201 KAR 1:081. Firm license, renewal, and reinstatement.

RELATES TO: KRS 325.220(6), 325.301, 325.380

STATUTORY AUTHORITY: KRS 325.240(2), 325.301(4), (5), (6), (7), (8)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 325.240(2) authorizes the Kentucky State Board of Accountancy to promulgate administrative regulations for the administration of KRS Chapter 325. KRS 325.301(4) through (8) require the board to promulgate administrative regulations concerning applications, renewals, and related fees. This administrative regulation establishes the procedures for firms to obtain and renew a license to practice as required by KRS 325.301.

Section 1. Definitions.

(1) "Certified public accountant owner" means a certified public accountant with a current and active license to practice issued by a state board of accountancy and who is operating a public accounting firm as a:

(a) Shareholder in a corporation;

(b) Partner in a partnership or registered limited liability partnership;

(c) Member of a limited liability company; or

(d) Sole proprietor.

(2) "Firm" is defined by KRS 325.220(3).

(3) "Firm manager" is defined by KRS 325.220(4).

(4) "Nonlicensed owner of the firm" means a person referred to in KRS 325.301(3)(b).

Section 2. To obtain an initial license to practice, the firm manager shall submit:

(1) A completed Instate Application form; and

(2) A check or money order made payable to the Kentucky State Board of Accountancy in the amount of $100. This fee shall be nonrefundable.

Section 3. To obtain an initial license to practice, a sole proprietor shall submit:

(1) A completed Sole Proprietor Firm Application form; and

(2) The fee required by Section 2(2) of this administrative regulation.

Section 4. A certified public accountant shall:

(1) Have ultimate responsibility for all services provided by the firm;

(2) Have ultimate authority over any unit, division, or branch of the firm that performs attest services; and

(3) Comply with the Statement on Quality Control Standards, January, 2012, issued by the American Institute of Certified Public Accountants Auditing Standards Board, as incorporated by reference.

Section 5. A nonlicensed owner of the firm shall not sell or otherwise transfer any ownership interest in the firm to any person who fails to satisfy the requirements of KRS 325.301(3).

Section 6. Renewal of a Firm License.

(1) Except as provided in subsection (2) of this section, a firm manager shall renew a firm license by:

(a) Using the online Firm License Renewal System offered by the board at www.cpa.ky.gov; and

(b) Paying a nonrefundable renewal fee in the amount of $100.

(2) If a firm manager is unable to use the online procedure, he or she shall:

(a) Submit a written request to obtain a paper copy of the Firm License Renewal form to the Kentucky State Board of Accountancy, 332 W. Broadway, Suite 310, Louisville, Kentucky 40202;

(b) Complete and submit the form to the board; and

(c) Submit a check or money order made payable to the Kentucky State Board of Accountancy in the amount of $100. This fee shall be nonrefundable.

(3) A sole proprietor shall renew his or her firm license according to the procedures contained in this section.

Section 7.

(1) A firm manager who fails to renew the firm license by the August 1 deadline shall renew the license on or before September 1 by:

(a) Utilizing the online Firm License Renewal System offered by the board at www.cpa.ky.gov;

(b) Paying the nonrefundable $100 renewal fee; and

(c) Paying a nonrefundable $100 late fee.

(2) A firm manager shall correct any outdated or inaccurate information listed on the Firm License Renewal System except for a change in the name of the firm.

Section 8. A firm is prohibited from operating and holding out as a CPA firm if the firm license is expired for a period of more than one (1) month.

Section 9. Changes in firm information. A firm manager shall notify the board within thirty (30) days of any changes to the licensing information on file with the board by submitting a Firm Change form.

Section 10.

(1) Upon the death or retirement of a firm member which is composed of only two (2) certified public accountant owners, the board shall authorize the continuation of the use of the firm name by the surviving certified public accountant owner for a period of time not to exceed two (2) years from the date of the certified public accountant owner's death or retirement.

(2) The remaining certified public accountant owner shall advise the board in writing of this change within thirty (30) days of its occurrence.

Section 11. The firm name registered with the board shall be the firm name used in all circumstances.

Section 12.

(1) The following material is incorporated by reference:

(a) "Instate Firm Application", August, 2015;

(b) "Firm Change Form" August, 2015;

(c) "Firm Online License Renewal Process", August, 2015;

(d) "Firm License Renewal", January, 2015;

(e) "Statement on Quality Control Standards", January 2012; and

(f) "Sole Proprietor Firm Application", August, 2015.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the State Board of Accountancy, 332 W. Broadway, Suite 310, Louisville, Kentucky 40202, Monday through Friday, 8 a.m. to 4:30 p.m.

(20 Ky.R. 3343; Am. 21 Ky.R. 307; eff. 8-4-1994; 27 Ky.R. 589; eff. 10-16-2000; 38 Ky.R. 1465; 1834; eff. 6-1-2012; 42 Ky.R. 820; 1458; eff. 12-4-2015; Cert. eff. 12-2-2022.)