

325.301 Firms required to obtain license to practice in Kentucky -- Firms exempted from licensure requirement -- Criteria for license -- Peer Review Oversight Committee -- Administrative regulations.

- (1) The following firms shall obtain a license to practice in this state:
 - (a) Any firm with an office located in this state performing attest services, as defined in KRS 325.220; and
 - (b) Any firm with an office in this state that uses the title "CPA" or other phrase or abbreviation in any manner described in KRS 325.410 to suggest it is a certified public accounting firm.
- (2) A firm which does not have an office in this state that performs services described in KRS 325.220 for a client having its home office located in this state or a client who is a resident of this state shall not be required to obtain a license to practice in this state and may use the title "CPA" in the name of the firm if:
 - (a) The firm complies with the requirements contained in subsections (3)(a) and (10) of this section;
 - (b) All services provided by the firm are performed by an individual with a practice privilege granted under KRS 325.282; and
 - (c) The firm can legally provide the services in the state where the individual with a practice privilege has his or her principal place of business.
- (3) All firms required to obtain a license to practice in this Commonwealth shall meet the following requirements:
 - (a) Certified public accountants shall hold fifty-one percent (51%) or more of the ownership of the firm in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers of the firm;
 - (b) All owners of the firm who are not certified public accountants shall be natural persons actively engaged in the firm's operations and shall satisfy additional requirements established by the board through promulgation of an administrative regulation;
 - (c) The name of the firm shall comply with the requirements of KRS 325.380;
 - (d) All certified public accountants who are sole proprietors, partners, shareholders, members, officers, directors, or employees of a firm with an office located in this state, who regularly practice in this Commonwealth, shall maintain current licenses to practice issued by the board;
 - (e) Any individual licensee and any individual qualifying for a practice privilege under this chapter who is responsible for supervising attest services and signs or authorizes someone to sign the report on behalf of the firm shall meet the competency requirements established by the board through promulgation of an administrative regulation; and
 - (f) The firm shall comply with the provisions of this chapter, the administrative regulations promulgated by the board, and all other laws of this Commonwealth applicable to the firm's particular form of business organization.

- (4) Before a firm may practice in this Commonwealth, the firm manager shall:
 - (a) Submit an initial application which contains information required by the board through promulgation of an administrative regulation; and
 - (b) Pay a fee not to exceed two hundred dollars (\$200) established by an administrative regulation promulgated by the board.
- (5) The firm license shall be renewed on or before August 1 every two (2) years by the firm manager:
 - (a) Completing the renewal process according to the procedures as established in administrative regulation promulgated by the board; and
 - (b) Paying the renewal fee, which shall not exceed two hundred dollars (\$200), as established by administrative regulation promulgated by the board.
- (6) If a firm license has been expired for a period of less than one (1) month and the firm has not violated any other provision of this chapter or the accompanying administrative regulations promulgated thereunder, the firm manager may renew the license by:
 - (a) Satisfying all the requirements of this subsection, including any requirements established by the board through promulgation of an administrative regulation; and
 - (b) In addition to the renewal fee, paying a late fee not to exceed one hundred dollars (\$100).
- (7) A firm with a license expired for a period of longer than one (1) month after the date of expiration shall cease operating immediately. The firm shall not operate until the board approves the issuance of a new license to the firm.
- (8) Sole proprietors shall comply with the licensing requirements for firms under this section.
- (9) The firm manager shall notify the board in accordance with procedures established in an administrative regulation promulgated by the board, of any change in its licensing information within thirty (30) days. Any change in the name of a firm shall require the filing of an initial application.
- (10)
 - (a) All firms that perform attest or compilation services shall enroll in, schedule, undergo, and complete its peer review in an approved peer review program with standards that are equivalent to or better than the peer review program administered by the American Institute of Certified Public Accountants as determined by administrative regulations promulgated by the board.
 - (b) Every firm shall comply with any requirements or restrictions placed on its license as prescribed by the board in response to the results of peer reviews; and
 - (c) Every firm shall allow the sponsoring organization to provide the board access to the peer review documents via a secure Web site process, such as Facilitated State Board Access and its successor operated by the American Institute of Certified Public Accountants, or similar system operated by another equivalent sponsoring organization.

- (11) Nothing contained in this chapter shall require a certified public accountant or firm of certified public accountants licensed by another state to obtain a license to practice in this Commonwealth if the certified public accountant or firm of certified public accountants enters this Commonwealth solely to:
- (a) Conduct a peer review of a firm; or
 - (b) Perform attestation work, incidental to an engagement which was initiated with a client located outside of the Commonwealth and has extended into the Commonwealth due to common ownership or existence of a subsidiary, assets, or other operations located within the Commonwealth.
- (12) A Peer Review Oversight Committee may be appointed by the board to monitor the board-approved peer review program, including sponsoring organizations. The purpose of the committee is to provide reasonable assurance that peer reviews are being conducted and reported in accordance with peer review standards. The board shall promulgate an administrative regulation setting forth the process and procedures of the committee.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 24, sec. 2, effective July 14, 2018. -- Amended 2015 Ky. Acts ch. 107, sec. 5, effective June 24, 2015. -- Amended 2011 Ky. Acts ch. 31, sec. 2, effective June 8, 2011. -- Amended 2008 Ky. Acts ch. 101, sec. 6, effective July 15, 2008. -- Amended 2000 Ky. Acts ch. 99, sec. 7, effective July 14, 2000. -- Amended 1996 Ky. Acts ch. 24, sec. 2, effective July 15, 1996. -- Created 1994 Ky. Acts ch. 248, sec. 1, effective July 15, 1994.

Legislative Research Commission Note (7/14/2018). Under the authority of KRS 7.136(1), the Reviser of Statutes has modified the internal numbering of subsection (10) of this statute from the way it appeared in 2018 Ky. Acts ch. 24, sec. 2. The words in the text were not changed.

Legislative Research Commission Note: (6/24/2015). Under the authority of KRS 7.136(1), the Reviser of Statutes has changed the internal numbering of KRS 325.220 to place definitions in alphabetical order and changed references to that statute in subsections (1) and (2) of this statute to correspond. No words were changed in this process.