

# WEST VIRGINIA CODE: §30-9-2

## §30-9-2. Definitions.

As used in this article, the following words and terms have the following meanings, unless the context or associated language clearly indicates otherwise:

(1) "Affiliated entity" means an entity that controls, is controlled by, or is under common control with, a firm. For purposes of this definition, an entity controls another entity if the entity directly or indirectly or acting in concert with one or more other affiliated entities, or through one or more subsidiaries, owns, controls, or holds with power to vote, or holds proxies representing, more than 50 percent of the voting interest in such entity.

(2) "Assurance" means any act or action, whether written or oral, expressing an opinion or conclusion about the reliability of a financial statement or about its conformity with any financial accounting standards.

(3) "Attest services" means providing the following services:

(A) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(B) Any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(C) Any examination of prospective financial information to be performed in accordance with applicable Statements on Standards for Attestation Engagements (SSAE);

(D) Any engagement to be performed in accordance with the Auditing Standards of the Public Company Accounting Oversight Board (PCAOB); or

(E) Any examination, review, or agreed upon procedures engagement to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE), other than an examination described in paragraph (C) of this subdivision.

(4) "Audit" means expressing an opinion about the fairness of presentation of financial statements in accordance with the Statements on Auditing Standards.

(5) "Authorization" means an authorization issued pursuant to this article that entitles a permit holder or an individual practitioner to perform, attest, or compilation services.

(6) "Board" means the West Virginia Board of Accountancy.

(7) "Business entity" means any corporation, partnership, limited partnership, limited liability partnership, professional limited liability partnership, limited liability company,

professional limited liability company, joint venture, business trust or any other form of business organization. The term "business entity" includes a firm.

(8) "Certificate" means a certificate as a certified public accountant issued or renewed by the board pursuant to this article or corresponding provisions of prior law.

(9) "Certified public accountant" or "CPA" means the holder of a certificate.

(10) "Client" means a person or entity that agrees with a licensee or licensee's employer to receive any professional service.

(11) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person.

(12) "Compilation services" means providing a service performed in accordance with the Statements on Standards for Accounting and Review Services that presents, in the form of a financial statement, information that is the representation of management without an expression of assurance on the statement: *Provided*, That this definition does not apply to the use of the term "compilation" in §30-9-31 of this code.

(13) "Contingent fee" means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of the service. A fee fixed by a court, taxing authority, or other public authority is not a contingent fee.

(14) "Examination", when used with reference to prospective financial statements, means expressing an opinion about the fairness of presentation of financial information in accordance with the Statements on Standards for Attestation Engagements.

(15) "Financial statement" means a writing or other presentation, including accompanying notes, which presents, in whole or in part, historical or prospective financial position, results of operations or changes in financial position of any person, corporation, partnership, or other entity.

(16) "Firm" means any business entity, including, but not limited to, accounting corporations and professional limited liability companies, in which two or more certified public accountants or public accountants hold an ownership or membership interest, in terms of the financial interests and voting rights of all partners, officers, shareholders, members or managers, and the primary business activity of which is the provision of professional services to the public by certified public accountants or public accountants.

(17) "Firm ownership requirements" means, with respect to:

(A) Any professional limited liability company organized pursuant to §31B-13-1 *et seq.* of this code, consisting of one or more licensed certified public accountants or licensed public

accountants;

(B) Any other firm where:

(i) A simple majority of ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members or managers, belongs either to:

(I) Certified public accountants holding a certificate under §30-9-12 of this code or the equivalent provision of another state; or

(II) Public accountants who have met the continuing professional education requirements of §30-9-12(b) of this code and who are not subject to the exemption or limitation set forth in §30-9-12(b)(1) or (2) of this code or similar provisions of another state.

(ii) All owners of the firm who are not certified public accountants or public accountants are active participants in the firm or in affiliated entities.

(18) "Foreign" means any country other than the United States.

(19) "Home office" means the client's office address.

(20) "Individual practitioner" means a certified public accountant or a public accountant who offers professional services to the public, but who does not practice in a firm.

(21) "License" means a certificate, permit, registration, or authorization.

(22) "Licensee" means the holder of a license.

(23) "Manager" means a manager of a professional limited liability company.

(24) "Member" means a member of a professional limited liability company.

(25) "Nonlicensee" means a person or business entity that does not hold a license.

(26) "Out-of-state certificate" means a valid certificate as a certified public accountant or equivalent designation issued or renewed under the laws of another state: *Provided*, That "out-of-state certificate" does not include any certificate as a certified public accountant or equivalent designation that was issued or renewed solely by virtue of a holder's prior status as a public accountant or its equivalent in the state of issuance and not by virtue of the holder's having met the certification requirements of the state of issuance.

(27) "Out-of-state permit" means a valid permit as a firm of certified public accountants or another designation equivalent to a permit issued or renewed by the board and that is issued or renewed under the laws of another state.

(28) "Peer Review" means a study, appraisal, or review of one or more aspects of the professional work of a licensee by a person who holds a certificate or an out-of-state

certificate and who is not affiliated with the licensee being reviewed.

(29) "Permit" means a permit issued to a firm pursuant to this article.

(30) "Principal place of business" means the licensee's office location in the state where the licensee holds a certificate or registration.

(31) "Professional services" means those services that involve the specialized knowledge and skills of a certified public accountant or a public accountant delivered by any means, including, but not limited to, in person, by mail, telephone, or by electronic means.

(32) "Public accountant" means a person holding a registration who is not a certified public accountant.

(33) "Referral fee" means compensation for recommending or referring any service of a licensee to any person.

(34) "Registration" means a registration as a public accountant issued by the board pursuant to prior law governing the registration of public accountants and renewed by the board pursuant to this article.

(35) "Report", when used with reference to financial statements, means an opinion or disclaimer of opinion or other form of language or representation which states or implies any form of assurance or denial of assurance.

(36) "Rule" means any rule proposed for legislative approval by the board pursuant to this article.

(37) "State" means any state of the United States, the District of Columbia, Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, or Guam.

(38) "Substantial equivalency" or "substantially equivalent" means or refers to a determination by the West Virginia Board of Accountancy or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination, and experience requirements of the State of West Virginia, or that an individual certified public accountant's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act. In ascertaining substantial equivalency, as used in this article, the board shall take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.

(39) "Substantial equivalency practitioner" means any certified public accountant whose principal place of business is not in this state, who holds a certificate from another state and has complied with the provisions of §30-9-16 of this code.

(40) "Uniform Accountancy Act" means the most recent edition of the model act to regulate the practice of public accounting, jointly published by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy.

WV Legislature