**South Carolina General Assembly**

123rd Session, 2019-2020

**A68, R88, H3785**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Sandifer, Howard, Thayer, West and Weeks

Document Path: l:\council\bills\agm\19546wab19.docx

Introduced in the House on January 29, 2019

Introduced in the Senate on April 4, 2019

Last Amended on May 8, 2019

Passed by the General Assembly on May 9, 2019

Governor's Action: May 16, 2019, Signed

Summary: Accountants

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/29/2019 House Introduced and read first time ([House Journal‑page 17](file:///h:\hj\20190129.docx))

1/29/2019 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 17](file:///h:\hj\20190129.docx))

3/26/2019 House Committee report: Favorable with amendment **Labor, Commerce and Industry** ([House Journal‑page 41](file:///h:\hj\20190326.docx))

3/27/2019 House Member(s) request name added as sponsor: Weeks

3/27/2019 Scrivener's error corrected

4/2/2019 House Debate adjourned until Wed., 4‑3‑19 ([House Journal‑page 24](file:///h:\hj\20190402.docx))

4/3/2019 House Amended ([House Journal‑page 46](file:///h:\hj\20190403.docx))

4/3/2019 House Read second time ([House Journal‑page 46](file:///h:\hj\20190403.docx))

4/3/2019 House Roll call Yeas‑106 Nays‑0 ([House Journal‑page 51](file:///h:\hj\20190403.docx))

4/4/2019 House Read third time and sent to Senate ([House Journal‑page 23](file:///h:\hj\20190404.docx))

4/4/2019 Senate Introduced and read first time ([Senate Journal‑page 2](file:///h:\sj\20190404.docx))

4/4/2019 Senate Referred to Committee on **Labor, Commerce and Industry** ([Senate Journal‑page 2](file:///h:\sj\20190404.docx))

4/4/2019 Scrivener's error corrected

4/30/2019 Senate Committee report: Favorable with amendment **Labor, Commerce and Industry** ([Senate Journal‑page 17](file:///h:\sj\20190430.docx))

5/8/2019 Senate Committee Amendment Adopted ([Senate Journal‑page 105](file:///h:\sj\20190508.docx))

5/8/2019 Senate Read second time ([Senate Journal‑page 105](file:///h:\sj\20190508.docx))

5/8/2019 Senate Roll call Ayes‑44 Nays‑0 ([Senate Journal‑page 105](file:///h:\sj\20190508.docx))

5/9/2019 Senate Read third time and returned to House with amendments ([Senate Journal‑page 38](file:///h:\sj\20190509.docx))

5/9/2019 House Concurred in Senate amendment and enrolled ([House Journal‑page 168](file:///h:\hj\20190509.docx))

5/9/2019 House Roll call Yeas‑91 Nays‑0 ([House Journal‑page 169](file:///h:\hj\20190509.docx))

5/13/2019 Ratified R 88

5/16/2019 Signed By Governor

5/31/2019 Effective date 05/16/19

6/5/2019 Act No.  68

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**VERSIONS OF THIS BILL**

[1/29/2019](file:///p:\pprever\2019-20\3785_20190129.docx)

[3/26/2019](file:///p:\pprever\2019-20\3785_20190326.docx)

[3/27/2019](file:///p:\pprever\2019-20\3785_20190327.docx)

[4/3/2019](file:///p:\pprever\2019-20\3785_20190403.docx)

[4/4/2019](file:///p:\pprever\2019-20\3785_20190404.docx)

[4/30/2019](file:///p:\pprever\2019-20\3785_20190430.docx)

[5/8/2019](file:///p:\pprever\2019-20\3785_20190508.docx)

(A68, R88, H3785)

**AN ACT** **TO AMEND SECTION 40‑2‑10, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PURPOSES FOR WHICH MEETINGS OF THE BOARD OF ACCOUNTANCY MAY BE CLOSED TO THE PUBLIC, SO AS TO PROVIDE MEETINGS MAY BE CLOSED TO PROTECT CERTAIN CONFIDENTIAL INFORMATION; TO AMEND SECTION 40‑2‑20, RELATING TO DEFINITIONS CONCERNING THE REGULATION OF CERTIFIED PUBLIC ACCOUNTANTS AND PUBLIC ACCOUNTANTS, SO AS TO REVISE A DEFINITION; TO AMEND SECTION 40‑2‑35, RELATING TO EXAMINATION REQUIREMENTS FOR LICENSURE BY THE BOARD, SO AS TO REMOVE THE REQUIREMENT THAT CERTAIN EXAMINATIONS BE COMPUTER BASED; TO AMEND SECTION 40‑2‑40, RELATING TO CONTINUING EDUCATION REQUIREMENTS FOR NONCERTIFIED PUBLIC ACCOUNTANT OWNERS OF CERTIFIED PUBLIC ACCOUNTING FIRMS, SO AS TO INCLUDE CERTAIN ETHICS REQUIREMENTS; TO AMEND SECTION 40‑2‑80, RELATING TO THE CONFIDENTIAL TREATMENT OF CERTAIN EVIDENCE OBTAINED DURING INVESTIGATIONS BY THE BOARD, SO AS TO PROVIDE ALL PROCEEDINGS AND INQUIRIES RELATED TO THE INVESTIGATIONS ARE CONFIDENTIAL EXCEPT WHEN THE SUBJECT OF AN INVESTIGATION WAIVES CONFIDENTIALITY OF THE EXISTENCE OF THE COMPLAINT; TO AMEND SECTION 40‑2‑90, RELATING TO INVESTIGATIONS BY THE BOARD, SO AS TO PROVIDE DISCIPLINARY HEARINGS BY THE BOARD MUST BE OPEN TO THE PUBLIC EXCEPT IN CERTAIN CIRCUMSTANCES AND ALL EVIDENCE MUST BE MADE PART OF THE RECORD IN THE PROCEEDINGS; TO AMEND SECTION 40‑2‑240, RELATING TO LICENSURE OF OUT‑OF‑STATE PERSONS BY THE BOARD, SO AS TO PROVIDE ALTERNATIVE CRITERIA FOR SUCH LICENSURE; AND TO AMEND SECTION 40‑2‑340, RELATING TO DISCLAIMERS THAT ACCOUNTING PRACTITIONERS AND ACCOUNTING PRACTITIONER FIRMS MUST USE WHEN ASSOCIATING THEIR NAMES WITH CERTAIN COMPILED FINANCIAL STATEMENTS, SO AS TO REMOVE THE EXISTING BOILERPLATE LANGUAGE REQUIRED AND INSTEAD PROVIDE SUCH DISCLAIMERS MUST COMPLY WITH CERTAIN NATIONAL STANDARDS.**

Be it enacted by the General Assembly of the State of South Carolina:

**Closure of board meetings to public**

SECTION 1. Section 40‑2‑10(B) of the 1976 Code is amended to read:

“(B) The board shall elect annually from among its members a chairman, a vice chairman, and a secretary. The board shall meet at least two times a year at places fixed by the chairman. Meetings of the board must be open to the public except those concerned with investigations under Section 40‑2‑80 and except as necessary to protect confidential information in accordance with board regulations, federal law, state law, or Section 40‑2‑90(C). A majority of the board members in office constitutes a quorum at any meeting of the board. A board member shall attend meetings or provide proper notice and justification of inability to attend. Unexcused absences from meetings may result in removal from the board as provided for in Section 1‑3‑240.”

**Definitions**

SECTION 2. Section 40‑2‑20(5) of the 1976 Code is amended to read:

“(5) ‘Compilation’ means providing a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) in which the objective of the accountant is to apply accounting and financial reporting expertise to assist management in the presentation of financial statements and reports in accordance with this section without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the applicable financial reporting framework.”

**Examinations, mandatory computer‑based format removed**

SECTION 3. Section 40‑2‑35 (F)(1) of the 1976 Code is amended to read:

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

(a) A candidate must pass all four test sections of the Uniform CPA Examination within a rolling eighteen‑month period, which begins on the date that the first test section is passed. The board by regulation may provide additional time to an applicant on active military service. The board also may accommodate any hardship which results from the conditions of administration of the examination.

(b) A candidate cannot retake a failed test section in the same examination window. An examination window refers to a three‑month period in which candidates have an opportunity to take the CPA examination. If all four test sections of the Uniform CPA Examination are not passed within the rolling eighteen‑month period, credit for any test section passed outside the eighteen‑month period expires and that test section must be retaken.

(c) A candidate who applies for a license more than three years after the date upon which the candidate passed the last section of the Uniform CPA Examination must document one hundred twenty hours of acceptable continuing professional education in order to qualify, in addition to all other requirements imposed by this section.”

**Continuing education**

SECTION 4. Section 40‑2‑40(C)(7)(b) of the 1976 Code is amended to read:

“(b) Noncertified public accountant owners must complete the same number of hours of continuing professional education as licensed certified public accountants in this State. However, in each three‑year period, as established by the board, six of the hours must be in ethics, and at least two of these hours must be a board‑approved South Carolina Accountancy Rules and Regulations course.”

**Confidentiality of investigations, waivers**

SECTION 5. Section 40‑2‑80(E) of the 1976 Code is amended to read:

“(E) The testimony and documents submitted in support of the complaint or gathered in the investigation must be treated as confidential information and must not be disclosed to any person except law enforcement authorities and, to the extent necessary in order to conduct the investigation, the subject of the investigation, persons whose complaints are being investigated, and witnesses questioned in the course of the investigation. All proceedings related to the investigations and inquiries during the investigation process undertaken pursuant to this chapter are confidential, unless the licensee or registrant who is the subject of the investigation or inquiry waives the confidentiality of the existence of the complaint.”

**Disciplinary hearings, evidence**

SECTION 6. Section 40‑2‑90(C) of the 1976 Code is amended to read:

“(C) If a hearing is to be held, the licensee or registrant has the right to be present, to present evidence and argument on all issues involved, to present and to cross‑examine witnesses, and to be represented by counsel at the licensee’s or registrant’s expense. For the purpose of these hearings, the board may require by subpoena the attendance of witnesses, the production of documents and other evidence, and may administer oaths and hear testimony, either oral or documentary, for and against the accused licensee. All evidence, including the records that the board or the board’s hearing panel considers, must be made part of the record in the proceedings. These hearings must be open to the public, except:

(1) as necessary to protect confidential information in accordance with federal or state law; and

(2) as necessary to protect confidential information provided by a client for whom a licensee performs services, or the heirs, successors, or personal representatives of the client.”

**Out‑of‑state licensure applicants, criteria**

SECTION 7. Section 40‑2‑240(A) of the 1976 Code is amended to read:

“(A) The board may issue a license to a holder of a certificate, license, or permit issued under the laws of any state or territory of the United States or the District of Columbia or any authority outside the United States upon a showing of substantially equivalent education, examination, and experience upon the condition that the applicant:

(1)(a) received the designation, based on educational and examination standards substantially equivalent to those in effect in this State, at the time the designation was granted; and

(b) completed an experience requirement, substantially equivalent to the requirement provided for in Section 40‑2‑35(F), in the jurisdiction which granted the designation or has engaged in four years of professional practice, outside of this State, as a certified public accountant within the ten years immediately preceding the application; and

(c) passed a uniform qualifying examination in national standards and an examination on the laws, regulations, and code of ethical conduct in effect in this State acceptable to the board; and

(d) listed all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy or in which any applications have been denied; and

(e) demonstrated completion of eighty hours of qualified CPE within the last two years; and

(f) filed an application and pays an annual fee sufficient to cover the cost of administering this section.

(2)(a) satisfies the requirements of item (1)(c), (d), (e), and (f);

(b) holds a valid license issued by any other state before January 1, 2012; and

(c) has engaged in four years of professional practice, outside of this State, as a certified public accountant within the ten years immediately preceding the application.”

**Financial statement disclaimers**

SECTION 8. Section 40‑2‑340 of the 1976 Code is amended to read:

“Section 40‑2‑340. An accounting practitioner or firm of accounting practitioners is permitted to associate his or the firm’s name with compiled financial statements as defined by Professional Standards for Accounting and Review Services, provided a disclaimer is used that complies with the most recent version of the statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and a statement in the report that provides:

‘I (we) have not audited or reviewed the accompanying financial statements and I am (we are) prohibited by law from expressing an opinion on them’.”

**Time effective**

SECTION 9. This act takes effect upon approval by the Governor.

Ratified the 13th day of May, 2019.

Approved the 16th day of May, 2019.

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