

PRACTICE MOBILITY AND GEORGIA

AN EXECUTIVE SUMMARY

The Mobility Issue can be summed up as having two components. The first component is the need for CPAs to be able to freely cross state lines to provide services without undue hindrance caused by various state regulations. The second is the need for a system that protects the public interest by providing for efficient and effective enforcement.

The current system does not work. Georgia, like most states, has adopted statutes and corresponding rules to provide temporary permits for CPAs licensed in other states to provide services in this state. Currently a non-resident CPA makes application and pays a fee to provide services to one client for one engagement for a limited period of time. Often the due date to complete the specified work falls before the date the temporary permit is finally granted.

Both NASBA and the AICPA have previously addressed the mobility issue in the Uniform Accountancy Act. Previous actions by the states in adopting the UAA have not resulted in uniform rules related to practice privilege but instead have added to the problem. NASBA and the AICPA have most recently attempted to address the issue by revising Sections 7, 14 and 23 of the Uniform Accountancy Act. Additionally, an AICPA task force concluded that unless the states made progress in solving the problem the only other recourse would be to seek federal legislation allowing cross border practice.

Both NASBA and AICPA have made a concerted effort to assist the states in addressing the issue. As of August 21, 2007 seventeen states have either adopted mobility, have legislative action in process or have taken first steps in that direction. Looking forward to 2008 it is expected that an additional 18 states will have activity related to mobility. Clearly the issue is being addressed by the states and critical mass is being reached.

Many of the states have addressed the issue through cooperative efforts of the state CPA society and the state board of accountancy. The Georgia Society of CPAs has created a task force to address the issue and to promote legislation to be introduced in the upcoming legislative session. This task force consists of the current President of the GSCPA, a recent past-president, board members of the GSCPA, a past Chairman of the Georgia State Board of Accountancy who was also regional director for NASBA, and the current chair and immediate past chair of the Georgia State Board of Accountancy.

It is the desire of the task force that any proposed legislation have the support of the Georgia State Board of Accountancy.

For mobility to work the states need to address the issue in a like a manner. Section 23 of the Uniform Accountancy Act as most recently revised provides a model for all of the states to use in resolving the issue. The GSCPA Mobility Task Force proposes to address the mobility issue in Georgia by:

- (1) Repealing the current rules and statutes related to temporary permits for non-resident CPAs and firms.

- (2) Amending various sections of Chapter 3 of Title 43 of the Official Code of Georgia to provide for the exercise of substantial equivalency practice privileges by non-resident CPAs and to adopt the provisions of Section 23 of the Uniform Accountancy Act which includes provisions that:

A. CPAs licensed in states that the National Qualification Appraisal Service of NASBA deems to be substantially equivalent with the NASBA and AICPA **UAA** will have practice privileges without registration in Georgia.

B. CPAs whose individual qualifications are deemed to be substantially equivalent will have practice privileges without registration in Georgia.

C. Qualifying CPAs will be able to provide service in this state in person or by mail, phone, electronic means without notice or fee (with the exception for certain attest services).

D. By exercising practice privileges under substantial equivalency CPAs and their firms consent to personal and subject matter jurisdiction and authority of the Georgia board, and consent to comply with our rules, CPAs and firms also consent to the appointment of the board of accountancy of their home state as their agent for service of process related to any action or proceeding by Georgia's board.

E. Notice will be required for CPAs and firms that perform engagements under Statements on Auditing Standards, Statements under Standards for Attestation Engagements or PCAOB Auditing Standards.

(3) The proposed amendment also includes revisions to various definitions, and sections where it is necessary to include the reference to those exercising substantial equivalency practice privileges.

(4) The proposed amendment currently includes language that allows non-CPA ownership of firms as long as the CPA ownership is at least 51%. This mirrors the **UAA (Uniform Accountancy Act)** and while not a necessary component of the mobility amendment, would certainly make implementation smoother.

In addition to the items related to mobility the task force has considered other items included in the Georgia statutes and is recommending the following revision that is not yet included in the proposed language:

Section 43-3-7 and any related rules are amended to replace the current two year public accounting experience and five year industry, government and education experience requirement with a one year experience requirement. The task force also recommends that the experience be verified rather than supervised. This also mirrors the UAA.