firm being reviewed.

108 ~~(8)~~(9) 'Practice of public accountancy' or 'practicing public accountancy' means offering  
 109 to perform or performing attest or compilation services or while holding oneself out in  
 110 such manner as to state or imply that one is a licensee, offering to perform or performing  
 111 ~~for a client one or more types of an individual or entity services involving the:~~

112 (A) The use of accounting or auditing skills, ~~one or more types of management;~~

113 (B) Management advisory or other consulting services, ~~or the;~~

114 (C) The preparation of tax returns; or

115 (D) The ~~the~~ furnishing of advice on tax matters ~~while holding oneself out in such~~  
 116 ~~manner as to state or imply that one is a licensee.~~

117 ~~(9) 'Principal place of business' means the office location designated by the licensee for~~  
 118 ~~purposes of substantial equivalency and reciprocity.~~

119 ~~(10) 'State' means the District of Columbia and any state other than this state and any~~  
 120 ~~territory or insular possession of the United States.~~

121 (10) 'State Accounting Office' means the office created under Code Section 50-5B-1.

122 (11) 'State accounting officer' means the individual appointed by the Governor under  
 123 Code Section 50-5B-1 to administer the State Accounting Office.

124 43-3-3.

125 (a) The State Board of Accountancy on June 30, 2014, is continued in existence as the  
 126 Georgia State Board of Accountancy, and members serving on the State Board of

127 Accountancy on June 30, 2014, shall continue to serve out his or her term of office on the  
 128 Georgia State Board of Accountancy and until his or her respective successors are  
 129 appointed and qualified.

130 (b) The board shall have all of the duties, powers, and authority granted by or necessary  
 131 for the enforcement of this chapter.

132 (c) On and after July 1, 2014, the board shall be a division within the State Accounting  
 133 Office and shall not be considered a division as such term is defined in Code Section  
 134 43-1-1. The board shall neither be under the jurisdiction of the Secretary of State nor be  
 135 under the direction of the director of the Professional Licensing Boards Division of the  
 136 Secretary of State. The board shall not be subject to the provisions of Chapter 1 of this  
 137 title.

138 (d) The state accounting officer shall fix the compensation of an executive director. The  
 139 executive director shall serve at the pleasure of the state accounting officer. The executive  
 140 director shall have those duties and powers prescribed by the board with the approval of  
 141 the state accounting officer and as further set forth in Code Section 43-3-6.

142 (e) The venue of any action involving members of the board shall be the county in which  
 143 is found the primary office of the State Accounting Office. The executive director shall not  
 144 be considered a member of the board in determining the venue of any such action, and no  
 145 court shall have jurisdiction over any such action solely by virtue of the executive director  
 146 residing or maintaining a residence within its jurisdiction.

147 ~~43-3-3. 43-3-4.~~

148 ~~(a) There is created the State Board of Accountancy.~~

149 ~~(b)~~(a) The board shall consist of seven members, to be appointed by the Governor with the  
 150 approval of the Senate. Any such appointment made when the Senate is not in session shall  
 151 be effective until the appointment is acted upon by the Senate. Each member of the board  
 152 shall be a resident of this state. Six members of the board shall be certified public  
 153 accountants, all of whom shall ~~hold a permit to practice public accounting issued under~~  
 154 ~~Code Section 43-3-24~~ be licensed in this state. One member of the board shall be  
 155 appointed from the public at large and shall be ~~a person~~ an individual to whom neither this  
 156 state nor any other state has ever issued a certificate, registration, license, or permit to  
 157 engage in the practice of public accounting. ~~The person serving on the board on June 30,~~  
 158 ~~2005, as a registered public accountant member of the board shall serve the remainder of~~  
 159 ~~the term to which such person was appointed as one of the certified public accountant~~  
 160 ~~members of the board~~ accountancy.

161 ~~(e)~~(b) Each member of the ~~board~~ State Board of Accountancy in office on ~~July 1, 1982~~  
 162 June 30, 2014, shall remain in office until the expiration of his or her term and the  
 163 appointment and approval of his or her successor.

164 ~~(d)~~(c) Any appointment or reappointment of board members shall be for a period of four  
 165 years. The remaining portion of any unexpired term shall be filled by appointment by the  
 166 Governor with the approval of the Senate. Upon the expiration of his or her term of office,  
 167 a member shall continue to serve until his or her successor ~~shall have been~~ is appointed and  
 168 ~~shall have~~ qualified.

169 ~~(e)~~(d) No member of the board shall serve as such for more than two terms, consecutive  
 170 or otherwise; and, for purposes of calculating the number of terms served, the filling of an  
 171 unexpired term or terms for a total of more than 30 calendar months shall be treated as the  
 172 serving of a full term.

173 ~~(f)~~(e) Any member of the board may be removed by the Governor for misconduct,  
 174 incompetence, ~~or~~ neglect of duty, or inability to perform the duties required of members.  
 175 The membership on the board of any member whose ~~permit to practice~~ license in this state  
 176 has expired and has not been renewed, has become void, or has been revoked or suspended  
 177 shall be automatically terminated simultaneously with any such expiration, voiding,  
 178 revocation, or suspension.

179 ~~(g)~~(f) Each member of the board may receive the expense allowance as provided by  
 180 subsection (b) of Code Section 45-7-21 and the same mileage allowance for the use of a  
 181 vehicle as that received by other employees of this state or a travel allowance of actual  
 182 transportation costs if traveling by public carrier. Each board member may be reimbursed  
 183 for any conference or meeting registration fee incurred in the performance of his or her  
 184 duties as a board member subject to the approval of the executive director. For each day's  
 185 service in any other state as a board member, such member may receive actual expenses  
 186 as an expense allowance. Expense vouchers submitted by board members shall be subject  
 187 to approval by the executive director. A board member's travel outside of this state shall  
 188 be allowed if such travel was approved by the executive director. ~~Each member of the~~  
 189 ~~board shall be reimbursed as provided for in subsection (f) of Code Section 43-1-2.~~

190 ~~43-3-4. 43-3-5.~~

191 (a) The board shall elect annually a ~~chairman~~ chairperson from its members.

192 (b) The ~~division~~ executive director shall serve as secretary of the board ~~and perform for~~  
 193 ~~the board the duties required of him as provided in Chapter 1 of this title.~~

194 (c) The chairperson shall determine the date, time, and location of board meetings. Board  
 195 meetings shall be held at the site of the primary office of the State Accounting Office  
 196 unless otherwise specified by the chairperson. The chairperson shall provide three ~~Three~~

197 days' notice of any meeting ~~shall be given by the chairman or division director;~~ provided,  
 198 however, that notice may be waived by instrument in writing executed before or after the  
 199 meeting; provided, further, that attendance at a meeting of the board shall constitute a  
 200 waiver of notice thereof. The chairperson may delegate the responsibility of setting the  
 201 location, date, and time of board meetings and providing notice of meetings to the  
 202 executive director. Board meetings may be conducted by audio or video conference  
 203 ~~telephone~~ calls, and participation in such a conference call shall constitute attendance at the  
 204 meeting so conducted. Any action that might have been taken at a meeting of the board  
 205 may be taken by the unanimous written consent of all members of the board.

206 (d) A majority of the members of the board shall constitute a quorum for the transaction  
 207 of business of the board.

208 ~~(d)~~(e) The board shall have a seal which shall be judicially noticed.

209 ~~(e)~~(f) The board shall preserve all applications and keep records of all of its proceedings  
 210 for six years. In any proceeding in court, civil or criminal, arising out of or founded upon  
 211 this chapter, copies of the records of the board's proceedings signed by a member of the  
 212 board and certified as correct under the seal of the board by the ~~division~~ executive director  
 213 shall be admissible in evidence in any court of this state without further proof.

214 ~~(f) The board may appoint such committees or persons, who need not be members of the~~  
 215 ~~board, to advise or assist it in administration, investigation, and enforcement of the~~  
 216 ~~provisions of this chapter as the board deems necessary and shall be authorized to~~  
 217 ~~compensate any such persons or members of committees who are not members of the board~~  
 218 ~~in such amounts as it shall determine to be reasonable.~~

219 43-3-6.

220 (a) The executive director shall:

221 (1) Be a full-time employee of the State Accounting Office and shall serve as the  
 222 secretary of the board. He or she shall be an individual of good moral character and shall  
 223 possess such qualifications as the board, with the approval of the state accounting officer,  
 224 may require;

225 (2) Take an oath to discharge faithfully the duties of the office;

226 (3) Keep all records related to the board;

227 (4) With the approval of the state accounting officer, employ and fix the compensation  
 228 of individuals as deemed necessary to assist in the duties of the board. If an employee  
 229 will serve as an investigator, he or she shall have a level of experience or knowledge of  
 230 the area of practice needing to be examined or investigated, including but not limited to  
 231 accounting, auditing, and taxes, that is acceptable to the board;

232 (5) Prepare and maintain a public roster containing the names and business addresses of  
 233 all current licensees and individuals registered as foreign accountants. A copy of such  
 234 roster shall be available upon request at a fee prescribed by the board sufficient to cover  
 235 the cost of printing.

236 (6) Schedule the time and location for all examinations and hearings;

237 (7) Maintain a schedule of all meetings and hearings of the board that shall be available  
 238 for public review; and

239 (8) Make a report to the Governor on or before the second Tuesday in January of each  
 240 year covering the activities of the board for the previous calendar year, which shall be  
 241 made available to any member of the General Assembly upon request.

242 (b) With the approval of the state accounting officer, the executive director may contract  
 243 with any person or agency who is not an employee of the State Accounting Office to  
 244 implement any provision of this chapter and to fulfill the responsibilities of the board.

245 (c) The executive director and other board employees shall be allowed reimbursement for  
 246 travel and other expenses necessarily incurred in the performance of their duties in the  
 247 same manner as other employees of this state and shall receive payment of the same in the  
 248 manner provided for the board.

249 43-3-7.

250 The board by rule or regulation shall be authorized to charge an examination fee, license  
 251 fee, license renewal fee, or similar fee and may establish the amount of the fee to be  
 252 charged by rule or regulation. Fees shall be reasonable and shall be determined in such a  
 253 manner that the total amount of fees charged by the board shall approximate the total of the  
 254 direct and indirect costs for the operation of the board. Fees may be refunded for good  
 255 cause, as determined by the executive director.

256 43-3-5. 43-3-8.

257 (a) The board may promulgate and amend, from time to time, such rules ~~and~~ or  
 258 regulations, consistent with this chapter and Chapter 13 of Title 50, the 'Georgia  
 259 Administrative Procedure Act,' as it deems consistent with or required for the public  
 260 welfare, for the administration of any provision of this chapter, or for the orderly conduct  
 261 of the board's affairs. Such rules ~~and~~ or regulations may include, without limiting the  
 262 generality of the foregoing:

263 (1) Procedure Rules of procedure for governing the conduct of matters before the board;

264 (2) Professional Rules of professional conduct for establishing and maintaining high  
 265 standards of competence and integrity in the practice of public accountancy;

266 (3) Continuing professional education ~~Regulations governing educational requirements~~  
 267 ~~for certification licensure~~ as a certified public accountant ~~and registration as a public~~  
 268 ~~accountant and prescribing further educational requirements (requirements of continuing~~  
 269 ~~professional education) to be met from time to time by persons so certified or registered,~~  
 270 ~~in order to maintain their professional knowledge and competence, as a condition to~~  
 271 ~~continuing in the practice of public accountancy;~~

272 (4) Governance of ~~Regulations governing~~ individuals or firms engaged in this state in the  
 273 practice of public accountancy;

274 (5) Governance of firms ~~Regulations governing the registration of offices~~ established or  
 275 maintained for the practice of public accountancy in this state and the conditions upon  
 276 which ~~such registration~~ licensure shall be granted, including any requirements that the  
 277 board may deem necessary to monitor the practice of ~~such office~~ public accountancy to  
 278 determine whether acceptable standards of competence and integrity in the practice of  
 279 public accountancy are being maintained; and

280 (6) Any and all other rules ~~and~~ or regulations which the board deems necessary or  
 281 appropriate in exercising its functions under this chapter.

282 (b) The board shall adopt rules or regulations setting the professional standards in  
 283 performing attest and compilation services, taking into account the American Institute for  
 284 Certified Public Accountants Statements on Auditing Standards, the Statements on  
 285 Standards for Accounting and Review Services, the Statements on Standards for  
 286 Attestation Engagements, and the standards of the Public Company Accounting Oversight  
 287 Board.

288 ~~(b)(c)~~ (c) Prior to the adoption, amendment, or repeal of any rule ~~other than interpretive rules~~  
 289 ~~or general statements of policy~~ or regulation, the board shall give notice of its intended  
 290 action in accordance with Chapter 13 of Title 50, the 'Georgia Administrative Procedure  
 291 Act.' ~~Act, provided that such comments shall be advisory only.~~ In connection with any  
 292 rule-making proceeding, formal or informal, the board shall have the power to conduct  
 293 hearings as provided in, and in accordance with, Chapter 13 of Title 50, the 'Georgia  
 294 Administrative Procedure Act.' No such notice shall be required prior to the adoption,  
 295 amendment, or repeal of any interpretive rules, regulations, or general statements of policy,  
 296 provided that such rules, regulations, or general statements shall be advisory only.

297 ~~43-3-6.~~ 43-3-9.

298 (a) As used in this Code section, the term 'good moral character' means fiscal integrity and  
 299 a lack of any history of acts involving dishonesty or moral turpitude.

300 ~~(a)~~ (b) The certificate of 'certified public accountant' shall be granted by the board to any  
 301 ~~person~~ individual:

- 302 (1) Who has attained the age of 18;
- 303 (2) Who is, in the opinion of the board, of good moral character;
- 304 (3) Who meets the following requirements of education and experience:
- 305 (A)(i) Presentation to the board of such evidence as it may require that the applicant
- 306 has received a baccalaureate degree or completed the requirements therefor, conferred
- 307 by a college or university accredited by a national or regional accrediting organization
- 308 recognized by the board, with a concentration in accounting or what the board
- 309 determines to be the substantial equivalent of an accounting concentration, or with a
- 310 nonaccounting concentration supplemented by what the board determines to be the
- 311 substantial equivalent of an accounting concentration, including related courses in
- 312 other areas of business administration.
- 313 (ii) After January 1, 1998, any ~~person~~ individual who has not previously sat for the
- 314 uniform written examination for the certificate of certified public accountant must
- 315 have completed a total of 150 semester hours or 225 quarter hours of college
- 316 education, including a baccalaureate degree awarded by a college or university
- 317 accredited by either a national or regional accrediting organization recognized by the
- 318 board. The total educational program shall include an undergraduate accounting
- 319 concentration as defined by the board or what the board determines to be the
- 320 substantial equivalent of an undergraduate accounting concentration; and
- 321 (B) One year of continuous experience in the accounting field relevant to the practice
- 322 of public accountancy immediately preceding the date of application for the certificate
- 323 or within a reasonable time prior to the date of such application as provided by the
- 324 board by rule; or regulation; provided, however, that the board may promulgate rules
- 325 or regulations stating certain circumstances which shall constitute acceptable breaks in
- 326 the continuity of ~~said~~ such experience; ~~and~~ provided, further, that the board may accept,
- 327 in lieu of such year of experience in public accounting, evidence satisfactory to it of one
- 328 year of continuous employment in the accounting field in industry, business,
- 329 government, or college teaching; any combination of ~~the above~~ employment in such
- 330 fields; or any combination of the above employment in such fields and the practice of
- 331 public accountancy immediately preceding the date of application for the certificate or
- 332 what the board determines to be the equivalent thereof; and provided, further, that any
- 333 ~~person certified~~ individual certificated as a certified public accountant under the laws
- 334 of this state on July 1, 1977, shall be deemed to have the experience in the practice of
- 335 public accountancy required by this subparagraph; and
- 336 (4) Who shall have passed an examination approved by the board in such related subjects
- 337 as the board deems appropriate.



338 ~~(b)(c)~~ If the board determines that an applicant lacks good moral character, For the  
 339 purposes of this Code section, 'good moral character' means fiscal integrity and a lack of  
 340 any history of acts involving dishonesty or moral turpitude. For failure to satisfy this  
 341 requirement, the board may refuse to certify an applicant where when it finds by clear and  
 342 convincing evidence that there is a substantial connection between the lack of good moral  
 343 character of the applicant and the potential professional responsibilities of a licensee and  
 344 ~~the finding by the board of a lack of good moral character is supported by clear and~~  
 345 ~~convincing evidence~~ such applicant. When an applicant is found to be unqualified for a  
 346 certificate because of lack of good moral character, the board shall furnish the applicant a  
 347 statement containing the findings of the board and a complete listing of the evidence upon  
 348 which the determination was based, and the applicant may request a hearing on that  
 349 determination.

350 ~~(e)(d)~~ Any ~~person~~ individual or firm who holds a ~~certificate~~ license as a 'certified public  
 351 accountant' and who is engaged in the sale of insurance or financial products for which  
 352 such ~~person~~ individual or firm receives commissions ~~must~~ shall disclose in writing to the  
 353 client the fact that the ~~person shall~~ individual or firm will receive commissions from the  
 354 sale to the client of any such insurance or financial products; provided, however, that the  
 355 ~~person~~ individual or firm shall not be required to disclose the actual amount of such  
 356 commissions. ~~A person who violates this subsection shall be guilty of a misdemeanor.~~

357 ~~43-3-7.~~ 43-3-10.

358 (a) The board may provide, by rule or regulation, for the general scope of the examination  
 359 described in paragraph (4) of subsection ~~(a) (b)~~ of Code Section ~~43-3-6~~ 43-3-9. The board  
 360 may approve the examination and obtain advice and assistance in providing for and grading  
 361 such examination and the ~~division~~ executive director, with approval of the board, may  
 362 contract with third parties to perform administrative services with respect to the  
 363 examination as he or she deems appropriate.

364 (b) As a prerequisite to sit for the examination, ~~candidates~~ applicants shall meet the  
 365 education requirements provided in division ~~(a)(3)(A)(i)~~ (b)(3)(A)(ii) of Code Section  
 366 ~~43-3-6~~ 43-3-9.

367 (c) An applicant for the certificate of certified public accountant who has successfully  
 368 completed the examination provided for in paragraph (4) of subsection ~~(a) (b)~~ of Code  
 369 Section ~~43-3-6~~ 43-3-9 shall ~~have no status~~ not use the CPA title or hold himself or herself  
 370 out as a certified public accountant until he or she has the requisite education and  
 371 experience and has received his or her certificate and license as a certified public  
 372 accountant.

373 (d) The board, by rule or regulation, may provide for granting a credit to any applicant for  
 374 satisfactory completion of an examination in any one or more of the subjects provided for  
 375 in paragraph (4) of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9 given by the licensing  
 376 authority in ~~another jurisdiction~~ any other state. Such ~~regulations~~ rules or regulations shall  
 377 include such requirements as the board deems appropriate to ensure that any examination  
 378 approved as a basis for any such credit, in the judgment of the board, shall be at least as  
 379 thorough as the examination approved by the board at the time of the granting of such  
 380 credit.

381 (e) The board, by rule or regulation, may prescribe the time and conditions under which  
 382 an applicant may retain credit for a portion or portions of the examination provided for in  
 383 paragraph (4) of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9.

384 ~~(f) Application for certification by persons who are not residents of this state shall~~  
 385 ~~constitute the appointment of the Secretary of State as the agent for service of process in~~  
 386 ~~any action or proceeding against such applicant arising out of any transaction, activity, or~~  
 387 ~~operation connected with or incidental to the practice of public accounting in this state by~~  
 388 ~~nonresident holders of certified public accountant certificates.~~

389 ~~43-3-8.~~

390 ~~Reserved.~~

391 ~~43-3-9.~~ 43-3-11.

392 Any ~~person~~ individual who has received a certificate as a certified public accountant from  
 393 the board and who holds a ~~live permit~~ license may be styled and known as a 'certified  
 394 public accountant.' ~~The division director shall maintain a list of certified public~~  
 395 ~~accountants; and, for this purpose, the board may provide by regulation a procedure~~  
 396 ~~whereby all certified public accountants are required to register with the board periodically.~~  
 397 Any certified public accountant may also be known as a 'public accountant.'

398 ~~43-3-10.~~

399 ~~Reserved.~~

400 ~~43-3-11.~~ 43-3-12.

401 The board, in its discretion, may waive the examination provided for in paragraph (4) of  
 402 subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9 and may issue a certificate as a certified  
 403 public accountant to any ~~person~~ individual who possesses the qualifications specified in  
 404 paragraphs (1) and (2) of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9 and what the  
 405 board determines to be the substantial equivalent of the qualifications under paragraph (3)

406 of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9 and who is a holder of a certificate as  
 407 a certified public accountant, then in full force and effect, issued under the laws of ~~another~~  
 408 any other state; provided, however, that the certificate held by such ~~person~~ individual was  
 409 issued by any other state after an examination which, in the judgment of the board, is the  
 410 equivalent of the standard established by the board for examinations administered pursuant  
 411 to paragraph (4) of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9; and provided, further,  
 412 that such privileges are extended to citizens of this state by ~~the~~ any other state that  
 413 originally ~~granting~~ granted the certificate. Notwithstanding the foregoing, the examination  
 414 provided for in paragraph (4) of subsection ~~(a)~~ (b) of Code Section ~~43-3-6~~ 43-3-9 shall be  
 415 waived by the board in the case of an applicant who has been engaged in public practice  
 416 for a period of ten years in ~~another~~ any other state pursuant to the authority ~~issued by~~ of  
 417 such state.

418 ~~43-3-12.~~ 43-3-13.

419 Individuals ~~Persons~~ who hold certified public accountant certificates, live permits, or  
 420 licenses issued prior to July 1, ~~1977~~ 2014, under the laws of this state as they existed on  
 421 June 30, 2014, shall not be required to undergo recertification or relicensure under this  
 422 chapter but shall otherwise be subject to all applicable provisions of this chapter. Such  
 423 certificates, live permits, and licenses issued prior to July 1, ~~1977~~ 2014, shall be considered  
 424 certificates, live permits, and licenses issued under and subject to this chapter for all  
 425 purposes.

426 ~~43-3-13.~~

427 ~~Notwithstanding any other provision of this chapter, on and after July 1, 2005, each~~  
 428 ~~registered public accountant who holds a live permit and who is in good standing shall be~~  
 429 ~~certificated as a certified public accountant. On and after July 1, 2005, the board shall not~~  
 430 ~~consider any application for a certificate of registered public accountant.~~

431 43-3-14.

432 Application for certification by individuals who are not residents of this state shall  
 433 constitute the appointment of the executive director as the agent for service of process in  
 434 any action or proceeding against such applicant arising out of any transaction, activity, or  
 435 operation connected with or incidental to the practice of public accountancy in this state  
 436 by such nonresident holders of certified public accountant certificates. ~~Reserved.~~

437 ~~43-3-15.~~

438 ~~Reserved.~~

439 ~~43-3-16.~~

440 ~~Reserved.~~

441 ~~43-3-17.~~

442 ~~Reserved.~~

443 ~~43-3-18.~~

444 ~~Reserved.~~

445 ~~43-3-19.~~

446 ~~Reserved.~~

447 ~~43-3-20.~~ 43-3-15.

448 Any ~~person~~ individual who was registered with the board on or before July 1, 1989, as a  
 449 foreign accountant based on being a holder in good standing of a certificate, license, or  
 450 degree in a foreign country constituting a recognized qualification for the practice of public  
 451 accountancy in such country shall be eligible to renew his ~~live-permit~~ or her license under  
 452 such terms and conditions as provided by ~~law~~ this chapter and the rules ~~and~~ or regulations  
 453 of the board. Such registered foreign accountant shall be subject to the ~~laws~~ provisions of  
 454 this chapter and rules ~~and~~ or regulations of the board, including, but not limited to, those  
 455 concerning continuing professional education requirements and disciplinary actions.  
 456 Should such registered foreign accountant fail to renew his ~~live-permit~~ or her license or  
 457 have such ~~permit~~ license revoked or suspended, the board may reinstate such registered  
 458 foreign accountant under the terms and conditions as determined by the board.

459 ~~43-3-21.~~ 43-3-16.

460 (a) The board shall grant or renew the ~~registration~~ license of a firm practicing public  
 461 accountancy to firms that meet the following requirements:

462 (1)(A) Partners, members, or shareholders owning at least a simple majority of the  
 463 financial interest and voting rights of the firm shall be certified public accountants of  
 464 ~~some~~ this state or any other state in good standing, except that such partners, members,  
 465 or shareholders who are certified public accountants and whose ~~principal place of~~  
 466 ~~business~~ office location designated by such partners, members, or shareholders who are  
 467 certified public accountants for purposes of substantial equivalency and reciprocity is  
 468 in this state and who perform accounting services in this state ~~must~~ shall be required to  
 469 hold a ~~live-permit~~ license from this state.

470 (B) An individual who has substantial equivalency practice privileges under subsection  
 471 (b) of Code Section ~~43-3-24~~ 43-3-18 who performs services for which a firm  
 472 ~~registration licensure~~ is required under paragraph (4) of subsection (b) of Code Section  
 473 ~~43-3-24~~ 43-3-18 shall not be required to obtain a certificate or ~~live permit license~~ under  
 474 this chapter;

475 (2) The firm shall be in compliance with all requirements and provisions of ~~state~~ law  
 476 governing the organizational form of the firm in ~~the any other state of that is~~ the firm's  
 477 ~~principal place of business~~ office location designation for purposes of substantial  
 478 equivalency and reciprocity;

479 (3) The firm shall comply with all rules or regulations pertaining to firms ~~registered with~~  
 480 licensed by the board;

481 (4) The resident manager, as such term is defined in the board's rules or regulations, of  
 482 each office of the firm within this state in the practice of public accountancy shall be a  
 483 certified public accountant of this state in good standing;

484 (5) Any ~~firms~~ firm that ~~include~~ includes nonlicensee owners shall comply with the  
 485 following rules:

486 (A) The firm shall designate the holder of a ~~live permit license in this state~~, or in the  
 487 case of a firm which ~~must register~~ is required to be licensed pursuant to subparagraph  
 488 (b)(1)(C) of this Code section, a licensee of ~~another~~ any other state who meets the  
 489 substantial equivalency practice privileges requirements set forth in subsection (b) of  
 490 Code Section ~~43-3-24~~ 43-3-18, who shall be responsible for the proper ~~registration~~  
 491 licensure of the firm and shall identify that individual to the board;

492 (B) All nonlicensee owners shall ~~be active individual participants~~ provide services or  
 493 perform functions in the firm or the firm's affiliated entities; and

494 (C) The firm shall comply with such other requirements as the board may impose by  
 495 rule or regulation;

496 (6) Any holder of a ~~live permit license in this state~~ and any individual who qualifies for  
 497 substantial equivalency practice privileges under subsection (b) of Code Section ~~43-3-24~~  
 498 43-3-18 who is responsible for supervising attest or compilation services and signs or  
 499 authorizes someone to sign the accountant's report on the financial statements on behalf  
 500 of the firm shall meet the competency requirements ~~set out in the professional standards~~  
 501 by the board for such services; and

502 (7) Any holder of a ~~live permit license in this state~~ and any individual who qualifies for  
 503 substantial equivalency practice privileges under subsection (b) of Code Section ~~43-3-24~~  
 504 43-3-18 who signs or authorizes someone to sign the ~~accountants'~~ accountant's report on  
 505 the financial statements on behalf of the firm shall meet the competency requirements ~~of~~  
 506 subparagraph (6) of this subsection set by the board.

- 507 (b)(1) The following firms ~~must register~~ shall be required to be licensed under this Code  
 508 section:
- 509 (A) Any firm with ~~an~~ a physical office in this state practicing public accountancy;
- 510 (B) Any firm with ~~an~~ a physical office in this state that uses the title 'CPA' or 'CPA  
 511 firm'; and
- 512 (C) Any firm that does not have ~~an~~ a physical office in this state but performs any  
 513 service described in subparagraph (A), (C), or (D) of paragraph ~~(4)~~ (2) of Code Section  
 514 43-3-2 for a client ~~having its home office in this state~~ that specifies a location in this  
 515 state to which such service is directed.
- 516 (2) A firm that does not have ~~an~~ a physical office in this state may perform services  
 517 described in subparagraph (B) of paragraph ~~(4)~~ (2) or paragraph ~~(3)~~ (4) of Code Section  
 518 43-3-2 for a client ~~having its home office in this state, may practice public accountancy~~  
 519 ~~as authorized under this Code section,~~ that specifies a location in this state to which any  
 520 service described in subparagraph (A), (C), or (D) of paragraph (2) of Code Section  
 521 43-3-2 is directed and may use the title 'CPA' or 'CPA firm' without ~~registering~~ being  
 522 licensed as provided in this Code section only if:
- 523 (A) It meets the qualifications described in paragraph (1) of subsection (a) of this Code  
 524 section ~~and it;~~
- 525 (B) It complies with the board's rules ~~and~~ or regulations regarding peer review; and
- 526 ~~(B)~~(C) It performs such services through an individual with substantial equivalency  
 527 practice privileges under subsection (b) of Code Section ~~43-3-24~~ 43-3-18.
- 528 (3) A firm that does not have ~~an~~ a physical office in this state and that is not subject to  
 529 the requirements of subparagraph (C) of paragraph (1) ~~of this subsection~~ or paragraph (2)  
 530 of this subsection may perform other professional services, as such services are defined  
 531 in the board's rules or regulations, included in the practice of public accountancy while  
 532 using the title 'CPA' or 'CPA firm' in this state without ~~registering~~ being licensed under  
 533 this Code section only if:
- 534 (A) It performs such services through an individual with substantial equivalency  
 535 practice privileges under subsection (b) of Code Section ~~43-3-24~~ 43-3-18; and
- 536 (B) It can lawfully perform such services in ~~the~~ any other state where ~~said~~ such  
 537 individuals with substantial equivalency practice privileges have their ~~principal place~~  
 538 ~~of business~~ office location designated by such individuals for purposes of substantial  
 539 equivalency and reciprocity.
- 540 (c) Each firm required to ~~register~~ be licensed under paragraph (1) of subsection (b) of this  
 541 Code section shall be ~~registered~~ licensed biennially under this chapter with the board,  
 542 provided that any firm for which such requirement becomes effective between biennial  
 543 reporting periods shall ~~register~~ become licensed with the board within 60 days. Such a firm

544 ~~must~~ shall be required to show that all attest and compilation services rendered in this state  
 545 are under the supervision of ~~a person~~ an individual holding a ~~live permit~~ license issued by  
 546 ~~this state~~ the board or ~~a person~~ an individual with substantial equivalency practice  
 547 privileges under subsection (b) of Code Section ~~43-3-24~~ 43-3-18. The board, by rule or  
 548 regulation, shall prescribe the procedure to be followed in effecting such ~~registration~~  
 549 licensure and the information which ~~must~~ shall be required to be provided regarding the  
 550 firm and its practice.

551 (d) A ~~registered~~ licensed firm shall file written notice to the board, within 60 days after the  
 552 occurrence of the opening of a new office or the closing or change of address of any of its  
 553 offices in this state. Each such office shall be under the supervision of a resident manager  
 554 who may be a partner, principal, shareholder, member, or a staff employee holding a ~~live~~  
 555 permit license in this state.

556 (e) Neither the denial of a firm ~~registration~~ license under this Code section nor the denial  
 557 of the renewal of a firm ~~registration~~ license under Code Section ~~43-3-23~~ 43-3-17 shall be  
 558 considered to be a contested case within the meaning of Chapter 13 of Title 50, the  
 559 'Georgia Administrative Procedure Act.' Notice and hearing within the meaning of ~~said~~  
 560 Chapter 13 of Title 50 shall not be required, but the applicant shall be allowed to appear  
 561 before the board if he or she requests.

562 ~~43-3-22.~~

563 ~~Reserved.~~

564 ~~43-3-23.~~ 43-3-17.

565 (a) In each renewal year, each firm ~~registered~~ licensed in ~~the~~ this state pursuant to Code  
 566 Section ~~43-3-21~~ 43-3-16 which has issued an ~~audit, review,~~ attest or compilation report  
 567 within the 24 months preceding the date of expiration of the firm's ~~registration~~ license  
 568 shall submit, with the application for renewal, evidence of satisfactory completion of a  
 569 board approved peer review ~~program~~ within the 36 months preceding the date of such  
 570 firm's ~~registration~~ license expiration. Satisfactory completion shall mean that the firm has  
 571 undergone the entire peer review process and that the report of the peer review indicates  
 572 that the firm maintains acceptable standards of competence and integrity in the practice of  
 573 public accountancy. Firms which have not issued an ~~audit, review,~~ attest or compilation  
 574 report within the 24 months preceding the date of the firm's ~~registration~~ license expiration  
 575 ~~must~~ shall submit written confirmation of such fact with the application for the firm's  
 576 ~~registration~~ license renewal. The board may waive or modify the requirements of this  
 577 subsection in cases of hardship or other such circumstances which the board deems  
 578 appropriate. The provisions of this subsection shall not apply to the practice of an enrolled

579 agent before the federal Internal Revenue Service or the Department of Revenue if the  
 580 enrolled agent is not otherwise engaged in the practice of public ~~accounting~~ accountancy  
 581 in this state.

582 (b) No firm shall be ~~registered~~ licensed in ~~the~~ this state which shall have failed to comply  
 583 with the provisions of this Code section ~~and all~~, applicable requirements of law, and rules  
 584 or regulations promulgated by the board.

585 (c) This Code section shall be construed to apply only to firms required to be ~~registered~~  
 586 licensed under this chapter. ~~Nothing contained in this Code section shall prohibit any~~  
 587 ~~person from operating under the provisions of subsection (b) of Code Section 43-3-36.~~

588 ~~43-3-24.~~ 43-3-18.

589 (a) A permit license to engage in the practice of public accountancy in this state shall be  
 590 issued by the ~~division~~ executive director, at the direction of the board, to each ~~person~~  
 591 individual who is certificated as a certified public accountant under Code Sections ~~43-3-6~~  
 592 ~~through~~ Section 43-3-9 or 43-3-12 or registered as a foreign accountant under Code Section  
 593 ~~43-3-20~~ 43-3-15 who shall have furnished evidence, satisfactory to the board, of  
 594 compliance with the continuing professional education requirements of Code Section  
 595 ~~43-3-25~~ 43-3-19, and to ~~individuals and firms~~ registered licensed under Code Section  
 596 ~~43-3-21~~ 43-3-16, provided that such ~~entities~~ firms are maintained and ~~registered~~ licensed  
 597 as required under Code Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17. There shall  
 598 be a biennial permit license fee in an amount to be determined by the board.

599 (b) Individuals may practice ~~based on a~~ under substantial equivalency practice ~~privilege~~  
 600 privileges as follows:

601 (1) An individual whose ~~principal place of business is outside this~~ office location  
 602 designation by such individual for purposes of substantial equivalency and reciprocity is  
 603 in any other state shall be presumed to have qualifications substantially equivalent to this  
 604 state's requirements, shall have all the privileges of ~~live permit license~~ holders of this  
 605 state, and may practice public accountancy in this state without the requirement to obtain  
 606 a ~~live permit, certificate, or registration~~ license under this chapter or to otherwise notify  
 607 ~~or register with~~ the board or pay any license fee if the individual:

608 (A) Holds a ~~valid~~ current license as a certified public accountant from any other state  
 609 which requires, as a condition of licensure, that an individual:

610 (i) Has at least 150 semester hours of college education including a baccalaureate or  
 611 higher degree conferred by a college or university;

612 (ii) Achieves a passing grade on the Uniform Certified Public Accountant  
 613 Examination; and



- 614 (iii) Possesses at least one year of experience, including providing any type of service  
 615 or advice involving the use of accounting, attest, compilation, management advisory,  
 616 financial advisory, tax, or consulting skills, which may be obtained through  
 617 government, industry, academic, or public practice all of which was verified by a  
 618 licensee; or
- 619 (B) Holds a ~~valid~~ current license as a certified public accountant from any other state  
 620 which does not meet the requirements of subparagraph (A) of this paragraph but such  
 621 individual's certified public accountant qualifications are substantially equivalent to  
 622 those requirements. Any individual who passed the Uniform Certified Public  
 623 Accountant Examination and holds a ~~valid~~ current license issued by any other state  
 624 prior to January 1, 2012, may be exempt from the education requirement in division  
 625 (1)(A)(i) of this subsection for purposes of this subparagraph;
- 626 (2) Notwithstanding any other provision of law, an individual who offers or renders  
 627 professional services, as such services are defined in the board's rules or regulations,  
 628 whether in person or by mail, telephone, or electronic means, under this Code section  
 629 shall be granted substantial equivalency practice privileges in this state and no notice,  
 630 license, fee, or other submission shall be provided by any such individual. Such an  
 631 individual shall be subject to the requirements of paragraph (3) of this subsection;
- 632 (3) An individual licensee of ~~another~~ any other state exercising the privilege afforded  
 633 under this subsection, and ~~the~~ any firm that employs ~~that~~ such individual, shall  
 634 simultaneously consent, as a condition of exercising this privilege:
- 635 (A) To the personal and subject matter jurisdiction and disciplinary authority of the  
 636 board;
- 637 (B) To comply with the provisions of this chapter and the board's rules ~~and~~ or  
 638 regulations;
- 639 (C) That in the event the ~~license from the state of the individual's principal place of~~  
 640 ~~business is no longer valid~~ individual's license issued by any other state designated by  
 641 such individual for purposes of substantial equivalency and reciprocity is not current,  
 642 the individual shall cease ~~offering or rendering professional services~~ practicing public  
 643 accountancy in this state individually and on behalf of a firm; and
- 644 (D) To the appointment of the ~~state~~ board that issued the individual's license as the  
 645 individual's agent upon whom process may be served in any action or proceeding by  
 646 this state's board against the individual;
- 647 (4) An individual who qualifies for the substantial equivalency practice ~~privilege~~  
 648 privileges under this Code section who, for ~~any entity with its home office in this state,~~  
 649 ~~performs a client who specifies a location in this state to which~~ any service under  
 650 subparagraph (A), (C), or (D) of paragraph ~~(1)~~ (2) of Code Section 43-3-2 ~~may do so only~~

651 is directed, may only perform such services through a firm that ~~has registered~~ is licensed  
 652 with the board under Code Section ~~43-3-21~~ 43-3-16; and

653 (5) An individual qualifying for the substantial equivalency practice privilege ~~privileges~~  
 654 under paragraph (1) of this subsection may provide expert witness services in this state  
 655 and shall be deemed to be in compliance with Code Section 24-7-702 for purposes of  
 656 such services.

657 (c) Subsection (b) of this Code section shall not be applied or construed to ~~permit~~ allow  
 658 an individual to engage in the practice of public accountancy in this state based on a  
 659 substantial equivalency ~~privilege~~ practice privileges unless such individual holds a ~~valid~~  
 660 current license as a certified public accountant in a any other state which grants similar  
 661 reciprocity to license holders in this state.

662 ~~43-3-25.~~ 43-3-19.

663 (a) ~~Every~~ When an individual for one year or more has been certificated as a certified  
 664 public account or was registered as a foreign accountant in this state before July 1, 1989,  
 665 and has maintained licensure under such status, his or her application for renewal of a  
 666 license ~~live permit by any individual who is and has been certificated as a certified public~~  
 667 ~~accountant or registered as a foreign accountant by this state for one year or more~~ shall be  
 668 accompanied or supported by such evidence as the board shall prescribe of satisfactory  
 669 completion of continuing professional education as provided in this Code section, provided  
 670 that the board may relax or suspend requirements of continuing professional education in  
 671 instances where an applicant's health requires it or in instances of individual hardship.

672 (b) The board shall be authorized to promulgate rules ~~and or~~ or regulations providing for ~~the~~  
 673 continuing professional education which shall include:

674 (1) The number of hours of acceptable continuing professional education, which shall  
 675 not be less than 60 hours, required to renew a ~~live permit, for the~~ license;

676 (2) The assignment of credit for hours in excess of the minimum continuing professional  
 677 education requirement, ~~and for the~~;

678 (3) The proration of required continuing professional education hours. ~~The board may~~  
 679 ~~establish criteria~~;

680 (4) Criteria for continuing professional education programs, ~~provide for accreditation of~~  
 681 ~~such programs, enter into agreements with sponsors of such programs, and provide for~~  
 682 ~~the~~;

683 (5) Accreditation of continuing professional education programs; and

684 (6) The assignment of credits for participation in ~~such~~ continuing professional education  
 685 programs.

686 (c) All provisions of this chapter relating to continuing professional education shall be  
 687 administered by the board; and, in addition to the other powers conferred on the board by  
 688 this chapter, the board shall have the authority to appoint a committee or committees  
 689 composed of certified public accountants, as it deems appropriate, to administer,  
 690 implement, and otherwise carry out the provisions of this chapter relating to continuing  
 691 professional education. The board may enter into agreements with sponsors to provide  
 692 continuing professional education.

693 (d) Any licensee who has attained the age of 70 shall be exempt from the continuing  
 694 professional educational requirements of this Code section and paragraph (1) of Code  
 695 Section 43-3-24.

696 ~~43-3-26.~~

697 ~~Reserved.~~

698 ~~43-3-27.~~

699 ~~Reserved.~~

700 43-3-20.

701 (a) The executive director shall be vested with the power and authority to make, or cause  
 702 to be made through employees or agents of the board, such investigations as the board may  
 703 deem necessary or proper for the enforcement of the provisions of this chapter. Any person  
 704 properly conducting an investigation on behalf of the board shall have access to and may  
 705 examine any writing, document, electronically stored information, or other material relating  
 706 to the fitness of any licensee or applicant. The executive director or his or her appointed  
 707 representative may issue subpoenas to compel access to any writing, document,  
 708 electronically stored information, or other material upon a determination that reasonable  
 709 grounds exist for the belief that a violation of this chapter may have occurred.

710 (b) The results of all investigations initiated by the board shall be reported solely to the  
 711 board, and the records of such investigations shall be kept for the board by the executive  
 712 director, with the board retaining the right to have access at any time to such records. No  
 713 part of any such records shall be released, except to the board, for any purpose other than  
 714 a hearing before the board, nor shall such records be subject to subpoena; provided,  
 715 however, that the board shall be authorized to release such records to another enforcement  
 716 agency or licensing authority.

717 (c) If a licensee is the subject of a board inquiry, all records relating to any person who  
 718 receives services rendered by such licensee in his or her capacity as licensee shall be  
 719 admissible at any hearing held to determine whether a violation of this chapter has

720 occurred, regardless of any statutory privilege; provided, however, that any documentary  
721 or electronic evidence relating to a person who received such services shall be reviewed  
722 in camera and shall not be subject to Article 4 of Chapter 18 of Title 50.

723 (d) The board shall have the authority to exclude all persons during its deliberations on  
724 disciplinary proceedings and to discuss any disciplinary matter in private with a licensee  
725 or applicant and the legal counsel for such licensee or applicant.

726 (e) An individual may file a complaint against a licensee or applicant by submitting his or  
727 her complaint to the board or the executive director. When a complaint is filed, within 30  
728 days after the conclusion of the investigation of such complaint, the executive director shall  
729 notify the complainant of the disposition of such complaint. In addition, the executive  
730 director shall upon request by the complainant advise the complainant as to the status of  
731 the complaint during the period of time that such complaint is pending.

732 (f) An individual, firm, association, authority, or other entity shall be immune from civil  
733 liability and criminal prosecution for reporting or investigating the acts or omissions of a  
734 licensee or applicant which violate the provisions of this chapter relating to a licensee's or  
735 applicant's fitness to practice a business or profession licensed under this chapter or for  
736 initiating or conducting proceedings against such licensee or applicant, if such report is  
737 made or action is taken in good faith, without fraud or malice. Any individual who testifies  
738 or makes a recommendation to the board in the nature of peer review, in good faith,  
739 without fraud or malice, before the board in any proceeding involving the provisions of this  
740 chapter relating to a licensee's or applicant's fitness to practice the business or profession  
741 licensed by the board shall be immune from civil liability and criminal prosecution for so  
742 testifying.

743 (g) Neither the issuance of a private reprimand nor the denial of a license by reciprocity  
744 nor the denial of a request for reinstatement of a revoked license nor the refusal to issue a  
745 previously denied license shall be considered to be a contested case within the meaning of  
746 Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act'; notice and hearing  
747 within the meaning of Chapter 13 of Title 50 shall not be required, but the licensee or  
748 applicant shall be allowed to appear before the board if he or she so requests. The board  
749 may resolve a pending action by the issuance of a letter of concern. Such letter shall not  
750 be considered a disciplinary action or a contested case under Chapter 13 of Title 50 and  
751 shall not be disclosed to any individual except the licensee or applicant.

752 (h) If a licensee or applicant after reasonable notice fails to appear at any hearing of the  
753 board for such licensee or applicant, the board may proceed to hear the evidence against  
754 such licensee or applicant and take action as if such licensee or applicant had been present.  
755 A notice of hearing, initial or recommended decision, or final decision of the board in a  
756 disciplinary proceeding shall be served personally upon the licensee or applicant or served

757 by certified mail or statutory overnight delivery, return receipt requested, to the last known  
 758 address of record with the board. If such material is served by certified mail or statutory  
 759 overnight delivery and is returned marked 'unclaimed' or 'refused' or is otherwise  
 760 undeliverable and if the licensee or applicant cannot, after diligent effort, be located, the  
 761 executive director, or his or her designee, shall be deemed to be the agent for service for  
 762 such licensee or applicant for purposes of this Code section, and service upon the executive  
 763 director, or his or her designee, shall be deemed to be service upon the licensee or  
 764 applicant.

765 (i) The voluntary surrender of a license or the failure to renew a license by the end of an  
 766 established penalty period shall have the same effect as a revocation of such license,  
 767 subject to reinstatement at the discretion of the board. The board may restore and reissue  
 768 a license in the practice of public accountancy and, as a condition thereof, may impose any  
 769 disciplinary sanction provided by this chapter.

770 ~~43-3-28.~~ 43-3-21.

771 (a) After notice and hearing as provided in Code Section ~~43-3-30~~ 43-3-23, the board may  
 772 revoke or suspend any certification issued under Code Sections ~~43-3-6 through~~ Section  
 773 43-3-9 or 43-3-12 or a registration issued under Code Section ~~43-3-20~~ 43-3-15 or may  
 774 revoke, suspend, or refuse to renew any ~~live permit~~ license or may censure the holder of  
 775 any such ~~permit~~ license, or may forbid an individual from exercising the substantial  
 776 equivalency practice ~~privilege~~ privileges, for any cause which the board may deem  
 777 sufficient, including, without limiting the generality of the foregoing, any one or any  
 778 combination of the following causes:

779 (1) Violation of any rule, regulation, or order promulgated by the board in accordance  
 780 with this chapter;

781 (2) Fraud or deceit in obtaining certification as a certified public accountant ~~or~~  
 782 ~~registration as a public accountant~~, in obtaining ~~registration~~ certification under this  
 783 chapter, or in obtaining a ~~live permit~~ license;

784 (3) Violation of any of the provisions of ~~Code Section 43-3-35 or any other Code section~~  
 785 ~~of~~ this chapter;

786 (4) Dishonesty, fraud, or gross negligence in the practice of public accountancy;

787 (5) Commission of a felony under the laws of ~~any~~ this state or any other state or of the  
 788 United States;

789 (6) Commission of any crime, an element of which is dishonesty or fraud, under the laws  
 790 of ~~any~~ this state or any other state or of the United States;

791 (7) Cancellation, revocation, suspension, or refusal to renew authority to practice as a  
 792 certified public accountant or as a public accountant by any other state for any cause

793 other than voluntary withdrawal or failure to pay ~~an annual registration~~ a licensing fee in  
 794 such other state;

795 (8) Suspension or revocation of the right to practice any profession before any state or  
 796 federal agency;

797 (9) Failure to furnish evidence of satisfaction of requirements of continuing professional  
 798 education as required by the board pursuant to Code Section ~~43-3-25~~ 43-3-19 or to meet  
 799 any conditions with respect to continuing professional education which the board may  
 800 have ordered under ~~that Code section~~ Code Section 43-3-19;

801 (10) Conduct which discredits the accounting profession; or

802 (11) Failure of such holder's firm to ~~register or~~ renew its ~~registration~~ license under Code  
 803 Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17 or the failure of such firm to comply  
 804 with any of the provisions of Code Section ~~43-3-23~~ 43-3-17.

805 (b) ~~An individual, A person,~~ firm, ~~corporation,~~ association, authority, or other entity shall  
 806 be immune from civil ~~and criminal~~ liability and criminal prosecution for reporting or  
 807 investigating the acts or omissions of a licensee or applicant which violate the provisions  
 808 of subsection (a) of this Code section or any other provision of law relating to a licensee's  
 809 or applicant's fitness to practice public ~~accounting~~ accountancy or for initiating or  
 810 conducting proceedings against such licensee or applicant, if such report is made or action  
 811 is taken in good faith, without fraud or malice. Any ~~person~~ individual who testifies or who  
 812 makes a recommendation to the board in the nature of peer review, in good faith, without  
 813 fraud; or malice, before the board in any proceeding involving the provisions of subsection  
 814 (a) of this Code section or any other law relating to a licensee's or applicant's fitness to  
 815 practice public ~~accounting~~ accountancy shall be immune from civil ~~and criminal~~ liability  
 816 and criminal prosecution for so testifying.

817 ~~43-3-29.~~ 43-3-22.

818 (a) After notice and hearing, as provided in Code Section ~~43-3-30~~ 43-3-23, the board, ~~in~~  
 819 ~~its discretion,~~ may revoke the ~~registration and permit~~ license to practice of a firm if at any  
 820 time it does not have all the qualifications prescribed by the Code section under which it  
 821 qualified for ~~registration~~ licensure.

822 (b) After notice and hearing as provided in Code Section ~~43-3-30~~ 43-3-23, the board may  
 823 revoke or suspend the ~~registration~~ license of a firm or may revoke, suspend, or refuse to  
 824 renew its ~~valid permit~~ license or may censure the holder of any ~~such permit~~ license for any  
 825 of the following causes in addition to those enumerated in Code Section ~~43-3-28~~ 43-3-21:

826 (1) The revocation or suspension of the certificate or ~~registration~~ license or the  
 827 revocation ~~or,~~ suspension, or refusal to renew the ~~permit~~ license to practice of any

828 partner, member, or shareholder required by law to have such certificate, ~~registration~~, or  
 829 ~~permit license~~ as a condition to the firm's ~~registration or permit licensure~~;  
 830 (2) The cancellation, revocation, suspension, or refusal to renew the authority of the firm,  
 831 or any partner, member, or shareholder thereof, to practice public accountancy in any  
 832 other state for any cause other than voluntary withdrawal or failure to pay ~~registration~~  
 833 ~~licensing~~ fees in such other state; or  
 834 (3) The failure of such firm to ~~register~~ become licensed or renew its ~~registration license~~  
 835 under Code Section ~~43-3-21~~ 43-3-16 or the failure of such firm to comply with any of the  
 836 provisions of Code Section ~~43-3-23~~ 43-3-17.

837 ~~43-3-29.1.~~

838 ~~After notice and hearing as provided in Code Section 43-3-30, the board may impose any~~  
 839 ~~one or more of the following sanctions in addition to the actions described in Code Sections~~  
 840 ~~43-3-28 and 43-3-29 for any of the causes described in Code Sections 43-3-28 and 43-3-29:~~

841 ~~(1) Require the licensee or licensees to complete successfully the specific courses or~~  
 842 ~~types of continuing education as specified by the board or pass special examinations as~~  
 843 ~~specified by the board, all at the cost and expense of the licensee or licensees;~~

844 ~~(2) Require the licensee or firm holding a live permit to submit to a preissuance review~~  
 845 ~~prior to the issuance of any future reports, in a manner and for a duration as set by the~~  
 846 ~~board by a reviewer selected by the board at the licensee's or holder's cost and expense;~~

847 ~~or~~

848 ~~(3) Require a licensee or firm holding a valid permit to submit to a peer review of its~~  
 849 ~~accounting and auditing practices upon such terms and conditions as shall be determined~~  
 850 ~~by the board at the cost and expense of such licensee or holder of a valid permit.~~

851 ~~43-3-30.~~ 43-3-23.

852 (a) The board may initiate proceedings under this chapter either on its own motion or on  
 853 the complaint of any person.

854 (b) Notice, rules of procedure, right to review, and any other matters arising with respect  
 855 to all adjudicative hearings conducted by the board shall be determined in accordance with  
 856 Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act.'

857 (c) Before the board shall revoke or suspend a permit license, a certificate, ~~registration~~, or  
 858 substantial equivalency practice privilege privileges, it shall provide for a hearing for the  
 859 holder of such permit license, certificate, ~~registration~~, or practice privilege privileges in  
 860 accordance with Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act.' Any  
 861 person who has exhausted all administrative remedies available within this chapter and

862 who is aggrieved by a final decision in a contested case ~~is~~ shall be entitled to judicial  
863 review in accordance with Chapter 13 of Title 50.

864 (d) Initial judicial review of a final decision of the board shall be held solely in the  
865 superior court of the county of domicile of the State Accounting Office.

866 43-3-24.

867 After notice and hearing as provided in Code Section 43-3-23, the board may impose any  
868 one or more of the following sanctions in addition to the actions described in Code Sections  
869 43-3-21, 43-3-22, and 43-3-25 for any of the causes described in Code Sections 43-3-21,  
870 43-3-22, and 43-3-25:

871 (1) Require the licensee to complete successfully the specific courses or types of  
872 continuing professional education as specified by the board in accordance with Code  
873 Section 43-3-19 or pass special examinations as specified by the board, all at the cost and  
874 expense of the licensee;

875 (2) Require the licensee or firm holding a license to submit to a preissuance review prior  
876 to the issuance of any future reports, in a manner and for a duration as set by the board  
877 by a reviewer selected by the board at the licensee's cost and expense; or

878 (3) Require a licensee or firm holding a license to submit to a peer review of its  
879 accounting and auditing practices upon such terms and conditions as shall be determined  
880 by the board at the cost and expense of such licensee.

881 43-3-25.

882 (a) Upon a finding by the board that an individual or firm governed by this chapter has  
883 violated any rule, regulation, or order promulgated by the board or any provision of this  
884 chapter, the board may impose a civil penalty, not to exceed \$5,000.00 for each violation.

885 (b) In determining the amount of the penalty to impose for a violation, the board shall  
886 consider:

887 (1) The seriousness of the violation, including:

888 (A) The nature, circumstances, extent, and gravity of any prohibited act; and

889 (B) The hazard or potential hazard to the public;

890 (2) The economic damage to property caused by the violation;

891 (3) The history of any previous violation by the individual or firm;

892 (4) The amount necessary to deter a future violation;

893 (5) Any efforts on the part of the individual or firm to correct the violation; and

894 (6) Any other matter that justice may require.



895 (c) The board by rule or regulation may adopt a schedule for purposes of this Code section  
896 that prescribes ranges in the amounts of civil penalties to be imposed for specified types  
897 of conduct and circumstances.

898 43-3-25.1.

899 (a) The following shall be available to an applicant, the board, and the board's employees  
900 and agents, but shall be treated as confidential, not subject to Article 4 of Chapter 18 of  
901 Title 50, and shall not be disclosed without the approval of the board:

902 (1) Applications and other personal information submitted by applicants;

903 (2) Information, favorable or unfavorable, submitted by a reference source concerning  
904 an applicant; and

905 (3) Examination questions and other examination materials.

906 (b) The deliberations of the board with respect to an application, an examination, a  
907 complaint, an investigation, or a disciplinary proceeding, except as may be contained in  
908 official board minutes, shall be treated as confidential and not subject to Article 4 of  
909 Chapter 18 of Title 50; provided, however, that such deliberations may be released only to  
910 a federal enforcement agency or licensing authority or any other state's enforcement agency  
911 or licensing authority.

912 (c) Releasing the documents pursuant to this Code section shall not subject any otherwise  
913 privileged documents to the provisions of Article 4 of Chapter 18 of Title 50.

914 43-3-26.

915 The executive director shall be authorized to provide to any licensing authority of this or  
916 any other state, upon inquiry by such authority, information regarding a past or pending  
917 investigation of or disciplinary sanction against any applicant for licensure by the board or  
918 licensee of the board notwithstanding the provisions of subsection (b) of Code Section  
919 43-3-20 or any other law to the contrary regarding the confidentiality of that information;  
920 provided, however, that such information shall only be shared after receiving written  
921 confirmation from the recipient authority that it assures preservation of confidentiality and  
922 the licensee has been given reasonable notice that the information shall be provided to  
923 another entity. Nothing in this chapter shall be construed to prohibit or limit the authority  
924 of the executive director to disclose to any person or entity information concerning the  
925 existence of any investigation for unlicensed practice being conducted against any person  
926 who is neither licensed nor an applicant for licensure by the board.

927 43-3-27.

928 (a) Any individual issued a license or certification under this chapter or providing services  
 929 under substantial equivalency practice privileges and convicted under the laws of this state,  
 930 the United States, any other state, or any other country of a felony as defined in paragraph  
 931 (3) of subsection (a) of Code Section 43-1-19 shall be required to notify the board of such  
 932 conviction within 30 days of such conviction. The failure of such individual to notify the  
 933 board of a conviction shall be considered grounds for revocation of his or her license or  
 934 other authorization issued pursuant to this chapter.

935 (b) The board may suspend the license of an individual who has been certified by a federal  
 936 agency and reported to the board for nonpayment or default or breach of a repayment or  
 937 service obligation under any federal educational loan, loan repayment, or service  
 938 conditional scholarship program. Prior to the suspension, the licensee shall be entitled to  
 939 notice of the board's intended action and opportunity to appear before the board. A  
 940 suspension of a license under this Code section is not a contested case under Chapter 13  
 941 of Title 50, the 'Georgia Administrative Procedure Act.' A license suspended under this  
 942 Code section shall not be reinstated or reissued until the individual provides the board a  
 943 written release issued by the reporting agency stating that the individual is making  
 944 payments on the loan or satisfying the service requirements in accordance with an  
 945 agreement approved by the reporting agency. If the individual has continued to meet all  
 946 other requirements for licensure during the period of suspension, reinstatement of the  
 947 license shall be automatic upon receipt of the notice and payment of any reinstatement fee  
 948 which the board may impose.

949 ~~43-3-31.~~ 43-3-28.

950 Upon written application after a hearing pursuant to Chapter 13 of Title 50, the 'Georgia  
 951 Administrative Procedure Act,' the board may recerticate a certified public accountant or  
 952 reregister a foreign accountant whose certification or registration has been revoked or may  
 953 reissue or modify the suspension of a ~~live permit~~ license or substantial equivalency practice  
 954 ~~privilege~~ privileges which ~~has~~ have been revoked or suspended.

955 ~~43-3-32.~~ 43-3-29.

956 (a) All statements, records, schedules, working papers, computer printouts, computer  
 957 tapes, and memoranda made by a certified public accountant ~~or public accountant~~ incident  
 958 to, or in the course of, professional service to clients by such certified public accountant  
 959 ~~or public accountant~~, except reports submitted by a certified public accountant ~~or public~~  
 960 ~~accountant~~ to a client, shall be and remain the property of such certified public accountant  
 961 ~~or public accountant~~ and his or her partners, fellow shareholders, or fellow members of the

962 firm, in the absence of an express agreement between such certified public accountant ~~or~~  
 963 ~~public accountant~~ and the his or her client to the contrary. No such statement, record,  
 964 schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without  
 965 the consent of the client or his or her personal representative or ~~his~~ assignee, to anyone  
 966 other than one or more surviving partners, fellow shareholders, or fellow members of the  
 967 firm of such certified public accountant ~~or public accountant~~.

968 (b) All communications between a certified public accountant ~~or public accountant~~ or  
 969 employee of such certified public accountant ~~or public accountant~~ acting in the scope of  
 970 such employment and the person for whom such certified public accountant, ~~public~~  
 971 ~~accountant~~, or employee shall have made any audit or other investigation in a professional  
 972 capacity and all information obtained by a certified public accountant, ~~public accountant~~,  
 973 or such an employee in his or her professional capacity concerning the business and affairs  
 974 of clients shall be deemed privileged communications in all courts or in any other  
 975 proceedings whatsoever; and no such certified public accountant, ~~public accountant~~, or  
 976 employee shall be permitted to testify with respect to any of such matters, except with the  
 977 written consent of such person or client or such person's or client's legal representative,  
 978 provided, however, that nothing in this subsection shall be construed as prohibiting a  
 979 certified public accountant, ~~public accountant~~, or such an employee from:

980 (1) Disclosing any data required to be disclosed by the standards of the accounting  
 981 profession in rendering an opinion on the presentation of financial statements or in  
 982 making disclosure where the practices or diligence of the accountant in preparing, or in  
 983 expressing an opinion upon, such financial statements are contested;

984 (2) Disclosing any data ~~where the professional services of~~ when the practice of public  
 985 accountancy by the accountant are is being contested by or against the client for whom  
 986 ~~such services were~~ the practice of public accountancy was performed or any  
 987 representative or assignee of such client;

988 (3) Disclosing any data to other certified public accountants, ~~public accountants~~, or  
 989 employees thereof in connection with practice reviews and ethics reviews sponsored by  
 990 professional groups, the purpose of which reviews is to survey such accountant's business  
 991 practices, audits, and work papers or to review ethical considerations concerning such  
 992 accountant; or

993 (4) Disclosing any data pertaining to an application, investigation by the board, or  
 994 hearing on its behalf, so long as such data shall be received by the board in camera and  
 995 shall not be disclosed to the public; and provided, further, that no disclosure provided for  
 996 in this paragraph shall constitute a waiver of the privilege established in this subsection.

997 (c) The proceedings of and data obtained through peer review or by the board pursuant to  
 998 paragraph (3) of subsection (b) of this Code section shall not be subject to discovery or

999 introduction into evidence in any civil action, except in a hearing before the board, against  
1000 a certified public accountant for matters which are the subject of evaluation and review by  
1001 such peer review or the board; and no individual who was in attendance at a meeting of  
1002 such peer review or the board shall be permitted or required to testify in any such civil  
1003 action, except in a hearing before the board, as to any evidence or the matters produced or  
1004 presented during the proceedings of such peer review or the board or as to any findings,  
1005 recommendations, evaluations, opinions, or actions of such peer review or the board or any  
1006 members thereof; provided, however, that any information, documents, or records  
1007 otherwise available from original sources shall not be construed as immune from discovery  
1008 or use in any such civil action merely because they were presented during proceedings of  
1009 such peer review or the board; and provided, further, that no individual who testifies before  
1010 such peer review or the board or who is a member of such peer review or the board shall  
1011 be prevented from testifying as to matters within his or her knowledge, provided that such  
1012 witness may not be questioned regarding such witness's testimony before such peer review  
1013 or the board or opinions formed by the witness as a result of such hearings of such peer  
1014 review or the board.

1015 ~~43-3-33.~~ 43-3-30.

1016 (a) Whenever, in the judgment of the board, any person has engaged or is about to engage  
1017 in any acts or practices which constitute or will constitute a violation of ~~Code Section~~  
1018 ~~43-3-35 or any other Code section~~ of this chapter, the board may make application to the  
1019 superior court of the county in which such acts or practices have occurred or may be  
1020 reasonably expected to occur for an order enjoining such acts or practices; and upon a  
1021 showing by the board that such person has engaged or is about to engage in any such acts  
1022 or practices, an injunction, restraining order, or such other order as may be appropriate  
1023 shall be granted by such court.

1024 (b) The Attorney General shall assist in the enforcement of this chapter. The board is  
1025 authorized to retain such attorneys as it deems necessary, with the approval of the Attorney  
1026 General, to assist the board in bringing any action authorized by law.

1027 (c) The electronic, printed, engraved, or written display or uttering by a person of a card,  
1028 sign, advertisement, instrument, or other device bearing an individual's name in  
1029 conjunction with the words 'certified public accountant' or any abbreviation thereof shall  
1030 be prima-facie evidence in any action brought under this Code section or Code Section  
1031 43-3-34 that the individual whose name is so displayed caused or procured the electronic,  
1032 printed, engraved, or written display or uttering of such card, sign, advertisement,  
1033 instrument, or other device and that such individual is holding himself or herself out to be  
1034 a certified public accountant holding a license or otherwise claims to be qualified to use

1035 such title by virtue of the substantial equivalency practice privileges under subsection (b)  
 1036 of Code Section 43-3-18 or of the firm practice provisions of subsection (b) of Code  
 1037 Section 43-3-16. In any such action, evidence of the commission of a single act prohibited  
 1038 by this chapter shall be sufficient to justify an injunction or a conviction without evidence  
 1039 of a general course of conduct.

1040 ~~43-3-34.~~

1041 ~~The display or uttering by a person of a card, sign, advertisement, or other printed,~~  
 1042 ~~engraved, or written instrument or device bearing a person's name in conjunction with the~~  
 1043 ~~words 'certified public accountant' or any abbreviation thereof, or 'public accountant' or any~~  
 1044 ~~abbreviation thereof shall be prima facie evidence in any action brought under Code~~  
 1045 ~~Section 43-3-33 or 43-3-38 that the person whose name is so displayed caused or procured~~  
 1046 ~~the display or uttering of such card, sign, advertisement, or other printed, engraved, or~~  
 1047 ~~written instrument or device and that such person is holding himself or herself out to be a~~  
 1048 ~~certified public accountant or a public accountant holding a live permit or otherwise claims~~  
 1049 ~~to be qualified to use such title by virtue of the substantial equivalency practice privilege~~  
 1050 ~~under subsection (b) of Code Section 43-3-24 or of the firm practice provisions of~~  
 1051 ~~subsection (b) of Code Section 43-3-21. In any such action, evidence of the commission~~  
 1052 ~~of a single act prohibited by this chapter shall be sufficient to justify an injunction or a~~  
 1053 ~~conviction without evidence of a general course of conduct.~~

1054 ~~43-3-35.~~ 43-3-31.

1055 (a) No individual shall assume or use the title or designation 'certified public accountant'  
 1056 or the abbreviation '~~C.P.A.~~' 'CPA' or any other title, designation, words, letters,  
 1057 abbreviation, sign, card, or device tending to indicate that such individual is a certified  
 1058 public accountant unless such individual has received a certificate as a certified public  
 1059 accountant under this chapter, holds a ~~live permit~~ license, and all of such individual's  
 1060 physical offices in this state ~~for the practice of public accountancy~~ are maintained and  
 1061 ~~registered~~ licensed as required under Code Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and  
 1062 43-3-17, provided that a foreign accountant who has registered under Code Section ~~43-3-20~~  
 1063 43-3-15 and who holds a ~~live permit~~ license may use the title under which he or she is  
 1064 generally known in his or her country, followed by the name of the country from which he  
 1065 or she received his or her certificate, license, or degree.

1066 (b) No firm ~~or any other person or entity~~ shall assume or use the title or designation  
 1067 'certified public accountant' or the abbreviation '~~C.P.A.~~' 'CPA' or any other title,  
 1068 designation, words, letters, abbreviation, sign, card, or device tending to indicate that such  
 1069 firm, ~~person, or entity~~ is composed of certified public accountants unless such firm, ~~person,~~

1070 ~~or entity is registered~~ licensed as a firm of certified public accountants under Code Section  
 1071 ~~43-3-21, holds a live permit~~ 43-3-16, and all physical offices of such firm in this state ~~for~~  
 1072 ~~the practice of public accountancy~~ are maintained and ~~registered~~ licensed as required under  
 1073 Code Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17.

1074 (c) No individual, ~~firm, or any other person~~ or entity firm shall assume or use:

1075 (1) Any ~~any~~ title or designation likely to be confused with 'certified public accountant,'  
 1076 including, without limiting the generality of the foregoing, 'certified accountant,' 'enrolled  
 1077 accountant,' 'licensed accountant,' 'licensed public accountant,' or 'registered accountant';  
 1078 or

1079 (2) Any ~~any~~ abbreviation likely to be confused with 'C.P.A.,' 'CPA,' including, without  
 1080 limiting the generality of the foregoing, 'C.A.,' 'E.A.,' 'R.A.,' 'L.A.,' or 'L.P.A.,'  
 1081 provided that a foreign accountant registered under Code Section ~~43-3-20~~ 43-3-15 who  
 1082 holds a ~~live permit~~ license in this state and all of whose physical offices in this state ~~for the~~  
 1083 ~~practice of public accountancy~~ are maintained and ~~registered~~ licensed as required under  
 1084 Code Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17 may use the title under which he  
 1085 or she is generally known in his or her country, followed by the name of the country from  
 1086 which he or she received his or her certificate, license, or degree.

1087 (d) No individual shall sign or affix his or her name or any trade assumed name used by  
 1088 him or her in his or her profession or business to any opinion or certificate ~~attesting in any~~  
 1089 ~~way that states or implies assurance as~~ to the reliability of any representation or estimate  
 1090 in regard to any person or organization embracing ~~(1)~~ financial information, or ~~(2)~~ facts  
 1091 respecting compliance with conditions established by law or contract, including but not  
 1092 limited to statutes, ordinances, rules, regulations, grants, loans, and appropriations, together  
 1093 with any wording accompanying, contained in, or affixed on such opinion or certificate,  
 1094 which indicates that he or she has expert knowledge in accounting or auditing unless he or  
 1095 she holds a ~~live permit~~ license and all of his or her physical offices in this state ~~for the~~  
 1096 ~~practice of public accountancy~~ are maintained and ~~registered~~ licensed under Code Sections  
 1097 ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17, provided that this subsection shall not prohibit  
 1098 any officer, employee, partner, member, or principal of any organization from affixing his  
 1099 or her signature to any statement or report in reference to the affairs of such organization  
 1100 with any wording designating the position, title, or office which he or she holds in such  
 1101 organization, nor shall this subsection prohibit any act of a public official or public  
 1102 employee in the performance of his or her duties as such.

1103 (e) No ~~person~~ individual shall sign or affix, or cause to be signed or affixed, a firm name  
 1104 to any opinion or certificate ~~attesting in any way that states or implies assurance as~~ to the  
 1105 reliability of any representation or estimate in regard to any person or organization  
 1106 embracing ~~(1)~~ financial information; or ~~(2)~~ facts respecting compliance with conditions

1107 established by law or contract, including but not limited to statutes, ordinances, regulations,  
 1108 rules, grants, loans, and appropriations, together with any wording accompanying or  
 1109 contained in such opinion or certificate, which indicates that such firm is composed of or  
 1110 employs ~~persons~~ individuals having expert knowledge in accounting or auditing unless the  
 1111 firm holds a ~~live permit~~ license and all of its physical offices in this state ~~for the practice~~  
 1112 ~~of public accountancy~~ are maintained and ~~registered~~ licensed as required under Code  
 1113 Sections ~~43-3-21 and 43-3-23~~ 43-3-16 and 43-3-17.

1114 (f) A licensee shall not use or participate in the use of any form of public communication  
 1115 having reference to his or her ~~professional services~~ practice of public accountancy which  
 1116 contains a false, fraudulent, misleading, deceptive, or unfair statement or claim. A false,  
 1117 fraudulent, misleading, deceptive, or unfair statement or claim includes, but is shall not be  
 1118 limited to, a statement or claim which:

- 1119 (1) Contains a misrepresentation of fact;
- 1120 (2) Is likely to mislead or deceive because it fails to make full disclosure of relevant  
 1121 facts;
- 1122 (3) Contains any testimonial, laudatory, or other statement or implication that the  
 1123 licensee's ~~professional services are~~ practice of public accountancy is of exceptional  
 1124 quality, if not supported by verifiable facts;
- 1125 (4) Is intended or likely to create false or unjustified expectations of favorable results;
- 1126 (5) Implies educational or professional attainments or licensing recognition not  
 1127 supported in fact;
- 1128 (6) States or implies that the licensee has received formal recognition as a specialist in  
 1129 any aspect of the practice of public ~~accounting~~ accountancy, except in accordance with  
 1130 rules or regulations adopted by the board;
- 1131 (7) Represents that ~~professional services~~ the practice of public accountancy can or will  
 1132 be completely performed for a stated fee when this is not the case or makes  
 1133 representations with respect to fees for ~~professional~~ such services that do not disclose all  
 1134 variables that may reasonably be expected to affect the fees that will in fact be charged;  
 1135 or
- 1136 (8) Contains other representations or implications that in reasonable probability will  
 1137 cause an ordinarily prudent person to misunderstand or be deceived.

1138 (g) The board may by rule or regulation prohibit a licensee from soliciting by any direct  
 1139 personal communication an engagement to ~~perform professional services~~ practice public  
 1140 accountancy.

1141 (h) It shall not be a violation of this Code section or chapter for an individual who does not  
 1142 hold a ~~live permit~~ license under this chapter but who qualifies for the substantial  
 1143 equivalency practice ~~privilege~~ privileges under subsection (b) of Code Section ~~43-3-24~~

1144 ~~43-3-18~~ to use the title or designation 'certified public accountant' or '~~C.P.A.~~' 'CPA' or other  
 1145 titles to indicate that the ~~person~~ individual is a certified public accountant, and such  
 1146 individual may ~~provide professional services~~ engage in the practice of public accountancy  
 1147 in this state with the same privileges as a ~~live-permit~~ license holder so long as the  
 1148 individual complies with paragraph (4) of subsection (b) of Code Section ~~43-3-24~~ 43-3-18.

1149 (i) It shall not be a violation of this Code section or chapter for a firm that has not  
 1150 ~~registered with the board~~ or obtained a ~~live-permit~~ license under this chapter and that does  
 1151 not have an office in this state to use the title or designation 'certified public accountant' or  
 1152 '~~C.P.A.~~' 'CPA' or other titles to indicate that the firm is composed of certified public  
 1153 accountants, and such firm may ~~provide professional services~~ engage in the practice of  
 1154 public accountancy in this state with the same privileges as a ~~registered~~ firm with a ~~live~~  
 1155 ~~permit~~ license so long as it complies with subsection (b) of Code Section ~~43-3-24~~ 43-3-16.

1156 ~~43-3-36.~~ 43-3-32.

1157 (a) Nothing contained in this chapter shall prohibit any ~~person~~ individual who is not a  
 1158 certified public accountant or ~~public accountant~~ from serving as an employee of or an  
 1159 assistant to a certified public accountant or ~~public accountant~~ or firm of certified public  
 1160 accountants or ~~public accountants~~ holding a ~~live-permit~~ license or a foreign accountant  
 1161 registered under Code Section ~~43-3-20~~ 43-3-15 and holding a ~~live-permit~~ license, provided  
 1162 that such employee or assistant shall not issue or attest to any accounting or financial  
 1163 statement over his or her name.

1164 (b) Nothing contained in this chapter shall prohibit any person from offering to perform  
 1165 or performing for the public, for compensation, any of the following services:

- 1166 (1) The recording of financial transactions in books of record;
- 1167 (2) The making of adjustments of such transactions in books of record;
- 1168 (3) The making of trial balances from books of record;
- 1169 (4) Internal verification and analysis of books or accounts of original entry;
- 1170 (5) The preparation of unaudited financial statements, schedules, or reports;
- 1171 (6) The devising and installing of systems or methods of bookkeeping, internal controls
- 1172 of financial data, or the recording of financial data; or
- 1173 (7) The preparation of tax returns and related forms.

1174 43-3-33.

1175 (a) As used in this Code section, the term 'service member' means an active duty member  
 1176 of the regular or reserve component of the United States armed forces, the United States  
 1177 Coast Guard, the Georgia National Guard, or the Georgia Air National Guard on ordered  
 1178 federal duty for a period of 90 days or longer.



1179 (b) Any service member whose license issued pursuant to any provision of this chapter  
 1180 expired while such service member was serving on active duty outside this state shall be  
 1181 permitted to practice public accountancy in accordance with such expired license and shall  
 1182 not be charged with a violation of this chapter related to practicing a profession with an  
 1183 expired license for a period of six months from the date of his or her discharge from active  
 1184 duty or reassignment to a location within this state. Any such service member shall be  
 1185 entitled to renew such expired license without penalty within six months after the date of  
 1186 his or her discharge from active duty or reassignment to a location within this state. The  
 1187 service member shall present to the board either a copy of the official military orders or a  
 1188 written verification signed by the service member's commanding officer in order to waive  
 1189 any violation of this chapter relating to practicing public accountancy with an expired  
 1190 license.

1191 ~~43-3-36.1.~~

1192 ~~Notwithstanding any other provisions of this chapter, any licensee who has attained 70~~  
 1193 ~~years of age shall be exempt from any continuing professional education requirements of~~  
 1194 ~~Code Section 43-3-25 or 43-3-29.1.~~

1195 ~~43-3-37.~~

1196 ~~The proceedings of and data obtained by a peer review committee or the board pursuant~~  
 1197 ~~to paragraph (3) of subsection (b) of Code Section 43-3-32 shall not be subject to discovery~~  
 1198 ~~or introduction into evidence in any civil action, except in a hearing before the board,~~  
 1199 ~~against a certified public accountant or public accountant for matters which are the subject~~  
 1200 ~~of evaluation and review by such committee or the board; and no person who was in~~  
 1201 ~~attendance at a meeting of such committee or board shall be permitted or required to testify~~  
 1202 ~~in any such civil action, except in a hearing before the board, as to any evidence or the~~  
 1203 ~~matters produced or presented during the proceedings of such committee or board or as to~~  
 1204 ~~any findings, recommendations, evaluations, opinions, or actions of such committee or~~  
 1205 ~~board or any members thereof; provided, however, that any information, documents, or~~  
 1206 ~~records otherwise available from original sources shall not be construed as immune from~~  
 1207 ~~discovery or use in any such civil action merely because they were presented during~~  
 1208 ~~proceedings of such committee or board; and provided, further, that no person who testifies~~  
 1209 ~~before such committee or board or who is a member of such committee or board shall be~~  
 1210 ~~prevented from testifying as to matters within his or her knowledge, provided that such~~  
 1211 ~~witness may not be questioned regarding such witness's testimony before such committee~~  
 1212 ~~or board or opinions formed by the witness as a result of such hearings of the committee~~  
 1213 ~~or board.~~

1214 ~~43-3-38.~~ 43-3-34.

1215 Any person who violates this chapter shall be guilty of a misdemeanor."

1216

**SECTION 1-3.**

1217 Chapter 5B of Title 50 of the Official Code of Georgia Annotated, relating to the State  
1218 Accounting Office, is amended by revising Code Section 50-5B-2, relating to administrative  
1219 units, directors, and employees of the State Accounting Office, as follows:

1220 "50-5B-2.

1221 (a) The state accounting officer shall establish such units within the State Accounting  
1222 Office as he or she deems proper for its administration, including The Council of Superior  
1223 Court Judges of Georgia and the Prosecuting Attorneys' Council of the State of Georgia as  
1224 separate units with distinct accounting functions, and shall designate persons to be directors  
1225 and assistant directors of such units to exercise such authority as he or she may delegate  
1226 to them in writing.

1227 (b) The Georgia State Board of Accountancy shall be a division within the State  
1228 Accounting Office. The state accounting officer shall appoint an executive director of the  
1229 Georgia State Board of Accountancy. Such executive director shall have such powers and  
1230 duties as provided under Chapter 3 of Title 43.

1231 ~~(b)~~(c) The state accounting officer shall have the authority, within budgetary limitations,  
1232 to employ as many persons as he or she deems necessary for the administration of the  
1233 office and for the discharge of the duties of the office. The state accounting officer shall  
1234 issue all necessary directions, instructions, orders, and rules applicable to such persons.  
1235 He or she shall have authority, as he or she deems proper, to employ, assign, compensate,  
1236 and discharge employees of the office within the limitations of the office's appropriation,  
1237 the requirements of the state system of personnel administration provided for in Chapter 20  
1238 of Title 45, and restrictions set forth by law."

1239

**PART II**

1240

**SECTION 2-1.**

1241 Code Section 24-5-501 of the Official Code of Georgia Annotated, relating to certain  
1242 communications as privileged, is amended by revising paragraph (9) of subsection (a) as  
1243 follows:

1244 "(9) Communications between accountant and client as provided by Code Section  
1245 ~~43-3-32~~ 43-3-29."

**SECTION 2-2.**

1246  
 1247 Code Section 36-81-8.1 of the Official Code of Georgia Annotated, relating to definitions,  
 1248 grant certification forms, filings with the state auditor, forfeiture of funds for noncompliance,  
 1249 and no exemption from liability relative to local government budgets and audits, is amended  
 1250 by revising subsection (b) as follows:

1251 "(b) Each grant of state funds to a recipient unit of local government from the Governor's  
 1252 emergency fund or from a special project appropriation in an amount greater than  
 1253 \$5,000.00 shall be conditioned upon the receipt by the state auditor of a properly completed  
 1254 grant certification form. The form shall be designed by the state auditor and shall be  
 1255 distributed with each covered grant as required by this Code section. The grant  
 1256 certification form shall require the certification by the recipient unit of local government  
 1257 and by the unit of local government auditor that the grant funds were used solely for the  
 1258 express purpose or purposes for which the grant was made. Such form shall be filed with  
 1259 the state auditor in conjunction with the annual audit required under Code Section 36-81-7  
 1260 or 50-6-6 or any other applicable Code section for each year in which such grant funds are  
 1261 expended or remain unexpended by the unit of local government. A recipient unit of local  
 1262 government which is not otherwise subject to the annual audit requirements specified in  
 1263 this subsection shall file a grant certification form with the state auditor no later than  
 1264 December 31 of each year in which such grant funds are expended or remain unexpended.  
 1265 For grant funds to subrecipients, the certification by the unit of local government auditor  
 1266 required by this subsection may also be made by an in-house or internal auditor of the unit  
 1267 of local government who meets the education requirements contained in subparagraph  
 1268 ~~(a)(3)(A)~~ (b)(3)(A) of Code Section ~~43-3-6~~ 43-3-9. The cost of performing any audit  
 1269 required by this subsection or paragraph (1) of subsection (d) of this Code section shall be  
 1270 an eligible expense of the grant. However, the amount charged shall not exceed 2 percent  
 1271 of the amount of the grant or \$250.00 per required audit, whichever is less. The unit of  
 1272 local government to whom the grant is made may deduct the cost of any such audit from  
 1273 the funds disbursed to the subrecipient."

**PART III****SECTION 3-1.**

1274  
 1275  
 1276 All laws and parts of laws in conflict with this Act are repealed.

# Appendix C: Department of Audits & Accounts Analysis of HB 291

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**Georgia Department of Audits and Accounts  
House Bill 291 Analysis**

**Background Information - House Bill 291**

**Original Bill**

"...To amend Title 43 of the Official Code of Georgia Annotated, relating to professions and businesses, so as to provide that the State Board of Accountancy is an independent state agency attached to the Secretary of State for administrative purposes only; to provide a short title; to add definitions; to provide the powers and duties of the board; to authorize **the board to employ an executive director; to provide the powers and duties of the executive director**; to revise provisions for purposes of conformity; to amend Code Section 24-5-501 of the Official Code of Georgia Annotated, relating to certain communications as privileged, so as to correct a cross-reference; to amend Code Section 36-81-8.1 of the Official Code of Georgia Annotated, relating to definitions, grant certification forms, filings with the state auditor, forfeiture of funds for noncompliance, and no exemption from liability relative to local government budgets and audits, so as to correct a cross-reference; to provide for related matters; to repeal conflicting laws; and for other purposes..."

**House Committee Substitute Bill**

"...To amend Title 43 of the Official Code of Georgia Annotated, relating to professions and businesses, so as to provide that the Georgia State Board of Accountancy **is transferred from being administratively attached to the Secretary of State to being a division within the State Accounting Office**; to provide a short title; to add definitions; to change provisions within the chapter that governs the practice of public accountancy, so as to update terminology and practice to current usage; to provide the powers and duties of the board; to authorize **the state accounting officer to employ an executive director; to provide the powers and duties of the executive director**; to revise provisions for purposes of conformity; to amend Chapter 5B of Title 50 of the Official Code of Georgia Annotated, relating to the State Accounting Office, so as to provide that the state accounting officer shall appoint the executive director of the Georgia State Board of Accountancy which shall be established as a division within the State Accounting Office; to amend Code Sections 24-5-501 and 36-81-8.1 of the Official Code of Georgia Annotated, relating to certain communications as privileged and definitions, grant certification forms, filings with the state auditor, forfeiture of funds for noncompliance, and no exemption from liability relative to local government budgets and audits, respectively, so as to correct cross-references; to provide for related matters; to repeal conflicting laws; and for other purposes..."

**Georgia Occupational Regulation Review Council**

The Georgia Occupational Regulation Review Council (GORRC) was statutorily established in 1986 to review all legislation that proposes to license or certify currently unregulated occupations and professions. Chapter 1A of Title 43 of the Official Code of Georgia Annotated details the occupations regulation legislation review process.

During the 2014 legislative session, the Georgia General Assembly passed HB 291(LC 29 5915S), the Public Accountancy Act of 2014. The Council has been asked to review and make a recommendation on the legislation prior to the end of the 40 calendar days that the Governor has to sign or veto legislation. All three meetings will be held in Room 450 in the Capitol Building. The date, time and scope of each meeting are as follows:

Meeting One	April 2, 2014	1:30PM-3:00PM	Introduce Legislation and GORRC Process
Meeting Two	April 16, 2014	1:30PM-3:00PM	Staff Findings and Public Testimony
Meeting Three	April 21, 2014	1:30PM-3:00PM	Council Recommendation

**Georgia Department of Audits and Accounts  
House Bill 291 Analysis**

**Georgia State Board of Accountancy**

The Georgia General Assembly created the Georgia State Board of Accountancy (The Board) in 1908 for the purpose of protecting the public welfare by providing for the regulation of the practice of public accountancy and the certification of those who are entitled to engage in this practice. The Board has the authority to adopt rules, set standards for licensure, adopt mandatory standards of professional conduct, and investigate and discipline unauthorized, negligent or incompetent practice.

The Board licenses certified public accountants and public accounting firms. Applicants for CPA licensure must meet sufficient requirements for education and experience and pass a national examination. Public accounting firms that perform attest functions are subject to mandatory peer review program requirements.

The Board is comprised of seven members appointed by the Governor: six members certified public accountants and one member appointed from the public at large. All members are appointed for terms of four years.

**Georgia State Accounting Office**

The State Accounting Office (SAO) was established on October 6, 2004 with an executive order signed by Governor Sonny Perdue. Governor Perdue signed House Bill 293, which codifies the realignment of the state's financial reporting and financial system responsibilities under a single State Accounting Officer (SAO).

The State Accounting Office is responsible for the following duties:

- Establish statewide accounting and reporting standards and practices.
- Operate and improve statewide financial and human capital management systems.
- Prepare the state's Comprehensive Annual Financial Report (CAFR); the annual audited financial statement for the entire state entity.
- Provide statewide financial information on interim basis.
- Train state accounting and payroll personnel in new policies, procedures and standards.
- Improve accountability, efficiencies and internal controls.

**Georgia Department of Audits and Accounts**

The Department of Audits and Accounts (DOAA or The Department) was created by the General Assembly in 1923 and its general authorities are established in O.C.G.A. Title 50, Chapter 6. The Department consists of the Office of the State Auditor and ten areas of operations:

State Government Division  
Education Audit Division  
Performance Audit Division  
Healthcare Audits Division  
Technology Risk & Assurance Division  
Nonprofit and Local Government Audits Division  
Sales Ratio Division  
Office of Quality Assurance  
Information Technology Division, and  
Administrative Division

**Georgia Department of Audits and Accounts**  
**House Bill 291 Analysis**

The State Government Division (SGD), in conjunction with the Education Audit Division, serves as the principal auditor of the State's Comprehensive Annual Financial Report (CAFR) and the Single Audit Report. Division personnel perform a combination of financial statement audits, agreed-upon procedures engagements, and financial and compliance management reviews for statewide budgetary compliance [i.e. Budgetary Compliance Report (BCR)] at state agencies, pension funds, and other organizational units. Division personnel also conduct special financial audits and reviews as requested by the Governor, the House of Representatives, or the Senate.

The Education Audit Division (EAD) conducts audit work at the state's colleges and universities sufficient to render an opinion on the higher education component of the CAFR and the Single Audit Report. The Division performs a combination of financial statement audits, agreed-upon procedures engagements, and financial and compliance management reviews for statewide budgetary compliance [i.e. Budgetary Compliance Report (BCR)] at the state's colleges, universities, and technical colleges.

The Technology Risk & Assurance Division (TRA) assesses IT risk and the effectiveness of the information technology control environment for the state. Division personnel evaluate IT general and application controls to support financial auditors in planning and determining the nature, timing and extent of audit procedures to be performed in support of the CAFR, as well as providing timely recommendations to management for needed improvements in IT-related controls. Other activities include performing risk-based information systems reviews to evaluate IT governance related to IT processes and IT strategic alignment, and performing vulnerability assessments for significant state businesses to determine weaknesses within the IT environment.

**Threats to Independence**

Auditors typically evaluate threats of independence from among broad categories of threats. Two such categories were identified and evaluated as potential threats to DOAA independence, as further discussed below.

**1. Structural Threat**

Generally Accepted Government Auditing Standards (GAGAS) defines a "structural threat" (3.14g) as follows:

"g. Structural threat - the threat that an audit organization's placement within a government entity, in combination with the structure of the government entity being audited, will impact the audit organization's ability to perform work and report results objectively."

**2. Undue Influence Threat**

GAGAS defines an "undue influence threat" (3.14e) as follows:

"e. Undue influence threat - the threat that external influences or pressures will impact an auditor's ability to make independent and objective judgments."

GAGAS Section 3.08 indicates that the conceptual framework should be applied at three levels:

1. Audit organization level
2. Audit engagement level
3. The individual auditor level

DOAA management can make the determination regarding independence at the audit organizational level. However, DOAA management cannot make the determination at the individual auditor level. It is up to each individual auditor to determine whether or not they can be objective with regard to the audit of the State of Georgia in this situation. Our auditors, primarily in SGD, EAD, and TRA could be concerned that their licenses could be at risk if they were to consider issuing findings, and/or qualifications to opinions on the CAFR and/or Single Audit and accordingly complete their individual independence forms indicating they had an impairment because of the placement of the licensing board.

**Georgia Department of Audits and Accounts**  
**House Bill 291 Analysis**

Also, what would "reasonable and informed third parties" conclude? GAGAS paragraph 3.04 indicates that "Auditors should avoid situations that could lead reasonable and informed third parties to conclude that the auditors are not independent and thus incapable of exercising objective and impartial judgment on all issues associated with conducting the audit and reporting on the work."

**Safeguards**

Under the GAGAS conceptual framework, auditors can apply safeguards to address threats to independence. If no safeguards are available to eliminate significant threats or reduce them to an acceptable level, independence is considered impaired. However, based on our analysis and review, we believe there are sufficient safeguards in place or ones that can be implemented to eliminate or reduce to an acceptable level both threats previously identified.

*Safeguards to Structural Threat*

The ability of the audit organization to perform work and report results objectively can be affected by placement within government and the structure of the government entity being audited. In the case of DOAA, SAO and the Board, there are several safeguards that we believe eliminate any structural threat to independence. For example, the audit organization is placed within a different branch of government from that of the audited entity. In addition, the head of the audit organization is appointed by a legislative body, subject to removal by the legislative body and reports the results of audits to and is accountable to a legislative body. These safeguards address a structural threat to independence at the organizational and engagement level.

*Safeguards to Undue Influence Threat*

Although the structural threat is mitigated as discussed above, the current organizational placement may expose auditors to the threat of undue influence as relates to auditor CPA licenses. We believe the following safeguards are in place or will need to be implemented to conceivably reduce this threat to an acceptable level:

1. The Board is an independent body of seven members appointed by the Governor and approved by the Senate.
2. The current 2-year *Certified Public Accountant* licensing cycle began in January of 2014 and DOAA's CPA's will not be required to renew their licenses again until December of 2015. This situation provides a safeguard for the FY14 Financial engagements for DOAA's CPA's to consider.
3. DOAA will implement a process internally that would escalate any perceived or actual threat to our staff. This process would include the State Auditor disclosing threats to the state's Chief Financial Officer, members of the General Assembly and if necessary, the press. Any actual undue influence threats could delay the issuance of the CAFR and Single Audit which potentially could cause adverse effects on the State's Bond Ratings.
4. To strengthen the communications to those charged with governance, beginning with the 2014 CAFR and Single Audit, the OPB Director as the Chief Financial Officer of the State will be added to the management representation process and correspondence and communications between DOAA and SAO.



**Georgia Department of Audits and Accounts**  
**House Bill 291 Analysis**

5. Written representations by the State Accounting Officer and the Chairperson of the Licensing Board will be necessary in which they:
  - a. Acknowledge the current structural placement under House Bill 291 may expose auditors to an undue influence threat.
  - b. Pledge to not investigate or take any action against DOAA's CPA's solely as a direct result of any adverse results from audits/engagements performed by DOAA.
  - c. Pledge to not investigate or take any action against DOAA's CPA's without notification and/or discussions with the State Auditor.

From the individual auditor perspective, though extremely unlikely with the proposed safeguards in place, uncertainty could still exist as to whether DOAA's licensed auditors would declare themselves not independent to audit the CAFR and Single Audit of the State of Georgia. However remote, if enough of DOAA's licensed auditors were to indicate they were impaired to do the audit as a result of HB 291, it could impact the current reporting deadlines for the CAFR and Single Audit. Eighty percent of the CAFR and Single Audit Management Team are licensed CPA's. If this were to occur, we would revisit our staffing plans to mitigate the impact as much as possible.

**Recommendations that would Eliminate these Threats to Independence**

Notwithstanding the foregoing safeguards, we recommend that the Board and its staff be restructured as an attached agency to eliminate any real or perceived threat to independence as follows:

1. Organize the Licensing Board as an attached agency for administrative purposes to SAO instead of a Division and to allow the Board to employ an executive director; to provide the powers and duties of the executive director. This would add an additional layer of separation between the Board and management at SAO.
2. Organize the Licensing Board as an attached agency for administrative purposes to OPB.

## Appendix D: Letter from the Deputy Secretary of State

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## The Office of the Secretary of State

*Brian P. Kemp*  
SECRETARY OF STATE

*Timothy Fleming*  
DEPUTY SECRETARY OF STATE

April 16, 2014

Dear GORRC Member,

I write this letter to make the Secretary of State's opposition to HB 291 well known. The information in this letter was presented to legislators throughout the legislative process and we are providing additional information now for GORRC members. HB 291 provides for the Board of Accountancy to move from the Professional Licensing Board Division of the Secretary of State's Office and establishes the Board under the State Accounting Office. To be clear, our Agency opposes this bill because we are principally opposed to the expansion of government and believe that the State should not favor one board over another. This bill does both. The SOS has no issue with the Board of Accountancy, or any other board, receiving more resources. However, the most fiscally responsible way to address this would be within the PLB structure.

During presentations of HB 291, several board members and interested parties testified that they believe the fiscal safety of citizens is at risk because the licensing boards are not provided necessary funding and resources. Supporters believe that shifting the board from one government agency to another will improve the likelihood they will be given more funding because they can lobby the legislature individually for more support rather than being a segment of a group of licensing boards. The fact that the Georgia Composite Medical Board gets three times the funding as the professional licensing boards supports their belief. For FY 2012, the Georgia Composite Medical Board was appropriated about \$45 per licensee compared to the Professional Licensing Board Division only being appropriated \$14 per licensee.

Now that this bill has passed through the legislative process, I would like to ask a few simple questions that were not answered during the committee process:

- 1) How will the Board of Accountancy be funded in its new location, and from where will those funds originate?
- 2) Why was there no fiscal note when there are numerous start-up costs, including but certainly not limited to, personnel and new licensing system expenses?
- 3) Is the SAO prepared to handle these new administrative duties?

You only have to look at Alabama to see what will happen if the State of Georgia continues to move away from the PLB structure. Alabama's 56 professional and occupational licensing boards are separate entities. They share common operating characteristics; yet as small, stand-alone agencies, unable to take advantage of obvious economies of scale. Alabama's cost per licensee is a whopping \$134. While Georgia's cost per licensee is \$14.

In 2011, The Alabama Commission on Improving State Government produced a report that praised Georgia's efficient PLB structure and recommended that Alabama transition to a similar system. I have included a copy of that report for you.

Just last year, the Boards of Dental and Pharmacy were successful in leaving the PLB structure and transitioning to another state agency. We heard in hearing after hearing that this was not about money; it was about the fact that Office of the Secretary of State did not have the quality personnel to provide support for these professions. When the Dental and Pharmacy Boards left in July of last year, they hired 11 of their 13 employees from the Secretary of State's Office. This is in direct contradiction to what was said during the committee process. An executive director that was serving 7 boards under the PLB structure now serves 2. Most employees were given significant raises, while they are serving populations that are much smaller than before. Put in the simplest of terms, employees are being paid more to do less.

Sponsors of HB 132, the Dental and Pharmacy bill, said it did not require a fiscal note because it would not consume budget funds to simply transfer two boards. Since the passage of HB 132, the General Assembly has appropriated \$2,947,543 for the Dental and Pharmacy Boards. In contrast, the entire PLB structure has a state funded appropriation of \$7,192,564 per year to service 40 boards. Sponsors of HB 291 have provided no fiscal note. I find it hard to believe that office rent, computers, licensing software, personnel, cars, guns, inspectors and the myriad of other resources needed to support this board will cost no money. 450,000 current Georgia licensees in the PLB structure would benefit greatly if they were similarly funded.

Currently, to the best of my knowledge, the State Accounting Office has absolutely no licensing functions. SAO would have to start from scratch and try to do something that they have never done before.

The Board of Accountancy licenses 21,174 CPAs and 1,787 firms. They pay a fee of \$50 every other year and firms pay a fee of \$75. As you are aware, these fees go into the general fund and are then appropriated by the General Assembly. Even though this Board brings in an estimated \$1,192,725 during their renewal period, it does not remain with the Board for service.

Furthermore, this Board is functioning very well. The average wait time for a new application or a renewal is typically 7 business days. As of today for FY 14 we have received 771 new applications for accountancy licensure and for FY 13 we processed 1,338 applications. There are also only 71 open complaints as of today. This is a very low number when compared with open complaints in other boards.

At the 2014 Federation of Associations of Regulatory Boards (FARB) conference in January, Ed Barnicott of the National Association of State Boards of Accountancy (NASBA) made a presentation on board self-evaluation tools. In his presentation he stated, "it is an assumption that an independent board is a more effective board." He further went on to say, "reality is that while a level of independence can have a positive impact on board effectiveness, it does not guarantee it... the corollary is being part of consolidated agency does not necessarily hinder board effectiveness". NASBA recommended to FARB members that they continue to work with boards as they are.

In closing, the Secretary of State's office did not support this bill because it would make professional licensing less efficient and will certainly grow government. I appreciate the work each member of this committee does for our state and I am available for further discussion at your convenience.

Sincerely,



Tim Fleming  
Deputy Secretary of State

## Appendix E: Report from the Alabama Commission on Improving State Government

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**ALABAMA COMMISSION ON IMPROVING  
STATE GOVERNMENT**

**EXECUTIVE MANAGEMENT COMMITTEE**

**RECOMMENDATIONS TO  
GOVERNOR ROBERT BENTLEY**

**DECEMBER 2011**



## **Licensing Agencies**

**Recommendation:** Provide administrative, legal, and investigatory support to improve the effectiveness of the State's professional and occupational licensure boards and reduce their operating costs.

- 1.) Establish professional licensure divisions within the Secretary of State's Office and the Department of Public Health to provide administrative support to professional and occupational licensure boards that are below a certain size threshold. The Department of Public Health should provide administrative support to health-related licensure boards below the threshold, and the Secretary of State should provide administrative support to other licensure boards below the threshold.
- 2.) Retain the existing fee-setting and regulatory responsibilities within professional and occupational licensure boards that are below the size threshold, and require that they fully reimburse the agencies providing administrative, legal, and investigatory support to them.
- 3.) Establish a division within the Attorney General's Office to provide legal support to professional licensure boards that are below the size threshold.
- 4.) Require licensure boards that are below the size threshold to maintain all funds in the State treasury.
- 5.) Require that year-end balances above a certain threshold for all licensure boards that are below the size threshold be transferred to the General Fund.

**Summary:** These recommendations are not intended to usurp the authority of professional and occupational licensing boards, which would be maintained intact with their existing statutory powers. They are, in fact, offered as a means to strengthen the boards in carrying out their legal duties to protect the people of Alabama and to reduce the regulatory costs that are borne by the professions and occupations affected.

The State of Alabama has 56 professional and occupational licensing boards. (See Appendix C for a listing.) Today, these boards operate separately. Each one provides for its own administrative, legal, and investigatory needs. Most are small, with fewer than ten employees and budgets under \$1 million. Yet all 56 share common operating characteristics, and together they employ over 300 people and take in over \$40 million in revenues each year. These recommendations would allow the boards to reduce expenses by realizing economies of scale, better serving the general public, and charging lower fees to the regulated professions and occupations.

## Discussion:

### *Issue 1: Taking advantage of economies of scale.*

Alabama's 56 professional and occupational licensing boards are separate entities. Together they employ over 300 people, take in over \$40 million in revenues each year, and share common operating characteristics; yet as small, stand alone agencies, they are unable to take advantage of obvious opportunities for economies of scale.

All states have licensure boards to regulate certain professions and occupations, and in carrying out this function there is a clear trend toward shared administrative, legal, and investigatory support to provide more effective public protection at lower costs. Alabama has not yet moved in this direction, but some of our neighbors have. A comparison of professional and occupational licensure costs for Alabama and Georgia indicates far greater spending on this governmental function than a larger neighboring state.

In Georgia, the Secretary of State provides administrative and investigatory support to most licensure boards. Operations for these boards are headquartered in the same building, allowing the sharing of space for board meetings, hearings, and other operations and the sharing of personnel to handle common administrative tasks. There are two separate licensure boards -- the Composite Medical Board and the Real Estate Commission. Legal services are provided by the Attorney General's Office. Together, these four administrative entities employ 243 people and spend \$17 million, according to the most recent budget data. They have 624,000 licensees. Based on these figures, the annual cost per licensee in Georgia is \$27.

For comparison, audit reports indicate that Alabama's licensure boards employ 321, take in \$40.6 million in revenues, and have 303,000 licensees, with a cost per licensee of \$134. Thus, Alabama's agencies have half the licensees but spend far more and have more employees than is the case in Georgia. These comparisons reveal the inefficiency of Alabama's failure to develop a shared administrative support system that would enable professional licensing boards to operate more effectively at far less cost than is the case today.

The proposed solution would be to provide adequate administrative, legal, and investigatory support to professional licensure boards that are below a certain size threshold in the following ways:

- By establishing professional licensure divisions within the Secretary of State's Office and the Department of Public Health. The Department of Public Health would provide administrative support to health-related licensure boards that are below the size threshold, and the Secretary of State's Office would provide administrative support to other licensure boards that are below the size threshold
- By establishing a separate division within the Attorney General's Office to provide legal support to all licensure boards that are below the size threshold. The Attorney General already provides legal support to a number of licensure boards, but the attorneys involved also have other duties.



These support arrangements would not usurp the existing fee-setting and regulatory responsibilities of the licensure boards that are below the size threshold; rather, they would provide the support needed by those boards to carry out their responsibilities effectively and at lower cost. Nor would these support arrangements be an unfunded additional responsibility for the agencies providing support, since the licensure boards would reimburse the supporting agencies for the administrative, legal, and investigatory services provided to them.

*Issue 2: Ensuring that all licensure boards are necessary and properly focused.*

Licensing and regulatory boards have been deemed by statute to be necessary to protect the public in its dealings with certain professions and occupations. To ensure that licensing and regulation remain necessary, the Legislature has provided for an ongoing sunset review process. The Legislative Sunset Committee is mandated to review licensure boards on a four-year cycle and make recommendations for their continuance, termination, or modification. The Committee has the responsibility to recommend the elimination of those boards that are determined to be unnecessary, and to propose other changes it deems appropriate.

The Legislature should create or retain licensing and regulatory boards only when they are required to protect the public. It should ensure that regulatory programs do not limit access to the marketplace or otherwise serve only the interests of the occupation, profession, or business being regulated. Where regulation is considered necessary, the Legislature should minimize interference with the practice of the occupation, profession, or business.

Audit reports compiled by the Department of Examiners of Public Accounts are the primary tool available to the Sunset Committee for its work. Analysis of the most recent audits for all licensure boards shows them to be of great value for this purpose; they raise significant issues about the necessity and conduct of certain licensing programs. Many of these issues would be addressed by the provision of adequate administrative, legal, and investigatory support as recommended. However, a number of the issues raised in the audits are legislative in nature and suggest the need for greater legislative scrutiny of the licensure function.

- The audits of a number of licensure boards reveal the need for modifying their enabling statutes. For example, in some cases the licensure board's jurisdiction does not extend to the unlicensed practice of a profession or occupation, but rather is limited to the practices of those who are licensed.
- Some licensing and regulatory boards are not adhering to their current statutes. The audits of some agencies reveal practices that go beyond what the law allows, as well as failure to carry out the mandates of the law.
- Audits in some cases reveal inconsistencies in rule-making, fee-setting, and other licensing procedures.

- Some licensing boards are minimally staffed and have very close ties to the associations representing the regulated occupations. This suggests the need to reconsider the rationale for having a licensure law.
- Some audits reveal overlapping regulatory authority, suggesting the possibility of combining licensure functions into a single board rather than splitting the responsibility between boards.
- Some licensing boards are perceived by licensees to be over-regulating the profession they supervise. Others do not keep licensees well informed of rules. Still others do not handle complaints in ways that satisfy complainants. Such practices interfere with the efficient practice of licensed activities and the protection of the public.

Sunset reviews provide valuable information on the performance of licensing and regulatory agencies, but they only occur every four years. The Sunset Committee has the authority to employ more frequent use of the questionnaire methods pioneered by the Examiners of Public Accounts. The information gathered from mid-term surveys would allow the Sunset Committee to make more informed decisions and would also allow boards to increase their professionalism and effectiveness in a cost-effective manner.

The Examiners of Public Accounts provide board-member training for all licensing and regulatory agencies, but audit reports indicate that participation is not universal. This should be a priority matter for the Sunset Committee. Training should be mandatory for all board members and executive officers and conducted annually. Participation by the Attorney General's Office would enhance its value. Well-trained board members and executive directors will ensure that the public's interest continues to be forefront in the licensing and regulation of necessary occupations.

### *Issue 3: Fiscal accountability.*

Alabama's model for funding professional and occupational licensing boards is to require each regulated profession to cover the cost of its supervision through the payment of fees. These fees cover not only the direct costs of the licensure boards, but also the services received from other state agencies for accounting, IT, legal, purchasing, human resources, and other kinds of support activities. Again, the intention is to avoid hidden costs to the state's general fund by requiring full reimbursement to the agencies that provide the administrative, legal, and investigatory support.

Because the fees that support licensure boards are paid for the purpose of supporting the regulatory functions of the boards, retaining a reasonable level of unexpended balances is appropriate. However, it is anticipated that these recommendations will lead to lower costs for many licensure boards that are below the size threshold. This should enable

many boards to reduce their fees. As an incentive to maintain fees at reasonable levels, licensure boards that are below the size threshold should be required to transfer into the general fund all unexpended year-end balances above a reasonable level. For example, some boards already are required to transfer balances above 25 percent of their current spending level. (Examples of such restrictions on ending balances are in Appendix D.) This incentive should result in the maintenance of reasonable fee structures and should not create substantial income for the General Fund.

Most, but not all, licensure boards deposit their income to the state treasury in earmarked funds. A few are authorized to maintain their funds in private bank accounts. It is recommended that all licensure boards that are below the size threshold be required to deposit all funds in the state treasury, as a matter of accountability.

**Cost/Benefit:** Reform of the state's licensing and regulatory practices has no cost implications for the State's General Fund budget. The comparison of licensure funding for Alabama and Georgia indicates that our licensure boards should be able to substantially reduce fees while achieving much greater operational effectiveness through the provision of administrative, legal, and investigatory support as recommended in this proposal. Based on the research cited in this proposal, simply reducing our costs to the same level as Georgia's would save \$23 million a year and require 83 fewer employees in the licensing function. These savings would accrue to the licensed professions and occupations, which would reduce the unnecessary burden on the marketplace that is imposed by our inefficient operating practices.

## **Licensing and Regulatory**

### **Online Access to Licensing Requirements**

**Recommendation:** Require all licensing entities to maintain webpages for license renewal. Consider a "one-stop" website where businesses can find portals for license renewals.

AL Interactive is currently a dead end web page. By following the precedent set by the Department of Conservation and Natural Resources' online hunting and fishing license portal, development of AL Interactive will make access to licensing much easier for citizens.

**Summary:** The licensing process can be slow and create unnecessary burdens on job creators and taxpayers. In order to streamline the process, the State should require all licensing entities to maintain online portals for licensing.

**Discussion:** Twenty-seven of sixty-three licenses and regulation boards do not have online portals for license acquisition or renewal.

Among those who do not have online services<sup>4</sup>:

- Athletic Agent Regulatory Commission
- State Board of Examiners for Dietetics and Nutrition Practice
- State Licensing Board for General Contractors
- Massage Therapy Board
- Alabama Board of Hearing Instrument Dealers
- Alabama State Board of Registration for Interior Design

**Cost/Benefit:** Placing licensing portals online would benefit the state directly by likely increasing license issuance and reducing administrative costs of licensing, and also indirectly by creating an environment encouraging business development in Alabama.

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<sup>4</sup> All data received from the Alabama Department of Finance