

# **RULES OF THE GEORGIA STATE BOARD OF ACCOUNTANCY**

## **20-2-.22 State**

“State” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, the Commonwealth of the Northern Marianas Islands, and Guam; except “this state” means the state of Georgia and “any other state” means a state other than Georgia.

Authority O.C.G.A. Secs. 43-3-2, 43-3-8.

## **20-7-.01 Licensure. Amended.**

- (1) A new firm having a physical office in this state about to engage in the practice of public accountancy in this state or a firm not having a physical office in this state but required to be licensed under 43-3-16(b)(1)(C) shall make application for original licensure upon forms for that purpose provided by the Board and obtainable from its Office. Upon such application being found sufficient and in order, the application fee paid, and the applicant found eligible for licensure, the applicant:
  - (a) Will be forthwith licensed under the appropriate Section of the Act;
  - (b) Will have its physical office(s) in this state as designated in the application forthwith licensed under Section 43-3-16 of the Act;
  - (c) Will be issued a permit to practice public accounting in this state; and
  - (d) Will be notified accordingly.
- (2) If the board determines that an applicant lacks good moral character, the board may refuse to certify an applicant when it finds by a preponderance of the evidence that there is a substantial connection between the lack of good moral character of the applicant and the potential professional responsibilities of such applicant.

A lack of good moral character may be evinced by, but is not limited to, the following:

- (1) any deferred prosecution agreement involving an admission of wrongdoing, or any criminal conviction, including conviction following a guilty plea or plea of nolo contendere, for any felony or any crime, an essential element of which is fraud, dishonesty, deceit, or any other crime which evidences an unfitness of the applicant to practice public accountancy in a competent manner and consistent with public protection; or
- (2) active or stayed revocation or suspension of any occupational license, privilege or other authority to practice any licensed occupation by or before any state, federal, foreign or other licensing or regulatory authority, provided the grounds for the revocation or suspension include wrongful conduct such as fraud, dishonesty, or deceit or any other conduct which evidences any unfitness of the applicant to practice public accountancy; or
- (3) any act which would be grounds for revocation or suspension of a license if committed by a licensee of the Board.

(3) Firm licenses will expire on June 30 of each even numbered year and shall become renewable at least sixty (60) days prior to the expiration date. If the application for renewal is not made and the fee paid before September 30 of the even numbered year, the license shall lapse and shall not be renewed except by application for a new license or for reinstatement.

(4) Notice shall be given to the Board within thirty days, of the admission to or withdrawal of a partner, stockholder, or member from any licensed firm. Notice shall also be given within thirty days of any mere change of name. In these cases the Board may elect to issue a new license to the firm.

(a) On the other hand, if a partner, shareholder, or member is admitted or withdraws and in connection therewith there is a change of name, then and only then it is to be regarded for the purposes of this Rule as a new firm which must file an application for licensure.

Authority O.C.G.A. Secs. 43-3-2, 43-3-7, 43-3-8, 43-3-16, 43-3-17, 43-3-22, 43-3-24, 43-3-31.

#### **20-7-.02 Firm Ownership. Amended.**

(1) A firm in which a simple majority of the financial interest and voting rights are owned by CPAs of some state in good standing may be licensed in accordance with this chapter if all of the following conditions are met:

(a) Minimum Required Information: The firm must provide the following information:

1. The name, full business address, and telephone number;
2. All trade or business names used by the licensee;
3. The designated holder of a license, or in the case of a firm which must be licensed pursuant to Code Section 43-3-16(b)(1)(C), a licensee of another state who meets the requirements for substantial equivalency practice privileges as provided by Code Section 43-3-18(b), who shall be responsible for the proper registration of the firm;
4. The name, address and licensure status of the resident manager;
5. The type of ownership or operations (i.e., partnership, corporation, or sole proprietorship); and
6. The name(s) of the owners, including whether they are a CPA or Non-CPA owner, the states of licensure, the status of any license previously and currently held, and including:
  - (i) If an individual, the name of the individual;
  - (ii) If a partnership, the name of each partner, and the name of the partnership;
  - (iii) If a corporation, the name and title of each corporate officer and director, the corporate names, the name of the corporation, the name of the parent company, if any, the names of all members/shareholders of the corporation and parent company; and
  - (iv) If a sole proprietorship, the full name of the sole proprietorship and the name of the business entity.

(b) The Board will consider the following factors in determining eligibility for firm licensure:

1. Non-CPA owners of the firm must be natural persons. "Non-CPA owner" shall refer to the natural persons owning interests in such general partnerships or limited liability partnerships or other legal entities.

2. The Non-CPA owners must participate in the business of the firm consisting of providing services to or on behalf of the firm or performing functions in the firm or a related entity of the firm, and the Non-CPA owners cannot be solely or predominately a passive investor in the firm.
3. All owners must be of good moral character (for purposes of this Rule, “good moral character” means fiscal integrity and a lack of any history of acts involving dishonesty or moral turpitude).
4. Individuals now holding licenses or certificates from this state or any other state shall not be designated as Non-CPA owners. Individuals with expired licenses will be counted as a Non-CPA for purposes of determining the percentage of financial interests and voting rights in the firm owned by CPAs.
5. Previous disciplinary action against an owner by this state including the denial of licensure for reasons other than failure to meet the age, education, examination or experience requirements for initial licensure, shall be considered as grounds for denial of a license.
6. Commission of a felony or crime of moral turpitude under Georgia law, federal law, or the laws of any other states or any other country of a felony as defined in paragraph (3) of subsection (a) of Code Section 43-3-21 by the owners.
7. Previous disciplinary action against the firm or its’ owners by any Federal regulatory authority, the Public Company Accounting Oversight Board, this state or any other state regulatory authority, or local government authority of any license, practice privilege, or the right to practice before a state or federal agency of the firm or its owners.
8. Compliance with licensing requirements under previously granted licenses if any.
9. Any other factor or qualifications the Board considers relevant to and consistent with the public health and safety.

Authority O.C.G.A. Secs. 43-3-2, 43-3-8, 43-3-16, 43-3-18.

**20-10-.04 Reinstatement. Amended.**

- (1) An application for reinstatement of an expired license shall be accompanied by:
  - (a) A reinstatement fee of \$300.00; and
  - (b) Evidence, satisfactory to the Board, of the completion of continuing professional education as specified below:
    1. Forty hours of continuing professional education for each year since the last renewal of the license or since the initial issuance of the license, whichever is less, up to a maximum of 160 hours.
    2. At least twenty percent of the total hours required must be earned in accounting and auditing subjects.
    3. At least 80 of the continuing professional education hours must have been completed during the 2-year period immediately preceding the date of application for reinstatement.
    4. The hours required may be counted toward fulfilling the continuing professional education requirements for the next biennial renewal, if they were completed during the applicable period for renewal.
    5. No carryover hours may be used to satisfy continuing professional education requirements for reinstatement of an expired license.

- (c) The Board may, however, accept in lieu of the continuing professional education requirements other evidence of continued competency including, but not limited to, the passing of an examination approved by the Board.
- (2) In considering the application for reinstatement, the Board may conduct an investigation of the applicant to determine, among other things, if the applicant engaged in the practice of public accountancy during the period that the applicant was not the holder of a license to practice public accountancy. Based on the results of that investigation, the Board may deny the application for reinstatement.

Authority O.C.G.A. Secs. 43-3-7, 43-3-8, 43-3-18, 43-3-19, 43-3-20.

### **20-8-.01 Firms Required to Be Licensed- Biennial Licensure.**

- (1) A firm that does not have a physical office in this state but performs any audit or any other engagement to be performed in accordance with the Statements on Auditing Standards, any examination of prospective financial statements to be performed in accordance with the Statements on Standards for Attestation Engagements or any engagement to be performed in accordance with the auditing standards of the Public Company Accounting Oversight Board for a client that specifies a location in this state to which such service is directed shall be required to obtain a license biennially with the Board in accordance with this Chapter.
  - (a) A firm required to be licensed with the Board under 43-3-16(b)(1)(C) between biennial reporting periods shall obtain a license with the Board on a form obtained from the Board within 60 days of the date when such license requirement first becomes effective. Failure to timely obtain a license will result in a penalty.
  - (b) The licensure fee for a firm is \$150.00
  - (c) The penalty for a firm to fail to timely obtain a license is \$250.00 in addition to the licensure fee.
  - (d) The renewal fee for a firm is \$150.00.
- (2) A firm required to be licensed with the Board must show that attest services and compilation and review services rendered in this state are under the supervision of an individual holding a license issued by this state or an individual with substantial equivalency practice privileges under subsection (b) of Code Section 43-3-18.
- (3) Notice shall be given to the Board within thirty days of any change in address.
- (4) Licenses will expire on June 30 of each even numbered year and shall become renewable at least 60 days prior to the expiration date.
- (5) In order to qualify for renewal the firm must comply with the provisions for peer review as provided for in O.C.G.A. Section 43-3-17.
- (6) An application for renewal of a firm license, otherwise in order, filed after the June 30th expiration date must be accompanied by a late fee of \$250.00 in addition to the renewal fee. After

June 30th, without an active firm license, it is unlawful to practice public accountancy in this state. The late renewal period begins July 1st and ends September 30th.

- (7) An application for reinstatement of a firm license, otherwise in order, filed after September 30th must be accompanied by a reinstatement fee of \$1,150.00.
- (8) In no event will the Board issue a license or renew the license of a firm for the practice of public accountancy in this state unless the firm complies with the ownership requirements of Code Section 43-3-16.
- (9) In no event will the Board issue a license or renew the license of a firm for the practice of public accountancy in this state unless the firm participates in a peer review whose standards at a minimum comply with the "Standards for Performing and Reporting on Peer Review" promulgated by the American Institute of Certified Public Accountants in a manner consistent with the timing and completion requirements of Code Section 43-3-17.

Authority O.C.G.A. Secs. 43-3-2, 43-3-7, 43-3-8, 43-3-16, 43-3-17, 43-3-20, 43-3-21, 43-3-22, 43-3-23, 43-3-24, 43-3-25, 43-3-31.

#### **20-9-.01 Registration.**

- (1) Each physical office established or maintained for practice in this state by a CPA, partnership, professional association, or professional corporation of CPAs, or by a public accountant, partnership, or professional association of public accountants, or by a foreign accountant, shall register with the Board within sixty days after it is opened.
  - (a) The registration fee for a sole practitioner, for a partnership, or for an association or corporation is \$150.00.
  - (b) The renewal fee for office registration of a sole practitioner, a partnership, or an association or corporation is \$150.00.
- (2) Each such physical office shall be under the supervision of a resident manager, who may be a partner, principal, shareholder, or a staff employee holding a license.
- (3) A form is prescribed and is obtainable from the Board Office.
- (4) Notice shall be given to the Board within thirty days of any change of address. Notice must be similarly given of the closing of any such physical offices. No form is provided for such notices but they must be in writing, and, whether in letter form or otherwise, they must be clearly headed with "Closing of Office," or similar wording.
- (5) Registration permits will expire on June 30 of each even numbered year beginning on June 30, 1984, and shall become renewable at least sixty (60) days prior to the expiration date.
- (6) In order to be eligible for registration renewal, the physical office must comply with the provisions for peer review as provided for in O.C.G.A. Section 43-3-17 and Chapter 20-13 of the Rules.

- (7) An application for original registration of an office registration, otherwise in order, filed more than 30 days after it is due must be accompanied by a penalty of \$250.00 in addition to the registration fee.
- (8) An application for renewal of an office registration, otherwise in order, filed after the June 30th expiration date must be accompanied by a penalty of \$250.00 in addition to the renewal fee. After June 30th, without an active firm registration, it is unlawful to practice public accountancy in this state. The late renewal period begins July 1st and ends September 30th.
- (9) An application for reinstatement of an office registration, otherwise in order, filed after September 30th must be accompanied by a reinstatement fee of \$1,150.00.

Authority O.C.G.A. Secs. 43-3-2, 43-3-8, 43-3-16, 43-3-17, 43-3-18, 43-3-20.

### **20-11-.02 Requirements. Amended.**

- (1) An applicant for renewal of his or her individual license to practice as a CPA must have completed 80 hours of acceptable continuing professional education, of which 16 hours shall be in accounting and auditing subjects, during the two-year period immediately preceding each biennial renewal date as a condition for renewal, except as provided under paragraphs (2) and (4) below. A minimum of 20 of the 80 hours will be earned in each year.
- (2) An applicant for renewal of his or her individual license to practice as a CPA who has been initially certified by this state for one year, but less than two, will have completed 40 hours of acceptable continuing professional education after the date of licensure but prior to the expiration date of his or her first license, of which at least 8 hours of continuing professional education reported shall be in accounting and auditing subjects, as a condition for renewal. An applicant who has been initially licensed as a CPA by this state for less than one year at the date of expiration of his or her first license shall not be required to have completed any hours of continuing professional education prior to that first expiration date as a condition for renewal.
- (3) "Accounting and auditing courses" for purposes of this section shall be defined as follows:
  - (a) Accounting-related courses shall include, but not be limited to courses which enhance or develop understanding of generally accepted accounting principles, particularly as they relate to presentation of financial statements, as promulgated by authoritative literature in the United States and pronouncements of the Financial Accounting Standards Board and the Governmental Accounting Standards Board.
  - (b) Auditing-related courses shall include, but not be limited to, courses which enhance or develop understanding of generally accepted auditing standards, particularly as they relate to reporting on financial statements (including related standards for compilation and review services) as promulgated by authoritative literature in the United States, including the Statement on Auditing Standards and the Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and standards issued by the Public Company Accounting Oversight Board as well as courses related to auditing in specialized industries (e.g., governmental auditing requirements) and environments (e.g., computer systems).

- (4) Up to fifteen hours of acceptable education completed during the period immediately preceding the renewal date of a license in excess of the requirements for such preceding period may be applied to satisfy the continuing professional education requirements of the following period. No carryover hours can be used to satisfy the accounting and auditing hours requirement provided for in this section.
- (5) Any licensee who has attained 70 years of age is exempt from the continuing professional education requirement for renewal of his or her individual license to practice public accountancy.
- (6) The Board may relax or suspend the requirements of continuing professional education for reasons of individual hardship or health of the applicant.

Authority O.C.G.A. Secs. 43-3-8, 43-3-18, 43-3-19.

#### **20-13-.04 Peer Review Oversight Committee**

- (1) The Board shall as it deems necessary, appoint a Peer Review Oversight Committee (“Committee”) which shall be chaired by a member of the Board. Members of the Committee shall serve at the pleasure of the Board and may include persons who are not members of the Board, but a majority of the members shall hold current licenses to practice public accountancy and be in good standing at all times while serving on the Committee. Committee members shall not be members of a Peer Review Committee described in Rule 20-13-.03.
- (2) The Committee shall assist the Board in implementation and administration of the requirements of this chapter and will have such duties as directed by the Board.

Authority O.C.G.A. Secs. 43-3-8, 43-3-17.