



Susan L. Somers, Executive Director

Board of Accountancy

Sam Brownback, Governor

TESTIMONY ON HB 2536

Mr. Chairman, members of the Committee, I am John Helms, CPA, a practicing member of the accountancy profession for 39 years. I also serve as a member of the Kansas Board of Accountancy. I am here today to testify on behalf of the Board in favor of House Bill 2536.

House Bill 2536 seeks to clarify laws governing the practice of certified public accountancy and update those laws to reflect changes in industry standards in a manner consistent with the best interests of the public. With your permission, I will explain the purpose of each proposed amendment.

K.S.A. 1-307: This statute governs the issuance of a Kansas certificate to individuals who have passed the CPA exam in another jurisdiction. The proposed amendments authorize the Board to issue a Kansas certificate to such an individual when he or she meets any one of the three requirements listed in K.S.A. 1-307(a)(1), rather than all three as the statute presently reads. This is done by inserting the word "or" between the second and third requirements. This proposal would clarify that the Board may issue a Kansas certificate to such an individual where the applicant has considerable professional experience and history in the field of certified public accountancy, without regard to whether the licensee's original certificate was premised on the completion of educational requirements similar to those imposed by Kansas law. The proposed amendments to this statute also update citations to statutes in a manner consistent with the format recommendations proposed by the Office of the Revisor of Statutes.

K.S.A. 1-308: The proposed amendments eliminate reference to "home office", a term proposed to be deleted from the definition statute. The proposed amendments to this statute also update citations to statutes in a manner consistent with the format recommendations proposed by the Office of the Revisor of Statutes.

K.S.A. 1-311: This statute authorizes the Board to impose appropriate sanctions when an individual commits certain improper acts. One of the proposed amendments clarifies that the Board is authorized to deny an application for a permit for reasons consistent with the Board's authority to deny an application for a certificate or a firm registration. We respectfully request that this amendment clarifying the board's authority be moved to page 4, line 27, as follows: "state, may deny an application for a permit, revoke, suspend or refuse to renew any permit issued under...", and then on page 4, lines 28 and 29, remove the inserted phrase "deny an application for a permit". The reference to the denial of an application for a permit is more appropriately placed alongside the provisions authorizing the revocation and suspension of a permit.

The proposed amendments to K.S.A. 1-311 also strike references to practice by “notification” which is a form of practice that effectively ceased in Kansas on November 1, 2009. In addition, the proposed amendments permit the Board to impose professional discipline premised on formal disciplinary actions taken by federal and state agencies, such as the Securities and Exchange Commission (SEC), where the federal or state agency’s disciplinary action does not result in the imposition of a suspension or revocation of a professional licensee’s right to practice before that federal or state agency. The Board has observed instances where federal agencies, such as the SEC, identify serious wrongdoing, but impose sanctions other than a revocation or suspension of the wrongdoer’s practice privilege, such as disgorgement of profits gained by virtue of the wrongdoing, civil penalty, injunction, censure, etc. The statute as amended would authorize the Board to take appropriate action premised on the merits of the federal or state agency action without regard to the severity of the sanction imposed by that agency.

K.S.A. 1-312: This statute authorizes the Board to impose appropriate sanctions when a CPA firm commits certain improper acts. The proposed amendments to this statute mirror the amendments to K.S.A. 1-311 relative to actions taken by federal and state agencies. The proposed amendments to this statute also update citations to statutes in a manner consistent with the format recommendations proposed by the Office of the Revisor of Statutes.

K.S.A. 1-321: This statute defines key terms used throughout the Kansas Accountancy Act. The proposed amendments to K.S.A. 1-321(d) and K.S.A. 1-321(x) reflect recent changes to the definition of “attest” in the standards CPA's are subject to when performing attest services. The proposed amendment to K.S.A. 1-321(g) recognizes that clients may contract with a firm as well as with an individual permit holder. The proposed amendment to K.S.A. 1-321(l) eliminates reference to “professional” with regard to dishonesty to ensure that the Board, when evaluating the propriety of licensure, has the authority to consider dishonest acts committed by an applicant without regard to whether such acts are considered to be professional in nature. Simply put, most applicants are not yet “professionals”, and the public would best be served if the Board has the discretion to consider all acts of dishonesty when evaluating the propriety of granting a professional license. The proposed amendments also eliminate the definition of “home office”, a term that has been removed from the Uniform Accountancy Act.

K.S.A. 1-322: This statute addresses practice privileges for individuals who do not otherwise hold a Kansas certificate and permit. The proposed amendments eliminate the reference to practice by notification since this form of practice privilege ceased to exist on November 1, 2009. The proposed amendments eliminate the reference to "home office" consistent with the proposed amendments to K.S.A. 1-308 and 1-321. The proposed amendments to this statute also update citations to statutes in a manner consistent with the format recommendations proposed by the Office of the Revisor of Statutes.

We respectfully request favorable passage of House Bill 2536. I will be happy to stand for questions.