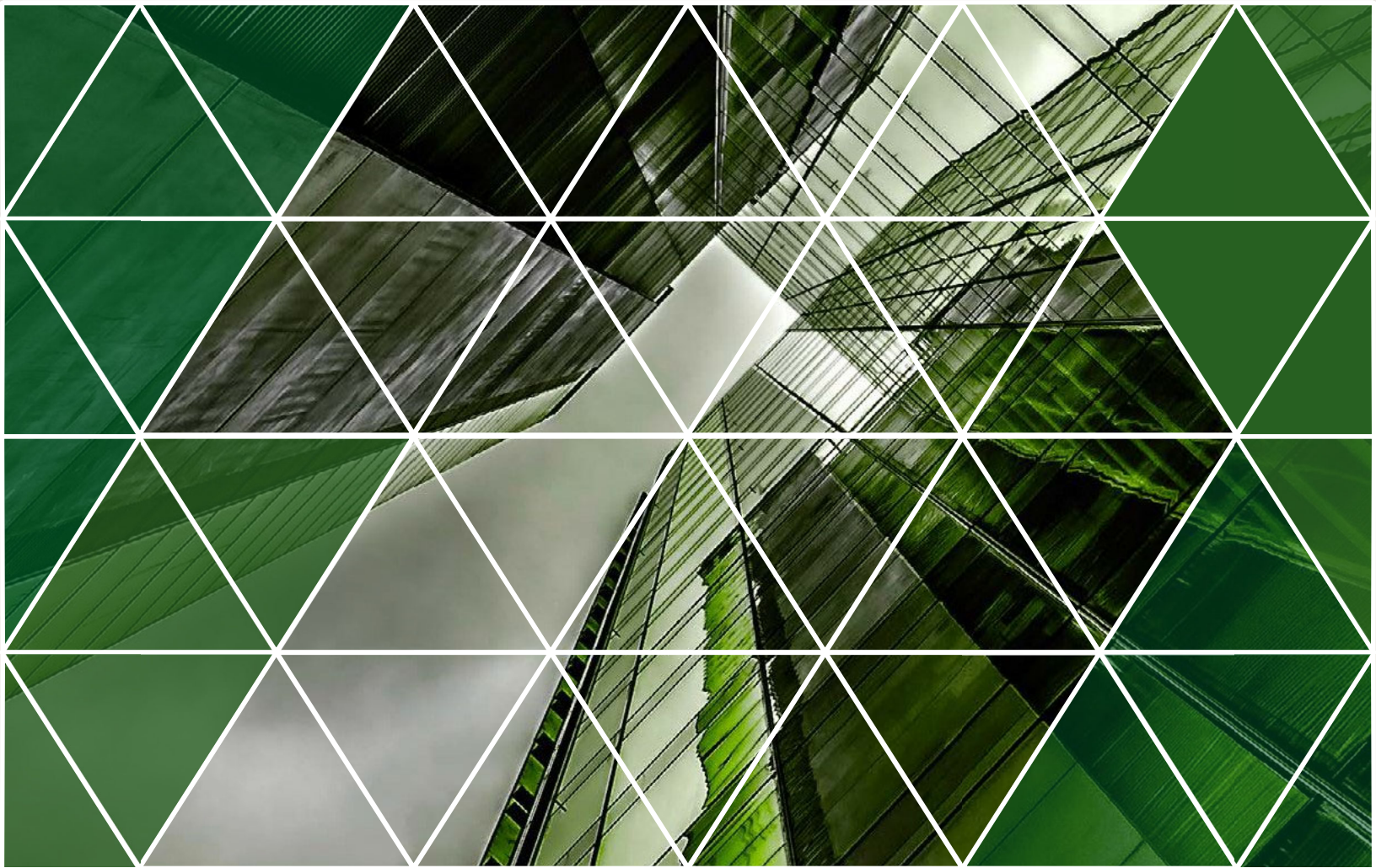


# UNIFORM ACCOUNTANCY ACT MODEL RULES

*November 2020*



*Published by the*  
*National Association of State Boards of*  
*Accountancy 150 4th Avenue North, Nashville, TN*  
*37219-2417*

**Copyright © 2020**  
**National Association of State Boards of Accountancy**  
**150 4th Avenue, North, Suite 700, Nashville, TN 37219-2417**

**All rights reserved. For information about the procedure for requesting permission to make copies of any part of this work, please contact the NASBA at [NASBA-UAA@nasba.org](mailto:NASBA-UAA@nasba.org). Otherwise, requests should be written and mailed to the Rights and Permissions Department, NASBA-UAA, 150 4th Avenue, North, Suite 700, Nashville, TN 37219-2417.**

1 2 3 4 5 6 7 8 9 0 SR 9 9 8

**UNIFORM ACCOUNTANCY ACT MODEL RULES**  
**Table of Contents**

	<b>INTRODUCTORY COMMENTS.....</b>	<b>Rules-I-5</b>
	<b>PREAMBLE.....</b>	<b>Rules-Pre-1</b>
<b>Rule</b>	<b>.....</b>	<b>Page</b>
	 <b>ARTICLE 3 - DEFINITIONS</b>	
3-1	Terms used in these rules .....	3-1
3-2	Agreed upon procedure.....	3-1
3-3	Audit .....	3-1
3-4	Professional engagement.....	3-2
3-5	Continuing Professional Education .....	3-2
3-6	CPE reporting period .....	3-2
3-7	Subject matter expert.....	3-2
3-8	Technical committee.....	3-2
3-9	Technical fields of study .....	3-2
3-10	Non-technical fields of study.....	3-3
	 <b>ARTICLE 4 - STATE BOARD OF ACCOUNTANCY</b>	
4-1	Board meetings .....	4-1
4-2	Election and tenure of officers.....	4-1
4-3	Duties of officers .....	4-1
4-4	Fees.....	4-1
4-5	Obligation of licensees to notify the Board of changes of address and other information.....	4-2
4-6	Communications .....	4-2
	 <b>ARTICLE 5 - CERTIFIED PUBLIC ACCOUNTANTS</b>	
5-1	Education requirements - definitions .....	5-1
5-2	Education requirements – determining compliance of the applicant’s education.....	5-2
5-3	Applications for examination .....	5-5
5-4	Time and place of examination.....	5-6
5-5	Examination content.....	5-6
5-6	Determining and reporting examination grades.....	5-6
5-7	Retake and granting of credit requirements .....	5-6
5-8	Candidate testing fee .....	5-7
5-9	Cheating.....	5-7
5-10	Security and irregularities .....	5-9
5-11	Good moral character .....	5-9
	 <b>ARTICLE 6 - ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION AND RECIPROCITY</b>	
6-1	Applications .....	6-1

6-2	Experience required for initial certificate .....	6-1
6-3	Evidence of applicant's experience .....	6-1
6-4	Continuing professional education requirements for renewal or reactivation of a certificate, license or registration .....	6-2
6-5	Activities qualifying for continuing professional education credit .....	6-4
6-6	Continuing professional education records.....	6-6
6-7	CPE reciprocity.....	6-8
6-8	Exceptions.....	6-9
6-9	Interstate practice .....	6-10
6-10	International reciprocity.....	6-11
6-11	Peer review for certificate holders who do not practice in a licensed firm .....	6-12

## **ARTICLE 7 - PERMITS TO PRACTICE -- FIRMS**

7-1	Applications.....	7-1
7-2	Notification of firm changes.....	7-1
7-3	Peer review definitions .....	7-2
7-4	Enrollment in board-approved peer review program.....	7-3
7-5	Submission of peer review documents .....	7-4
7-6	Approved peer review sponsoring organizations, programs and peer review standards .....	7-5
7-7	Peer review oversight committee.....	7-6
7-8	Internet practice.....	7-7
7-9	Attest documentation and retention .....	7-7
7-10	Unregistered firm compliance with applicable peer review documentation requirements .....	7-7

## **ARTICLE 10 - ENFORCEMENT ACTIONS AGAINST LICENSEES**

10-1	Grounds for enforcement actions against licensees.....	10-1
10-2	Return of certificate, registration or permit to practice .....	10-3
10-3	Applicable standards.....	10-3

## **ARTICLE 11 - ENFORCEMENT PROCEDURES -- INVESTIGATIONS**

11-1	Review of professional work product .....	11-1
11-2	Reporting convictions, judgments, and administrative proceedings .....	11-1
11-3	Participation in multistate enforcement compacts .....	11-3

## **ARTICLE 13 - REINSTATEMENT**

13-1	Applications for relief from disciplinary penalties.....	13-1
13-2	Action by the Board.....	13-1

## **ARTICLE 14 - UNLAWFUL ACTS**

14-1	CPA firm names.....	14-1
14-2	Safe harbor language.....	14-3

## **ARTICLE 23 - SUBSTANTIAL EQUIVALENCY**

23-1	Substantial equivalency and internet practice.....	23-1
23-2	Practice in other states through substantial equivalency.....	23-1

<b>23-3</b>	<b>Reporting moral character violations.....</b>	<b>23-1</b>
<b>23-3</b>	<b>Continuing professional education requirements for practice privileges .....</b>	<b>23-1</b>

# **Uniform Accountancy Act**

## **Model Rules**

---

**National Association of State Boards of Accountancy**

---

## **Introductory Comments**

**These Uniform Accountancy Rules (“Rules”) have been prepared by the National Association of State Boards of Accountancy (“NASBA”) as part of its continuing effort to update and promote uniformity in the regulatory schemes governing the practice of accountancy in the various jurisdictions.**

**These Rules are keyed to the Uniform Accountancy Act (“Uniform Act”) – Eighth Edition in several respects. Like most rules of administrative agencies they are intended in a general sense to implement or to explain specific statutory provisions governing the operations of the agency concerned; thus, in those cases where it appears appropriate for a Rule to contain a reference to a statutory provision, the reference provided in these Rules is to a provision of the Uniform Act. The organizing pattern of the Rules also reflects that of the Uniform Act: the numbered Articles under which the Rules are grouped correspond to section numbers in the Uniform Act.**

**The Rules are not intended to depend entirely upon the Uniform Act, or to be suitable for adoption only in jurisdictions where the accountancy law corresponds to the Uniform Act. Where the law that is in force varies from the Uniform Act, modifications may be necessary to adapt the Rules to the pertinent statute.**

## **Preamble**

**These Rules are adopted by the \_\_\_\_\_ Board of Accountancy, pursuant to its authority under the [Public] Accountancy Act of 20\_\_\_. Their purpose is to promote and protect the public interest by implementing the provisions of that Act, which provide for the issuance and renewal of certificates as certified public accountants; the renewal of registrations to public accountants; the issuance and renewal of permits to firms; and the regulation of licensees, all to enhance the reliability of information which is used for guidance in financial transactions or accounting for or assessing the financial status or performance of commercial, noncommercial and governmental enterprises.**



### **ARTICLE 3 DEFINITIONS**

#### **Rule 3-1 - Terms used in these rules.**

For purposes of these Rules the following terms have the meanings indicated:

- (a) “Act” means the [Public] Accountancy Act of \_\_\_\_\_, \_\_\_\_\_  
[statutory reference].
- (b) “Financial statements” means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with Generally Accepted Accounting Principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.
- (c) For purposes of the definition of "attest" as provided in Section 3(b) of the Act, the Board adopts and incorporates by reference:
  - (1) Each of the following as issued by the AICPA and including subsequent amendments and editions:
    - (A) The Statements on Auditing Standards (SAS),
    - (B) The Statements on Standards for Accounting and Review Services (SSARS), and
    - (C) The Statements on Standards for Attestation Engagements (SSAE);
  - (2) The standards and rules adopted by the PCAOB including subsequent amendments and editions.

*COMMENT:* This is the adoption by reference required by UAA 3(b). This adoption is in addition to “applicable standards” set forth in Rule 10-3. Caution: Some jurisdictions have constitutional or statutory restrictions limiting or prohibiting evergreen adoptions by reference, and require that only specific, dated versions of standards be adopted.

#### **Rule 3-2 – Agreed upon procedure.**

An “agreed-upon procedures engagement” is one which is to be performed in accordance with applicable attestation standards and is one in which a licensee is engaged to issue a written finding(s) that (i) is based on specific procedures that the specified parties agree are sufficient for their purposes, (ii) is restricted to the specified parties, and (iii) does not provide an opinion or negative assurance.

#### **Rule 3-3 - Audit.**

“Audit” means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness with which the historical financial information is presented in conformity with Generally

**Accepted Accounting Principles, another comprehensive basis of accounting, or a basis of accounting described in the report.**

**Rule 3-4 – Professional engagement.**

**"Professional engagement" means an agreement between a client and a licensee relative to the performance of professional services and the services performed under this agreement.**

**Rule 3-5 – Continuing Professional Education (CPE).**

**Continuing Professional Education (CPE) is an integral part of the lifelong learning required to provide competent service to the public. It is the set of activities that enables CPAs to maintain or improve their professional competence.**

**Rule 3-6 – CPE reporting period.**

**A “CPE reporting period” is the period of time as to which a licensee in this State must report or attest to the completion of CPE requirements to the Board of Accountancy.**

**Rule 3-7 - Subject matter expert.**

**A “subject matter expert” is a person who is an authority in a particular area or topic. A subject matter expert is involved in developing CPE materials where knowledge expertise is needed.**

**Rule 3-8 - Technical committee.**

**A “technical committee” is a committee that serves as a resource to identify issues regarding the practice of accountancy and develop technical or policy recommendations on those issues.**

**Rule 3-9 - Technical fields of study.**

**“Technical fields of study” are technical subjects that contribute to the maintenance and/or improvement of the competence of a CPA in the profession of accountancy and that directly relate to the CPA’s field of business. These fields of study include, but are not limited to:**

- (a) Accounting;**
- (b) Accounting (Government);**
- (c) Auditing;**
- (d) Auditing (Government);**
- (e) Business Law;**

- (f) **Economics;**
- (g) **Finance;**
- (h) **Information Technology;**
- (i) **Management Services;**
- (j) **Regulatory Ethics;**
- (k) **Specialized Knowledge;**
- (l) **Statistics; and**
- (m) **Taxes.**

*COMMENT:* The technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, [www.nasbaregistry.org](http://www.nasbaregistry.org), and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each technical subject area and examples of the types of topics that might be included in each area.

#### **Rule 3–10 – Non-technical fields of study.**

**“Non-technical fields of study” are subjects that contribute to the maintenance and/or improvement of the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:**

- (a) **Behavioral Ethics;**
- (b) **Business Management & Organization;**
- (c) **Communications and Marketing;**
- (d) **Computer Software & Applications;**
- (e) **Personal Development;**
- (f) **Personnel/Human Resources; and**
- (g) **Production.**

*COMMENT:* The non-technical subjects are further defined in the “Fields of Study” document, as published on NASBA’s website, [www.nasbaregistry.org](http://www.nasbaregistry.org), and included in the “Statement on Standards for Continuing Professional Education (CPE) Programs,” appended to the Uniform Accountancy Act. The “Fields of Study” document provides descriptions of each non-technical subject area and examples of the types of topics that might be included in each area.

**ARTICLE 4**  
**STATE BOARDS OF ACCOUNTANCY**

**Rule 4-1 – Board meetings.**

The Board shall meet at least \_\_\_\_ times each year. The chair or a quorum of the Board shall have the authority to call meetings of the Board. The Board shall follow and apply the rules of procedure, \_\_\_\_\_ [statutory reference], as regards notice and conduct of meetings.

**Rule 4-2 – Election and tenure of officers.**

The Board shall elect annually from among its members a chair, a vice-chair, and such other officers as the Board may require. The officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected. They shall serve a term of one year, but shall be eligible for reelection.

**Rule 4-3 – Duties of officers.**

The chair or, in the event of the chair's absence or inability to act, the vice-chair shall preside at all meetings of the Board. The Board shall determine other duties of the officers.

**Rule 4-4 – Fees.**

Fees charged by the Board shall be as follows:

- |     |  |          |
|-----|--|----------|
| (a) | Examination applications   | \$ _____ |
| (b) | Administration of examination, per section                                   | \$ _____ |
| (c) | Initial issuance of certificate  | \$ _____ |
| (d) | Renewal of certificate or registration                                       | \$ _____ |
| (e) | Initial firm permits   | \$ _____ |
| (f) | Renewal of firm permits, except for sole practitioners                       | \$ _____ |
| (g) | Renewal of firm permits for sole practitioners                               | \$ _____ |
| (a) | Delinquency fee for permit, certificate or registration renewal applications | \$ _____ |
| (i) | Copies of records, per page  | \$ _____ |
| (j) | Applications for reinstatement   | \$ _____ |
| (k) | Annual reports of the Board, per copy  | \$ _____ |

**(l) Other fees (The Board may charge other fees as required) \$\_\_\_\_\_**

**Rule 4-5 - Obligation of licensees to notify the Board of changes of address and other information.**

**Each licensee shall notify the Board in writing within thirty (30) days of any change of address or, in the case of individual licensees, change of employment.**

**Rule 4-6 - Communications.**

**A licensee or anyone using practice privileges pursuant to Sections 7 or 23 of the Act shall respond in writing to any registered or certified communication from the Board requesting a response. Unless otherwise specified in the Board's communication, the response must be sent within thirty (30) days of the date of such communication.**

**ARTICLE 5**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Rule 5-1 - Education requirements – definitions.**

- (a) **“Semester credit hour” (SCH) means the conventional college semester credit hour. “Quarter credit hours” may be converted to semester credit hours by multiplying them by two-thirds; i.e., one quarter credit hour equals two-thirds of a semester credit hour.**
- (b) **“College(s) or university(ies)” means Board-recognized institution(s) of higher education accredited by Board-recognized accrediting organizations.**
- (c) **“Accredited” or “Accreditation” reflects the quality control of the education process provided by Board-recognized accreditation organizations. In determining acceptable accreditation organization, the Board may recognize a Council for Higher Education (CHEA) recognized accreditation organization. These Rules refer to three levels of accreditation. Level 1 represents the most comprehensive review at the accounting program level and Level 3 is the least comprehensive review at the college or university level. Colleges or universities without accreditation, as defined below, would generally lack any level of accreditation including the college or university, the business school or program (“business school”), and/or the accounting department or program (“accounting program”).**
  - (1) **Level 1 accreditation – the accounting program. In a Level 1 accreditation, the college or university must meet the business accreditation standards plus the additional accounting accreditation standards to achieve supplemental accounting accreditation. This level applies to an accounting program that is accredited by an organization recognized by the Council for Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the Association to Advance Collegiate Schools of Business-International (AACSB). Accredited accounting programs have met standards substantially higher and much more specific than those required for Level 2 or Level 3 accreditation.**
  - (2) **Level 2 accreditation – the business school. In a Level 2 accreditation, the college or university and the business school are accredited, but the accounting program is not separately accredited. This level applies to a business school that is accredited by an organization recognized by the Council for Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the AACSB or the Association of Collegiate Business Schools and Programs (ACBSP).**
  - (3) **Level 3 accreditation – the college or university. In a Level 3 accreditation, the college or university is accredited, but neither the business school nor the accounting program meet Level 1 or Level 2 accreditation requirements. This level applies to a degree-granting college or university that is not accredited at Level 1 or Level 2, but is accredited by an**

organization currently recognized by the Board as an accrediting organization, such as Higher Learning Commission, Middle States Commission on Higher Education, New England Commission on Higher Education, Northwest Commission on Colleges and Universities, Southern Association of Colleges and Schools Commission on Colleges, and WASC Senior College and University Commission.

- (4) College or university without accreditation – an educational institution or entity that does not have an accreditation of either the college or university, business school, or accounting program; or a college or university accredited by organizations not recognized by the Board.
- (d) “Integration of subject matter” means a program of learning where certain subjects, which may be standalone courses in some colleges or universities, are integrated or embedded within related courses. Colleges or universities that use an integrated approach to cover such multiple course subjects should provide evidence of the required coverage pursuant to Rule 5-2(d). Acceptance of integration of any subject matter requires Board approval.
- (e) “Ethics” means a program of learning that provides students with a framework of ethical reasoning, professional values and attitudes for exercising professional skepticism and other behavior that is in the best interest of the public and profession. At a minimum, an ethics program should provide a foundation for ethical reasoning and the core values of integrity, objectivity and independence.
- (f) “Internship” means faculty pre-approved and appropriately supervised short-term work experience, usually related to a student’s major field of study, for which the student earns academic credit.
- (g) “Independent study” means academic work selected or designed by the student with the pre-approval of the appropriate department of a college or university under faculty supervision. This work typically occurs outside of the regular classroom structure.

**Rule 5-2 - Education requirements - determining compliance of the applicant’s education.**

- (a) These requirements are intended to provide a foundation in accounting and business course subjects. The program should:
  - (1) Develop the skills required to apply the knowledge attained (including skills in communications, critical thinking, research and analysis).
  - (2) Include and emphasize ethical behavior, professional skepticism and judgment, and professional responsibility.
  - (3) Provide the highest quality instruction in subjects that clearly contribute to the knowledge, skills and abilities necessary to meet the public’s expectations of a CPA.

- (b) For purposes of Section 5(c) of the Uniform Accountancy Act, an applicant will be deemed to have met the education requirement(s) if the Board has determined the applicant has met the requirements of Rule 5-2(c) and Rule 5-2(d), together with appropriate consideration of Rule 5-2(a).**
- (c) While the Board can rely on the accreditation to assess the overall quality of the educational institutions, the Board will also review transcripts to ascertain appropriate accounting and business contents regardless of the level of accreditation. Determining compliance of the applicant's education shall be accomplished through the Board's use of the following procedures:**

  - (1) Reliance on accreditation, as defined in Rule 5-1(c), of the college or university, from which the candidate has obtained the necessary degree and hours as defined in Rule 5-2(d) for purposes of determining the acceptability of the degree and the amount of detailed review required for compliance with the accounting and business content. The Board may place significant reliance on the quality of accounting and business courses included in accounting degrees from Level 1 colleges or universities, however, the Board should complete a transcript review to ascertain appropriate coverage of accounting and business content in accordance with Rule 5-2(d). The Board may place reliance on the quality of the business courses included in business degrees from colleges or universities with Level 2 accreditation, however, the Board should complete a transcript review to ascertain appropriate coverage of accounting and business content in accordance with Rule 5-2(d), including a more thorough review of the accounting content than from Level 1 colleges or universities. Transcripts from a Level 3 college or university would require more detailed review by the Board for compliance with the accounting and business content. Degrees from colleges or universities without accreditation or with accreditation by an organization not recognized by the Board would generally not be acceptable.**
  - (2) Reliance on other procedures and information where the degree and/or courses were obtained from a college or university(s) not meeting the accreditation requirements of Rule 5-2(c)(1). Accepting degrees or courses under Rule 5-2(d) should only be based on evidence of acceptable course content, instruction and quality as would be expected by accreditation and as approved by the Board.**
  - (3) Reliance on other procedures and information where the requirements of Rule 5-2(d) are met by integration of subject matter. The requirements set forth in Rule 5-2(e) should be used to determine compliance.**
- (d) An applicant shall be deemed to have satisfied the education requirements if the following conditions are met:**

  - (1) Earned a graduate degree and/or a baccalaureate degree at a college or university that is accredited, as described in Rule 5-1(c);**



- (2) Earned a minimum of six SCH at the undergraduate level or three SCH at the graduate level of principles or introductory accounting and a minimum of 24 SCH (or the equivalent) of accounting content at the undergraduate or graduate level requiring a minimum of three SCH in each of the subject-matter content areas listed in Rule 5-2(d)(2)i, through iv below, and a minimum of twelve SCH in some or all of the subject-matter content areas listed in Rule 5-2(d)(2)v through xvii below:
- (i) Financial accounting and reporting for business organizations
  - (ii) Financial statement auditing
  - (iii) Taxation
  - (iv) Accounting information systems
  - (v) Financial accounting and reporting for government and not-for-profit entities
  - (vi) Attestation engagements
  - (vii) Managerial or cost accounting
  - (viii) Mergers and acquisitions
  - (ix) Tax and financial planning
  - (x) Fraud examination
  - (xi) Internal controls and risk assessment
  - (xii) Financial statement analysis
  - (xiii) Accounting research analysis
  - (xiv) Tax research and analysis
  - (xv) Data analytics, data interrogation techniques, and/or digital acumen in an accounting context, whether taken in the business school or in another college or university program, such as the engineering, computer science, or math programs
  - (xvi) Ethics (accounting course)
  - (xvii) Other accounting -related content areas included in the Uniform CPA Examination Blueprints or as may be approved by the Board.
- (3) Earned a minimum of two SCH in research and analysis relevant to the course content described in 5-2(d)(2) through a standalone undergraduate and/or graduate accounting course, or two SCH integrated throughout the undergraduate and/or graduate accounting curriculum. Colleges or universities must provide evidence of coverage under integration as specified in Rule 5-2(e). The SCH earned through a standalone course in research and analysis in accounting may fulfill two of the SCH of the accounting subject matter requirements in Rule 5-2(d)(2).
- (4) Earned a minimum of 24 SCH (or the equivalent) of business courses, other than accounting, at the undergraduate and/or graduate level, covering some or all of the following subject-matter content:
- (b) Business law
  - (ii) Economics
  - (iii) Management
  - (iv) Marketing
  - (v) Finance
  - (vi) Business communications

- (vii) **Statistics**
  - (viii) **Quantitative methods**
  - (ix) **Information systems or technology**
  - (x) **Data analytics, data interrogation techniques, and/or digital acumen, whether taken in the business school or in another college or university program, such as the engineering, computer science or math programs.**
  - (xi) **Ethics (business course)**
  - (xii) **Other business-related content areas included in the Uniform CPA Examination Blueprints or as may be approved by the Board.**
- (5) **Earned a minimum of two SCH in communications in an undergraduate and/or a graduate course listed or cross-listed as an accounting or business course or two SCH integrated throughout the undergraduate or graduate accounting or business curriculum. Colleges or universities must provide evidence of coverage under integration as specified in 5-2(e). The SCH earned through a standalone course in communications may fulfill two SCH of the subject matter requirements of Rule 5-2(d)(4).**
- (6) **Earned a minimum of three SCH in an undergraduate and/or a graduate course listed or cross listed as an accounting or business course in ethics as defined in Rule 5-1(e). A standalone three SCH course in ethics may count towards meeting the accounting or business course requirements of Rule 5-2(d)(2) or Rule 5-2(d)(4). As an alternative, colleges or universities may choose to integrate the course throughout the undergraduate and/or graduate accounting or business curriculum. Universities must provide evidence of coverage under integration as specified in Rule 5-2(e). Proof of coverage may be provided through specific evaluation by a specialized or professional accrediting organization recognized by the Board, in which evidence is provided to assure the Board that the program of learning defined in Rule 5-1(e) has been adequately covered and at the equivalent of the three SCH minimum. Alternate methods for proof of ethics coverage may be determined and approved by the Board following careful scrutiny.**
- (7) **A maximum of nine SCH for internships and independent study, as defined in Rule 5-1(f) and Rule 5-1(g), may count towards meeting the education requirement of Section 5(c) of the Uniform Accountancy Act. However, of the nine SCH, a maximum of three SCH may apply to accounting content required under Rule 5-2(d)(2) and a maximum of three SCH may apply to business courses required under Rule 5-2(d)(4).**
- (e) **Colleges or universities that use an integration of subject matter approach to meet the requirements of Rule 5-2(d)(3, 5 or 6) must provide evidence that the respective subjects adequately cover the desired content, with acceptable instruction and quality to attain the objectives. Proof of coverage may be provided through specific evaluation by a specialized or professional accrediting organization recognized by the Board. Alternate methods for proof of coverage may be determined and approved by the Board following careful scrutiny.**

**Rule 5-3 - Applications for examination.**

- (a) The examination required in subsection 5(d) of the Act will be the Uniform CPA Examination developed and scored by the AICPA.**
- (b) Applications to take the examination must be made on a form provided by the Board or the Board's designee and filed with the Board or its designee by a due date specified by the Board in the application form.**
- (c) An application will not be considered filed until the application fee and examination fee required by these Rules and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that the Candidate has satisfied the education requirement.**
- (d) A Candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination.**
- (e) The Board or its designee will forward notification of eligibility for the examination to NASBA's National Candidate Database.**

**Rule 5-4 - Time and place of examination.**

**Eligible Candidates shall be notified of the time and place of the examination, or shall independently contact the Board, the Board's designee or a test center operator to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with Rule 5-7(a) below.**

**Rule 5-5 - Examination content.**

**The examination required by Section 5 of the Act shall test the knowledge and skills required for performance as a newly licensed certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.**

**Rule 5-6 – Determining and reporting examination grades.**

**A Candidate shall be required to pass all Test Sections of the examination provided for in subsection 5(d) of the Act as one component of qualifying for a license. Upon receipt of advisory grades from the examination provider, the Board will review and may adopt the examination grades and will report the official results to the Candidate. The Candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Board.**

**Rule 5-7 – Retake and granting of credit requirements.**

- (a) A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for a period of eighteen (18)**

months and be calculated from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.

- (1) Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.
  - (2)
    - (A) Subject to subsection 7(a)(2)(B), Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.
    - (B) If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (A) will no longer be effective, and a Candidate can retake a Test Section once their grade for any previous attempt of that same Test Section has been released.
  - (3) In the event all Test Sections of the examination are not passed within the rolling eighteen (18) month period, credit for any Test Section(s) passed outside the eighteen (18) month period will expire and that Test Section(s) must be retaken.
- (b) A Candidate shall retain credit for any and all Test Sections of the examination passed as a candidate of another state if such credit would have been given under then applicable requirements in this State.
  - (c) A Candidate shall be deemed to have passed the examination once the Candidate holds at the same time valid credit for passing each of the Test Sections of the examination. For purposes of this section, credit for passing a Test Section of the examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives notice of the passing grade.
  - (d) Notwithstanding subsection (a) of this Rule, the Board may in particular cases extend the term of credit validity upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.

#### **Rule 5-8 – Candidate testing fee.**

The Candidate shall, for each Test Section scheduled by the Candidate to the Board or its designee, pay a Candidate Testing Fee that includes the actual fees charged by the AICPA, NASBA, and the Test Delivery Service Provider, as well as reasonable application fees established by the State Board.

**Rule 5-9 – Cheating.**

- (a) Cheating by a Candidate in applying for, taking or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a Candidate on any Test Section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.**
- (b) For purposes of this Rule, the following actions or attempted activities, among others, may be considered cheating:**

  - (1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;**
  - (2) Communication between Candidates inside or outside the test site or copying another Candidate's answers while the examination is in progress;**
  - (3) Communication with others inside or outside the test site while the examination is in progress;**
  - (4) Substitution of another person to sit in the test site in the stead of a Candidate;**
  - (5) Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the Candidate as part of the examination) inside or outside the test site while the examination is in progress;**
  - (6) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so, or otherwise participating in the collection of Test Items for use, redistribution or sale;**
  - (7) Retaking or attempting to retake a Test Section by an individual holding a valid Certificate or by a Candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a "secret shopper" program.**
- (c) In any case where it appears that cheating has occurred or is occurring, the test administrator may summarily expel the Candidate from the examination in accordance with the client practice for the Uniform CPA Examination.**
- (d) In any case where the Board believes that it has evidence that a Candidate has engaged in cheating, including those cases where the Candidate has been expelled from the examination, the Board shall conduct an investigation and may conduct a hearing consistent with the requirements of the state's Administrative Procedures Act following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:**

- (1) Whether the Candidate shall be given credit for any portion of the examination completed in that session; and
  - (2) Whether the Candidate shall be barred from taking the examination and if so, for what period of time.
- (e) In any case where the Board or its representative permits a Candidate to continue taking the examination, it may depending on the circumstances:
  - (1) Admonish the Candidate;
  - (2) Complete a Center Problem Report (CPR);
  - (3) Confiscate any prohibited items; and/or
  - (4) Notify the administrator's and NASBA's security personnel.
- (f) In any case in which a Candidate is refused credit for any Test Section of an examination taken, disqualified from taking any Test Section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other state to which the Candidate may apply for the examination information as to the Board's findings and actions taken.

**Rule 5-10 – Security and irregularities.**

Notwithstanding any other provisions under these Rules, the Board may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

**Rule 5-11 - Good moral character.**

- (a) Applicants have the burden of demonstrating good moral character as defined by Section 5(b) of the Act in the manner specified by the Board in its application forms.
- (b) Prima facie evidence of a lack of good moral character includes, but is not limited to:
  - (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.**

**COMMENT:** Most states use the term “revoke,” “revocation,” “suspend,” or “suspension” to refer to removing a license on disciplinary grounds. However, state boards should be aware that some jurisdictions use the term “revoke” to refer to forfeitures for administrative reasons such as failure to renew a license or to comply with CPE requirements which in and of themselves would not necessarily constitute a lack of good moral character.

- (c) **Factors which the Board may consider in determining rehabilitation of good moral character include, but are not limited, to the following: Completion of criminal probation, restitution, community service, military or other public service, the passage of time without the commission of any further crime or act demonstrating a lack of good moral character under subsection (b), the expungement of any conviction, or reduction of a conviction from a felony to misdemeanor.**





**ARTICLE 6**  
**ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES**  
**AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION**  
**AND RECIPROCITY**

**Rule 6-1 - Applications.**

- (a) Applications for initial certificates and for renewal of certificates and registrations pursuant to the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no later than 60 days prior to the expiration date set by these Rules. Applications will not be considered filed until the applicable fee prescribed in the Rules is received. If an application for renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in the Rules.**
- (b) Applications for renewal of certificates or registrations shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under Section 6(d) of the Act and of these Rules.**

**Rule 6-2 - Experience required for initial certificate.**

**The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f) of the Act shall meet the requirements of this rule.**

- (a) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.**
- (b) The applicants shall have their experience verified to the Board by a licensee as defined in the Act or an individual licensed in another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.**
- (c) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.**

**Rule 6-3 - Evidence of applicant's experience.**

- (a) Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon request by the Board, explain in writing or in person the basis for such refusal.**
- (b) The Board may require anyone who has furnished evidence of an applicant's experience to substantiate the information.**

- (c) Any applicant may be required to appear before the Board or its representative to supplement or verify evidence of experience.
- (d) The Board may inspect documentation relating to an applicant's claimed experience.

**Rule 6-4 – CPE requirements for renewal or reactivation of a certificate, license or registration.**

**The following requirements of CPE apply to the renewal or reactivation of certificates, licenses and registrations pursuant to Section 6(d) of the Act.**

- (a) A person who obtains a certificate, license or registration for the first time shall complete at least forty (40) credits of acceptable CPE during the first full annual period following the year in which the original certificate, license or registration was obtained. There is no provision for carry-over from an annual period in which CPE was not required.
- (b) An applicant seeking renewal of a certificate, license or registration from a Board shall assert in a manner acceptable to the Board, that the applicant for renewal meets all of the following CPE requirements:
  - (1) Completion of a minimum of twenty (20) CPE credits during each annual period included in the CPE reporting period.
  - (2) Completion of a minimum of an average of no fewer than forty (40) CPE credits for each annual period included within the CPE reporting period.
  - (3) Completion of an average of two (2) ethics CPE credits for each annual period included within the CPE reporting period.
  - (4) Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study. Qualifying subject areas for CPE are categorized as either technical or non-technical fields of study as set forth in Rules 3-9 and 3-10 above. Subjects other than technical and non-technical fields of study may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subjects or specific programs contribute to the maintenance and/or improvement of the licensee's professional competence.

**COMMENT:** The following chart sets forth the CPE requirements detailed in Rule 6-4(b)(1)-(4) above.

<b>CPE Reporting Period</b>	<b>Total CPE credits required per reporting period</b>	<b>Minimum CPE credits required in each annual period in the reporting period</b>	<b>Qualifying ethics credits required per CPE reporting period</b>	<b>Minimum CPE credits in reporting period in technical subject areas</b>
Annual (1 year)	40	40	2	20
Biennial (2 years)	80	20	4	40
Triennial (3 years)	120	20	6	60

- (c) **An applicant whose certificate, license or registration has been lapsed, revoked or suspended for fewer than five (5) years may, at the Board’s discretion, complete qualifying CPE that averages no fewer than forty (40) credits of qualified CPE, for each annual period included in the CPE reporting period preceding the date of reapplication, not to exceed a total of one hundred twenty (120) credits. An applicant whose certificate, license, or registration has lapsed or has been suspended or revoked may at the Board’s discretion be required to identify and complete a program of learning designed to demonstrate the currency of the licensee’s competencies directly related to his or her area of practice.**
- (d) **Licensees granted inactive or retired status for fewer than five (5) years by the Board may discontinue use of the word “inactive” or “retired” in association with their license upon showing that they have completed qualifying CPE that averages no fewer than forty (40) credits of qualified CPE for each annual period included in the CPE reporting period preceding the request to discontinue use of the word “inactive” or “retired,” not to exceed a total of one hundred twenty (120) credits.**
- (e) **For a certificate, license or registration that has been lapsed, suspended, revoked, inactive or retired for a period of five (5) years or more, the Board has the discretion to determine the number and type of CPE credits as a requirement for reinstatement.**
- (f) **Upon request by the Board, the applicant for renewal shall provide proof of completion or other evidence acceptable to the Board that supports the assertion by the applicant that the applicant has met the CPE renewal requirements. If the Board so requests, the applicant shall also submit an explanation of how any portion of CPE credits for renewal questioned by the Board relate to the applicant’s continuing professional competence.**

**Rule 6-5 –Activities qualifying for CPE credit.**

**CPE activities are learning opportunities that contribute directly to a licensee's knowledge, ability and/or competence to perform his or her professional responsibilities. CPE activities should address the licensee's current and future work environment, current knowledge and skills and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities.**

**(a) The following learning activities shall qualify for CPE credit:**

**(1) A learning activity that complies with the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA), and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (b). The sources of qualifying learning activities include but are not limited to the following:**

- (A) Group Programs;**
- (B) Self-Study Programs;**
- (C) Blended Learning Programs;**
- (D) Nano-Learning Programs;**
- (E) Instructor/Developer of CPE programs in (A) through (D) above or in (2) and (4) below;**
- (F) Technical Reviewer of CPE programs in (A) through (D) above or in (2) and (4) below; and**
- (G) Independent Study.**

*COMMENT:* The sources of qualified learning activities, including independent study, are fully defined in the Statement on Standards for Continuing Professional Education (CPE) Programs.

- (2) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (b)(2) below in a technical or nontechnical field of study; No CPE credit shall be permitted for attending or instructing college or university courses considered to be basic or introductory accounting courses or CPA exam preparation/review courses.**
- (3) Authorship of published articles, books and other publications relevant to maintaining or improving professional competence.**
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying CPE program sponsor as defined in Rule 6-5 (b) below. These programs are generally related to topics of the specialized knowledge field of study by persons or organizations with expertise in these specialized industries.**

*COMMENT:* The purpose of Rule 6-5(a)(4) is to permit a learning activity related to specialized industries to satisfy requirements for CPE. The focus is on conferences or learning events that

are in specialized industries, such as oil and gas or gaming. The conference or learning event provides critical information and knowledge specific to the operations of specialized industries that is necessary for those providing professional services in those industries. However, these conferences and learning events may not be designed to adhere to the State's CPE program requirements. Therefore, the CPE credits earned from specialized industry learning activities are limited to no more than twenty-five percent (25%) of the total qualifying CPE credits for the CPE reporting period per Rule 6-6(a)(1)(I).

- (5) Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in technical fields of study.**
- (b) The following are deemed to be qualifying CPE program sponsors provided they offer activities which comply with the Statement on Standards for CPE Programs:**
  - (1) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors;**
  - (2) Recognized national and state professional accounting associations and their local affiliates that are approved by the Board;**
  - (3) Universities or colleges accredited at the time the CPE program was delivered by virtue of accreditation by an organization recognized by the Council for Higher Education Accreditation as a specialized, professional, or regional accrediting organization; and**
  - (4) Persons, firms, associations, corporations or other groups that are approved by the Board.**
- (c) Acceptable evidence for completion of qualifying learning activities shall include the following:**
  - (1) For programs or courses as set forth in Rule 6-5 (a) (1) and (2), acceptable evidence should include a certificate of completion or transcript issued by the qualifying CPE program sponsor.**
  - (2) For activities set forth in Rule 6-5 (a) (3), acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher.**
  - (3) For programs or courses as set forth in Rule 6-5 (a) (4), acceptable evidence may include a certificate of attendance or other verification supplied by the program sponsor. If a certificate of attendance or other verification is not available, then acceptable evidence shall include copies of the course**

**agenda, program materials, or other documents attributable to the learning activity.**

- (4) For activities set forth in Rule 6-5 (a) (5), acceptable evidence shall include a written certificate of the licensee setting forth all of the following:**
  - (A) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.**
  - (B) The dates on which the learning activity occurred.**
  - (C) The number of CPE credits attributed to the learning activity.**
  - (D) Details of the relevance of the learning activity to the participant's current or future professional development.**

**Rule 6-6 – Continuing professional education records.**

- (a) Computation of CPE credits.**

**Each approved CPE course, program, or activity shall be measured by program length, with one 50- minute period equal to one CPE credit.**

- (1) Computation of CPE credits for qualifying CPE programs shall be as follows:**
  - (A) Group programs, independent study and blended learning programs – A minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.**
  - (B) Self-study – A minimum of one-half credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.**
  - (C) Nano-learning – The credit to be earned for a single nano-learning program is one fifth credit.**
  - (D) For blended learning programs included in Rule 6-5 (a)(1)(C), CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.**
  - (E) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit can be claimed**

only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor/developer CPE credit.

- (F) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.
- (G) Authors of published articles, books and other publications may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. For the author to receive CPE credit, the article, book or CPE program must be formally reviewed by an independent subject matter expert. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for author CPE credit.
- (H)
  - (i) For courses that are part of the curriculum of a university, college or other educational institution, each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits.
  - (ii) For non-credit courses, CPE credit shall equal actual time in class.
  - (iii) CPE credit for instructing a college or university course shall be twice the credit that would have been granted participants for the first presentation of a specific course or program and none thereafter, except if the course content has been substantially revised. To the extent a course has been substantially revised, the revised portion shall be considered a first presentation.
  - (iv) Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor CPE credit.
- (I) Not more than twenty-five percent (25%) of the total qualifying CPE credits for a CPE reporting period may consist of a combination of the learning activities defined in Rule 6-5 (a) (4) and (5).

*COMMENT:* The following chart summarizes the CPE credit allocation standards set forth in Rule 6-6(a)(1)(A)-(C).

Qualifying CPE Program	Minimum initial credit that must be earned	After first credit has been earned, credit may be earned in these increments
Group	One	One-fifth or one-half
Independent study	One	One-fifth or one-half
Blended learning	One	One-fifth or one-half
Self-study	One-half	One-fifth or one-half
Nano-learning	One-fifth	Not applicable (single nano-learning program is one-fifth credit)

**(b) CPE records.**

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the CPE requirements set forth in Rule 6-4 above. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for the longer of a period of five years or two reporting periods following completion of each learning activity.

The Board will verify, on a test basis, information submitted by applicants for renewal of a certificate, registration or license. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured or seek disciplinary action, at the Board's discretion. Fraudulent reporting is a basis for disciplinary action.

**Rule 6-7 –CPE Reciprocity.**

A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located.

- (a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of this state.**
- (b) If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state.**

*COMMENT:* For persons only using practice privileges in this state see Rule 23-4.

**Rule 6-8 - Exceptions.**

- (a) The Board may make an exception to the requirement set out in Rule 6-4(b) for a licensee who is inactive or who does not perform or offer to perform for the public**



one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

- (b) The Board may in particular cases make exceptions to the requirements set out in Rule 6-4(b) for reasons of individual hardship including health, military service, foreign residence, or other good cause. At the time the exception is granted and for as long as the license remains in “inactive” or “retired” status, the license, and any other license issued by another state, must be in good standing and not be revoked, suspended, refused renewal, subject to revoked or limited privileges under Section 23, or under any other sanction. Nothing herein shall be construed to limit the Board’s disciplinary authority with regards to a license in “inactive” or “retired” status.
- (c) Licensees granted an exception by the Board must place the word “inactive” adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. Licensees granted the exception who are at least fifty-five (55) years of age may replace “inactive” with “retired.” Any of these terms must not be applied in such a manner that could likely confuse the public as to the current status of the licensee.
- (d) Licensees granted the use of “inactive” or “retired” must affirm in writing their understanding of the limitations placed on them by being given an exception from CPE.
- (e) Licensees granted the use of “inactive” or “retired” may volunteer their time to nonprofit or governmental organizations, to the extent provided in statute. Licensees may not be compensated for such volunteer service other than through reimbursement of actual expenses or a limited per diem allowance for expenses. Licensees have the responsibility to maintain professional competence relative to the volunteer services they provide even though excepted from the specific CPE requirements of Rule 6-4(b).
- (f) Licensees granted the use of “inactive” or “retired” may not sign documents using CPA with any of these terms attached when rendering one of the services allowed under UAA Section 6(d) [volunteer, uncompensated services: tax preparation services, participating in a government –sponsored business mentoring program, serving on the board of directors for a non-profit or governmental organization, or serving on a government-appointed advisory body]. As UAA Section 6(d) provides, an inactive or retired licensee cannot offer or render professional services that require their signature and use of the CPA title either with or without “inactive” or “retired” attached.
- (g) Licensees granted an exception by the Board must comply with a re-entry competency requirement defined by the Board as set out in Rule 6-4(c) before they

may discontinue use of the word “inactive” in association with their CPA or PA title.

**Rule 6-9 - Interstate practice.**

- (a) These regulations provide two distinct routes for an individual already licensed in another state to be authorized to practice in this state. The applicable route depends upon whether the individual will establish a principal place of business in this state. Individuals establishing a principal place of business in this state may qualify for a reciprocal license as described in Section 6(c)(2) of the Act (substantial equivalence) or as described in Section 6(c)(1) of the Act and Rule 6-9(b) below). Individuals with a principal place of business in another state may offer or render services in this state pursuant to substantial equivalence (see Section 23(a)(1) or (a)(2) of the Act).
- (b) Regarding an individual establishing a principal place of business in this State, if the substantial equivalency standard set out in Section 23 of the Act is not applicable, the Board shall issue a reciprocal certificate to the holder of a certificate issued by another state provided that the applicant meets each of the following requirements:
  - (1) Has successfully completed the CPA examination. Successful completion of the examination means that the applicant passed the examination in accordance with the rules of the other state at the time it granted the applicant’s initial certificate.
  - (2) Has satisfied the 4-in-10 experience requirement set out in Section 6(c)(1)(B) of the Act.
  - (3) Has experience of the type required under the Act and these Rules for issuance of the initial certificate.
  - (4) Has met the CPE requirement pursuant to Section 6(c)(1)(C) of the Act, if applicable.

**Rule 6-10 - International reciprocity.**

- (a) The Board may designate a professional accounting credential or professional registration issued in a foreign country as substantially equivalent to a CPA license.
  - (1) The Board may rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency and may presume that an applicant with a foreign accounting credential that is covered by a currently valid Mutual Recognition Agreement (MRA) is substantially equivalent (subject to other qualifying requirements as provided in the MRA).
  - (2) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:

- (A) the holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and
  - (B) the foreign credential is valid and in good standing at the time of application for a domestic credential.
- (b) The Board may satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards [and the Board's regulations]. The Board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies to develop, administer, and grade such qualifying examination(s). The Board will specify the qualifying examination(s) and process by resolution.
- (c) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:
  - (1) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;
  - (2) Pay such fees as are prescribed for all other certificate renewals;
  - (3) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation. If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of any disciplinary proceedings or investigations at the time that the foreign credential lapsed; and
  - (4) Either show completion of continuing professional education substantially equivalent to that required under Rule 6-4 within the three year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in this State.
- (d) The holder of a license or practice privilege issued or granted by this Board in reliance on a foreign accounting credential or license shall report any investigations undertaken, or sanctions imposed, by a foreign credentialing or licensing body against the CPA's foreign credential or license, or any discipline ordered by any other regulatory authority having jurisdiction over the holder's conduct in the practice of accountancy.
- (e) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting

**adversely upon the CPA's fitness to retain the certificate and may be a prima facie basis for Board action, subject to the following.**

- (f) The Board may presume procedural due process and fairness if the foreign jurisdiction is a party to a current MRA that NASBA, the AICPA and this State have adopted.**
- (g) Conviction of a felony or any crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and is a basis for Board action.**
- (h) The Board shall notify the appropriate foreign credentialing authorities of any sanctions imposed against a CPA.**
- (i) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.**

**Rule 6-11 - Peer review for certificate holders who do not practice in a licensed firm.**

**A certificate holder who issues compilation reports as defined in this Act other than through a CPA firm that holds a permit under Section 7 of this Act must undergo a peer review as required under Rules 7-3 and 7-4.**

**ARTICLE 7**  
**PERMITS TO PRACTICE – FIRMS**

**Rule 7-1 - Applications.**

- (a) Applications by firms for initial issuance and for renewal of permits pursuant to Section 7 of the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than [\_\_\_\_] months and no later than [ ] months prior to the expiration date. Applications will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received. If an application for permit renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in these Rules.
- (b) A sole proprietor may apply simultaneously for a certificate or a renewal of a registration or a certificate and a firm permit.
- (c) Applications shall include the firm name, addresses and telephone numbers of the main office and of any branch offices of the firm in this State, the name of the person in charge of each such branch office, and the names of the partners, shareholders, members, managers, directors and officers whose principal place of business is in this State.

**Rule 7-2 - Notification of Firm Changes**

- (a) A firm registered pursuant to Section 7 of the Act shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within this State within thirty (30) days after its occurrence:

  - (1) Formation of a new firm;
  - (2) Addition of a partner, member, manager or shareholder;
  - (3) Retirement, withdrawal or death of a partner, member, manager or shareholder;
  - (4) Any change in the name of the firm;
  - (5) Termination of the firm;
  - (6) Change in the management of any branch office in this State;
  - (7) Establishment of a new branch office or the closing or change of address of a branch office in this State;
  - (8) Issuance of the firm's first attest or compilation report; or

- (9) **The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Act or these Rules.**
- (b) **In the event of any change in legal form of a firm, such new firm shall within thirty (30) days of the change file an application for an initial permit in accordance with these Rules and pay the fee required by these Rules.**
- (c) **In the event a practice unit is sold, dissolved, or merged with the practice of one or more other practice units, determination of successor or predecessor practice unit(s), peer review year-end(s) and the peer review due date(s) will be made in accordance with the sponsoring organization's guidance.**

#### **Rule 7-3 - Peer Review Definitions**

- (a) **"Administering Entity (AE)" means an entity approved by a Board-approved sponsoring organization to administer the Board-approved peer review program.**
- (b) **"Enrollment in a peer review program" means a firm is required to follow all requirements of the peer review process, cooperate with those performing and administering the peer review, comply with the peer review standards and inform Administering Entities when firm changes occur.**
- (c) **"Peer Review Program" means the sponsoring organization's entire peer review process, including but not limited to the standards for administering, performing, and reporting on peer reviews, oversight procedures, training, and related guidance materials.**
- (d) **"Peer Review Oversight Committee" ("PROC") means a Board-appointed committee for monitoring the Board-approved peer review program, including sponsoring organizations' Administering Entities, to provide reasonable assurance that Administering Entities and respective Peer Review Committee and Report Acceptance Bodies are functioning in a manner that effectively enforces the performance and reporting of peer review in accordance with peer review standards.**
- (e) **"Peer Review Standards" means the Board-approved professional standards and guidance for administering, performing and reporting on peer reviews.**
- (f) **"Peer Reviewer/Reviewing Firm" means a certified public accountant/accounting firm responsible for conducting the peer review, holding a valid and active license to practice public accounting in good standing issued by this state or some other state, and meeting the peer reviewer qualifications to perform peer reviews established in the Board-approved peer review standards.**

- (g) **“Sponsoring Organization” means a Board-approved professional association, society, or other organization responsible for the facilitation and administration of peer reviews directly or through its Administering Entities and responsible for the oversight of the Administering Entities pursuant to the sponsoring organization’s peer review standards.**

#### **Rule 7-4 – Enrollment in Board-Approved Peer Review Program**

- (a) **Enrollment in a Board-approved peer review program is a condition for renewal of a permit for firms that issue attest or compilation reports. The Board requires licensees that issue attest or compilation reports pursuant to UAA 6(j) or UAA 7(a)(1)(A) and firms that issue such reports pursuant to UAA 7(a)(1)(C) to be enrolled in a Board-approved peer review program, and to provide a copy of the enrollment letter to the Board within thirty (30) days of enrollment.**

*COMMENT:* The requirement for provision of a copy of the enrollment letter to the Board is new. This will be effective for firms enrolling for the first time or filing for re-enrollment after the date these rules are adopted.

- (b) **A firm is not required to enroll in a Board-approved peer review program if its only level of service is performing preparation of financial statements (with or without disclaimer reports) under Statements on Standards for Accounting and Review Services (SSARs). However, if the firm is subject to a Board-approved peer review program, it is required to have a peer review which would include preparation of financial statements within the scope of the review.**
- (c) **A firm enrolled in a Board-approved peer review program shall schedule, undergo and complete its initial peer review in compliance with the sponsoring organization’s peer review standards and related guidance. A firm’s initial peer review is due 18 months from the date it enrolled or should have enrolled in a Board-approved peer review program. The “due date” is a date by which a review has taken place and all materials have been submitted to the Administering Entity.**
- (d) **A firm enrolled in a Board-approved peer review program shall schedule, undergo and complete its subsequent peer reviews in compliance with the sponsoring organization’s peer review standards and related guidance. Unless an extension has been granted as provided in this Rule, subsequent peer reviews shall be due within three years and six months from the peer review year-end of the previous peer review.**
- (e) **The firm shall provide to the Board a copy of a grant of an extension (including the resulting new due date) within thirty (30) days of receipt from the Administering Entity or Sponsoring Organization.**

- (f) For good cause shown, the Board may grant or renew permits for a reasonable period of time pending completion of the firm's peer review.**
- (g) For firms required to be registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), the Board recognizes the PCAOB's inspection process for reviewing practices subject to its authority, which are not included in the scope of peer review programs. Firms subject to inspection by the PCAOB are also required to meet the peer review requirements under a Board-approved peer review program that covers the portion of the practice unit's practice not subject to the PCAOB permanent inspection.**

#### **Rule 7-5 – Submission of Peer Review Documents**

- (a) The objective of this reporting rule is to reinforce the Board's efforts to ensure that only appropriately qualified CPA firms are engaged in the offering and rendering of services subject to peer review. Based upon its review of the documents submitted pursuant to this rule, the Board may consider, pursuant to hearing or by consent, additional corrective actions such as probation, practice limits, additional continuing education, pre-issuance reviews, more frequent peer reviews, and other measures, including, in severe cases, discipline against the reviewed firm and any individual licensees employed or contracted by the reviewed firm.**

*COMMENT:* The reference in this Rule to possible discipline against "individual licensees employed or contracted by the reviewed firm" is not intended to include peer reviewers or their staffs with regard to firms they review.

- (b) The firm is required to submit a copy of the results of its most recently accepted peer review to the Board, which includes the following documents:**
  - (1) Peer review report which has been accepted by the administering entity.**
  - (2) The firm's letter of response accepted by the administering entity, if applicable.**
  - (3) The acceptance letter from the administering entity.**
  - (4) Letter(s) accepting the documents signed by the firm with the understanding that the firm agrees to take any actions required by the Administering Entity, if applicable; and**
  - (5) Letter signed by the Administering Entity notifying the firm that required actions have been appropriately completed, if applicable.**



- (c) The firm shall submit the peer review documents in (b) (1) through (b) (3) above to the Board within 30 days of the administering entity's acceptance. The firm shall submit the document in (b) (4) to the Board within 30 days from the date the letter is signed by the firm or with submission of the firm's renewal application, whichever occurs first. The firm shall submit the document in (b) (5) to the Board within 30 days of the date of the letter or with submission of the firm's renewal application, whichever occurs first.
- (d) The firm shall satisfy this document submission requirement by allowing the administering entity to provide the Board access to the documents via a secure website process such as the AICPA Facilitated State Board Access (FSBA).

**Rule 7-6 - Approved Peer Review Sponsoring Organizations, Programs and Peer Review Standards**

- (a) The Board shall approve peer review sponsoring organizations, program(s) and standards.
- (b) The Board finds that because the American Institute of Certified Public Accountants (AICPA) has decades of experience as a sponsoring organization and has developed universally respected peer review standards, the Board recognizes the AICPA as an approved sponsoring organization, along with its peer review program and standards; this approval also applies to the XXXX Society of CPAs or its successor and other peer review programs administered by entities involved in the administration of the AICPA Peer Review Program. These organizations are not required to submit an application for approval to the Board. As a condition of this approval, a sponsoring organization is required to:
  - (1) administer peer reviews for nonmember licensees whose firms' principal places of business are located in the state(s) where it administers peer reviews, provided that such nonmembers comply with the applicable peer review standards, and
  - (2) provide advance notice to the Board and an opportunity for discussion if any Administering Entity is to be discontinued.
- (c) The Board may terminate its approval of a sponsoring organization for cause following notice and opportunity for hearing. For purposes of this paragraph, "cause" includes but is not limited to a substantive change in the Peer Review Program that adversely affects licensees or the public firms or impairs the Board's ability to protect the public in this State or failure to maintain an ongoing compliance with the requirements of this chapter.

- (d) **The Board may approve other peer review sponsoring organizations and programs. For an organization not specifically identified in these Rules as Board-approved, to receive Board approval for its peer review program and standards, the organization must submit evidence to the satisfaction of the Board. The evidence shall include but is not limited to the standards, procedures, guidelines, oversight process, training materials and related documents used to administer, perform, and accept peer reviews. The Board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.**

**Rule 7-7 - Peer Review Oversight Committee**

- (a) **A Peer Review Oversight Committee (PROC) shall be appointed or adopted by the Board to monitor the Board-approved peer review program, including sponsoring organizations' administering entities. The PROC or the Board's designee shall report to the Board, at least annually, on the conclusions and recommendations reached as a result of the PROC's activities.**
- (b) **PROC members shall:**
- (1) **Not include individuals who have a conflict of interest under applicable law.**  
*COMMENT:* The addition of "under applicable law" means pursuant to state statutes and rules.
- (2) **Be subject to removal or replacement by the Board at its discretion.**
- (3) **Be required to sign a confidentiality agreement indicating they will not divulge any information to the Board that would identify any firm, licensee, or peer reviewer/reviewing firm as a result of their monitoring of the peer review process.**
- (4) **Perform procedures which may consist of but are not limited to the following activities:**
- (i) **Visiting the Administering Entities of the approved peer review program;**
- (ii) **Reviewing sponsoring organization procedures for administering the program;**
- (iii) **Meeting with an Administering Entity's Report Acceptance Body during consideration of the peer review documents;**
- (iv) **Reviewing the Administering Entity's compliance with its program.**
- (c) **The Board shall establish procedures and take all action necessary to ensure that the above materials remain confidential to the extent required by applicable statutes and rules.**

#### **Rule 7-8 - Internet Practice**

**A CPA firm offering or rendering professional services via a Web site shall provide in the Web site's homepage, a name, an address, and principal state of licensure as a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, or regulatory compliance.**

#### **Rule 7-9 - Attest Documentation and Retention**

- (a) Licensees shall comply with all professional standards for attest documentation applicable to particular engagements, including, but not limited to standards adopted by recognized standards setting bodies such as the Public Company Accounting Oversight Board (PCAOB), the Comptroller General of the United States, and the Auditing Standards Board.**
- (b) If the applicable standards do not otherwise specify, the retention period for attest documentation shall be five (5) years and shall be measured from the report date.**
- (c) If attest documentation is required to be kept for longer than provided in the applicable standards because of a pending Board investigation or disciplinary action, attest documentation shall not be destroyed until the licensee has been notified in writing by the Board of the closure of a Board investigation or disciplinary proceeding.**

#### **Rule 7-10 – Unregistered Firm Compliance with Applicable Peer Review Documentation Requirements**

**Any firm not required to register in this state, but which provides attest and/or compilation services as permitted under Sections 7 and 23 of the Act, shall be required to maintain records as prescribed by Rule 7-9(b) regarding its participation in a comparable peer review program for any period in which the firm provided attest and/or compilation services in this state and shall provide copies of such records upon this Board's written request; provided, however, the Board shall not make such a request except upon good cause.**

*COMMENT:* For purposes of this Rule, "good cause" is reasonable cause and not authorization for a notice requirement. Good cause for requesting peer review program records should be based upon a third-party complaint or other evidence of inadequate professional services of the type that would be subject to peer review.

**ARTICLE 10**  
**ENFORCEMENT ACTIONS AGAINST LICENSEES**

**Rule 10-1 - Grounds for enforcement actions against licensees.**

**The grounds for revocation and suspension of certificates, registrations and permits, and other disciplinary action against licensees and individuals with privileges under Section 23, are set out in Section 10 of the Act in both specific and general terms. The general terms of that provision of the Act include the following particular grounds for such disciplinary action:**

- (a) 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, or 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.**
- (b) Active or stayed revocation or suspension of any occupational license or other privilege 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.**

*COMMENT:* As explained in the Comment to Rule 5-11, most states use the term “revoke,” “revocation,” “suspend,” or “suspension” to refer to removing a license on disciplinary grounds. However, state boards should be aware that some jurisdictions use the term “revoke” or “suspend” to refer to forfeitures for administrative reasons such as failure to renew a license or to comply with CPE requirements which in and of themselves would not necessarily constitute “wrongful conduct.”

- (c) Dishonesty, fraud, or deceit in obtaining a certificate, registration or permit, within the meaning of Section 10(a)(1) of the Act, including the submission to the Board of any knowingly false or forged evidence in, or in support of, an application for a certificate, registration or permit, and cheating on an examination as defined in these Rules.**
- (d) Dishonesty, fraud, deceit or gross negligence, within the meaning of Section 10(a)(5) of the Act, including knowingly, or through gross negligence, making misleading, deceptive or untrue representations in the performance of services.**
- (e) Violations of the Act or of Rules promulgated under the Act, within the meaning of Section 10(a)(6) of the Act, including--**

- (1) Using the CPA title or providing attest or compilation services in this State without a certificate, registration or permit to practice issued under Sections 6 and 7 or without properly qualifying to practice across state lines under the substantial equivalency provision of the Act;
  - (2) Using or attempting to use a certificate, registration or permit which has been suspended or revoked;
  - (3) Making any false, misleading, or deceptive statement, in support of an application for a license filed by another;
  - (4) Failure of a licensee to provide any explanation requested by the Board regarding evidence submitted by the licensee in support of an application filed by another, or regarding a failure or refusal to submit such evidence; and failure by a licensee to furnish for inspection upon request by the Board or its representative documentation relating to any evidence submitted by the licensee in support of such an application;
  - (5) Failure to satisfy the continuing professional education requirements set out in Section 6(d) of the Act and/or failure to comply with the continuing education requirements of these Rules;
  - (6) Failure to comply with professional standards as to the attest and/or compilation competency requirements for those who supervise attest and/or compilation engagements and sign reports on financial statements or other compilation communications with respect to financial statements; or
  - (7) Failure to comply with the applicable peer review requirements set out in Section 6(j) and Section 7(h) of the Act and these Rules.
- (f) Conduct reflecting adversely upon the licensee's fitness to perform services, within the meaning of Section 10(a)(10) of the Act, including:
  - (1) Adjudication as mentally incompetent;
  - (2) Incompetence, including but not limited to:
    - (A) Gross negligence, recklessness, or repeated acts of negligence in the licensee's record of professional practice; or
    - (B) Any condition, whether physical or mental, that endangers the public by impairing skill and care in providing professional services.
  - (3) Presenting as one's own a license issued to another;
  - (4) Concealment of information regarding violations by other licensees of the Act or the Rules thereunder when questioned or requested by the Board; and

- (5) **Willfully failing to file a report or record required by state or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false. A finding, adjudication, consent order or conviction by a federal or state court, agency or regulatory authority or the PCAOB that a licensee has willfully failed to file a required report or record shall be prima facie evidence of a violation of this rule.**

**Rule 10-2 - Return of certificate, registration or permit to practice.**

**Any licensee whose certificate, registration or permit issued by the Board is subsequently suspended or revoked shall promptly return such certificate, registration or permit to the Board.**

**Rule 10-3 - Applicable standards.**

**A licensee shall follow the standards, as applicable under the circumstances and at the time of the services, set forth in this section in providing professional services. In addition to the applicable standards set forth below, a licensee shall follow standards issued by other professional or governmental bodies including international standards setting bodies with which a licensee is required by law, regulation or the terms of engagement to comply. A licensee shall comply with all applicable standards, including but not limited to the following:**

- (a) **A licensee shall not render services subject to the authority of the SEC or PCAOB unless the licensee has complied with the applicable standards and rules adopted and approved by the PCAOB and SEC.**
- (b) **A licensee shall not render auditing services unless the licensee has complied with the applicable Generally Accepted Auditing Standards.**
- (c) **A licensee shall not render accounting and review services unless the licensee has complied with the Standards for Accounting and Review Services issued by the AICPA, including subsequent amendments and editions.**
- (d) **A licensee shall not permit the licensee's name to be associated with governmental financial statements for a client unless the licensee has complied with the standards for governmental accounting issued by the GASB, including subsequent amendments and editions.**
- (e) **A licensee shall not render attestation services unless the licensee has complied with the Statements on Standards for Attestation Engagements issued by the AICPA, including subsequent amendments and editions.**
- (f) **A licensee shall not render management consulting services unless the licensee has complied with the standards for management consulting services (including the definition of such services) issued by the AICPA, including subsequent amendments and editions.**

- (g) A licensee shall not render services in the area of taxation unless the licensee has complied with the standards for tax services issued by the AICPA, including subsequent amendments and editions.**
- (h) A licensee shall not permit the licensee's name to be used in conjunction with any forecast of future transactions in a manner which may lead to the belief that the licensee vouches for the achievability of the forecast, and shall not render services associated with prospective financial statements unless the licensee has complied with the standards for accountants' services on prospective financial information issued by the AICPA, including subsequent amendments and editions.**
- (i) A licensee shall not express an opinion on financial statements unless the licensee complies with the Statements of Financial Accounting Standards, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB, including subsequent amendments and editions.**

**ARTICLE 11**  
**ENFORCEMENT PROCEDURES – INVESTIGATIONS**

**Rule 11-1 - Review of professional work product.**

**The Board may solicit and receive publicly available reports of licensees and individuals with privileges under Section 23 of this Act and related financial statements from clients, public agencies, banks, and other users of financial statements on a general and random basis without regard to whether an application for renewal of the particular licensee is then pending or whether there is any formal complaint or suspicion of impropriety on the part of any particular licensee or an individual with privileges under Section 23 of this Act; and it may review such reports and otherwise proceed with respect to the results of any such review in the fashion prescribed in Rule 7-3. For purposes of this Rule, such reports may include publicly available inspection reports prepared by the PCAOB.**

**Rule 11-2 – Reporting convictions, judgments, and administrative proceedings.**

- (a) Subject to Section 4(j) of the Act, licensees shall notify the Board, on a form and in the manner prescribed by the Board, within thirty (30) days of:**
- (1) Receipt of a peer review report pursuant to Rule 7-3(h)(3), or a PCAOB firm inspection report containing criticisms of or identifying potential defects in the firm’s quality control systems.**
  - (2) Receipt of a second consecutive peer review report that is deficient pursuant to Rules 7-3(h)(2); or**
  - (3) Imposition upon the licensee of discipline, including, but not limited to, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license, certificate, permit or practice rights by:**
    - (A) the Securities and Exchange Commission (SEC), PCAOB, Internal Revenue Service (IRS) (actions by the Director of Practice); or**
    - (B) another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; or**
    - (C) any other federal or state agency regarding the licensee’s conduct while rendering professional services; or**
    - (D) any foreign authority or credentialing body that regulates the practice of accountancy.**



- (4) Occurrence of any matter reportable that must be reported by the licensee to the PCAOB pursuant to Sarbanes-Oxley Section 102(b)(2)(f) and PCAOB Rules and forms adopted pursuant thereto;
- (5) Notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another state board of accountancy, or a federal or state taxing, insurance or securities regulatory authority, or foreign authority or credentialing body that regulates the practice of accountancy;
- (6) Any judgment, award or settlement of a civil action or arbitration proceeding of \$150,000 or more in which the licensee was a party if the matter included allegations of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of accounting; provided, however, licensed firms shall only notify the Board regarding civil judgments, settlements or arbitration awards directly involving the firm's practice of public accounting in this state; or
- (7) Criminal charges, deferred prosecution or conviction or plea of no contest to which the licensee is a defendant if the crime is:

  - (A) any felony under the laws of the United States or of any state of the United States or any foreign jurisdiction; or
  - (B) a misdemeanor if an essential element of the offense is dishonesty, deceit, or fraud.
- (b) The licensee designated by each CPA firm pursuant to Section 7(c)(2)(A) of the Act (as responsible for the proper registration of the firm) shall report any matter reportable under this Rule to which a non-licensee owner with a principal place of business in this state is a party.
- (c) Reports of pending matters or reports of private litigation resolved by settlement or arbitration shall be deemed confidential records not subject to public disclosure (to the extent permitted by this State's law on Public Records) unless and until the pending matters are concluded or the Board commences a contested case proceeding based upon the subject matter of such reports.
- (d) During the pendency of a reported matter, the reporting licensee may submit a written explanatory statement to be included in the licensee's record. If reported charges or allegations are subsequently concluded in the licensee's favor or otherwise closed without disciplinary action by this Board, upon the reporting licensee's request, documents received pursuant to said report shall be expunged from the Board's records.

*COMMENT:* States should consider reducing or dropping a reporting requirement for pending matters or reports of private litigation/arbitration if complying with the request requires the disclosure of otherwise confidential information, and their state laws require such reports to be treated as public records since the potential for abuse might outweigh the regulatory interest in such information. Boards adopting this Rule should also consider expunging any self-reported

records of charges or allegations that are dropped or otherwise resolved in favor of the reporting licensee and which are maintained by the Board as public records. In the alternative, States should defer implementation of self-reporting of such matters until the State has adopted Section 4(j) of the UAA Statute. See also the reporting requirements set out in Rule 5.

**Rule 11-3 – Participation in multistate enforcement compacts.**

**Notwithstanding any other provision of law or regulation to the contrary, the Board may participate in any enforcement agreement or compact with other state boards of accountancy to facilitate public protection through the enforcement of this Act and cooperate with others in the enforcement of accountancy statutes and rules of this and other states.**

## **ARTICLE 13 REINSTATEMENT**

### **Rule 13-1 - Applications for relief from disciplinary penalties.**

- (a) A person whose certificate or registration has been revoked or suspended or an individual whose privileges under Section 23 have been revoked or limited, or a firm whose permit to practice has been revoked or suspended or a person or firm that has been put on probation pursuant to Section 10 of the Act may apply to the Board for modification of the suspension, revocation or probation after completion of all requirements contained in the Board's original order.**
- (b) The application shall be in writing; shall set out and, as appropriate, substantiate the reasons constituting good cause for the relief sought, and shall be accompanied by at least two supporting recommendations, under oath, from licensees who have personal knowledge of the activities of the applicant since the suspension or revocation was imposed.**

### **Rule 13-2 - Action by the Board.**

- (a) An application pursuant to Rule 13-1 will ordinarily be processed by the Board upon the basis of the materials submitted in support thereof, supplemented by such additional inquiries as the Board may require. At the Board's discretion a hearing may be held on an application, following procedures the Board may find suitable for the particular case.**
- (b) The Board may impose appropriate terms and conditions for reinstatement of a certificate, registration, permit or privileges under Section 23 or modification of a suspension, revocation or probation.**
- (c) In considering an application under Rule 13-1, the Board may consider all activities of the applicant since the disciplinary penalty from which relief is sought was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the certificate, registration, privileges under Section 23 or permit was in good standing, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity.**
- (d) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court-imposed probation or parole.**

**ARTICLE 14  
UNLAWFUL ACTS**

**Rule 14-1 - CPA firm names.**

**A CPA firm name may not be used unless such name has been registered with and approved by the Board.**

**(a) A misleading CPA firm name is one which:**

- (1) Contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:**
  - (A) Implies the existence of a corporation when the firm is not a corporation such as through the use of the words "corporation", "incorporated", "Ltd.", "professional corporation", or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation;**
  - (B) Implies the existence of a partnership when there is not a partnership such as by use of the term "partnership" or "limited liability partnership" or the abbreviation "LLP" if the firm is not such an entity;**
  - (C) Includes the name of an individual who is not a CPA if the title "CPAs" is included in the firm name;**
  - (D) Includes information about or indicates an association with persons who are not members of the firm, except as permitted pursuant to Section 14(i) of the Act; or**
  - (E) Includes the terms "& Company", "& Associate", or "Group", but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.**
- (2) Contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matter;**
- (3) Claims or implies the ability to influence a regulatory body or official;**

- (4) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.
- (b) The following types of CPA firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of Rule 14-1(a):
  - (1) A firm name that includes the names of one or more former or present owners;
  - (2) A firm name that excludes the names of one or more former or present owners;
  - (3) A firm name that uses the "CPA" title as part of the firm name when all named individuals are owners of the firm who hold such title or are former owners who held such title at the time they ceased to be owners of the firm;
  - (4) A firm name that includes the name of a non-CPA owner if the "CPA" title is not a part of the firm name;
- (c) A network firm as defined in the AICPA Code of Professional Conduct ("Code") in effect July 1, 2011 may use a common brand name, or share common initials, as part of the firm name;
- (d) A network firm as defined in the AICPA Code of Professional Conduct ("Code") in effect July 1, 2011 may use the network name as the firm's name, provided it also shares one or more of the following characteristics with other firms in the network:
  - (1) Common control, as defined by Generally Accepted Accounting Principles in the United States, among the firms through ownership, management, or other means;
  - (2) Profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm;
  - (3) Common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;
  - (4) Significant part of professional resources;
  - (5) Common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

*COMMENT:* With regard to practice in this State under Section 7(a)(1)(C), 7(a)(2) or 7(a)(3) of the Act, in determining whether a CPA firm name is misleading, the Board recognizes that

it is the policy of this State to promote interstate mobility for CPAs and CPA firms which employ them, and thus also to consider the basis for approval of the same CPA Firm name by another state's board of accountancy.

**Rule 14-2 - Safe harbor language.**

**Non-licensees may use the following disclaimer language in connection with financial statements so as not to be in violation of the Act:**

**“I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners). I (we) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.”**

## **ARTICLE 23**

### **SUBSTANTIAL EQUIVALENCY**

#### **Rule 23-1- Substantial equivalency and internet practice.**

**An individual entering into an engagement to provide professional services via a website pursuant to Section 23 shall disclose, via any such website, the state of the individual's principal place of business, license number and an address as a means for regulators and the public to contact the individual regarding complaints, questions or regulatory compliance.**

#### **Rule 23-2 - Practice in other states through substantial equivalency.**

**As a pre-condition for the use of practice privileges in another jurisdiction, any licensee of this Board offering or rendering services in or to another jurisdiction pursuant to practice privileges based upon their license from this Board is deemed to have consented to the administrative jurisdiction of the other state board of accountancy, and is deemed to have consented to the requirements of the Act. The failure by a licensee of this Board to cooperate in another state's board of accountancy's investigation shall be grounds for discipline by this Board.**

#### **Rule 23-3 – Reporting moral character violations.**

- (a) Any individual using practice privileges in this state, shall notify this Board within thirty (30) days of any occurrence described in Rules 10-1 (a) or 10-1 (b).**
- (b) Any licensee of this state using practice privileges in another state shall notify this Board and the state board of any other state in which said licensee uses practice privileges within thirty (30) days of any occurrence described in Rules 10-1 (a) or 10-1 (b).**

#### **Rule 23-4 – Continuing professional education requirements for practice privileges.**

**Any individual using practice privileges in this state who complies with the CPE requirements applicable in the state where their principal place of business is located, shall be deemed to have complied with the CPE requirements of this state.**

# Uniform Accountancy Act Model Rules Index

	Page
<b>Act</b>	
Defined [R3-1(a)].....	Rules-3-1
<b>Agreed Upon Procedure</b>	
Defined [R3-2] .....	Rules-3-1
<b>Applicable Standards</b>	
Express references [R10-3].....	Rules-10-3
<b>Attest</b>	
Defined [R3-1(c)].....	Rules-3-1
<b>Audit</b>	
Defined [R3-3] .....	Rules 3-1
<b>Board of Accountancy</b>	
Communications [R4-6].....	Rules-4-2
Election of Officers [R4-2] .....	Rules-4-1
Meetings [R4-1] .....	Rules 4-1
Obligations of licensees to notify Board [R4-5] [R11-2].....	Rules-4-2, Rules-11-1
Officers [R4-2, R4-3] .....	Rules-4-1
<b>Certificate</b>	
Applications [R6-1].....	Rules-6-1
Continuing professional education requirements	
for renewal [R6-4 – R6-7].....	Rules-6-2 – 6-4
Educational qualifications for issuance	
[R5-1 – R5-2] .....	Rules-5-1 – 5-5
Examination requirement for issuance	
[R5-3 – R5-5, R5-7] .....	Rules-5-5 – 5-6
Experience requirement for issuance	
[R6-2, R6-3] .....	Rules-6-1
Issuance	
[R6-1 – R6-3, R6-8 – R6-9] .....	Rules-6-1, 6-2, 6-9 – 6-10
Issuance to holders of certificates in other states	
[R6-9] .....	Rules-6-10
Issuance to holders of certificates in other countries [R-6-10] .....	Rules-6-11
Qualifications for granting [R5-1, R5-3, R5-7] .....	Rules-5-1, 5-5, 5-6
Reinstatement (after suspension or revocation)	
[R13-1, R13-2] .....	Rules-13-1
Renewal	
[R6-1, R6-4 – R6-7, R6-10] .....	Rules-6-1 – 6-2, 6-11
Suspension or revocation [R10-1].....	Rules-10-1



# Uniform Accountancy Act Model Rules Index

## Page

### **Certified Public Accountant, CPA**

Performance of compilation services by those not in a  
CPA Firm [R6-10, R7-3(a, b, e), R10-1(c)(1)-(6)] ..... Rules-6-10, 7-2, 7-3, 10-1-10-2

### **Communications** (see also **Confidential Communication**)

Requirement of licensee to respond to  
communications from Board [R4-6] ..... Rules-4-2

### **Competency Requirement**

Relation to attest and compilation services and peer review  
[R6-10, R7-3(a, b, e), R7-4] ..... Rules-6-11, 7-2 – 7-3, 7-4

### **Compilation of Financial Statements**

Relation to enforcement [R10-1(e)(6)] ..... Rules-10-1 – 10-2  
Relation to experience requirement  
[R6-2(a)] ..... Rules-6-1  
Relation to peer review  
[R6-10, R7-3, R7-4(b), R10-1(e)(6)] ..... Rules-6-11, 7-2, 7-4, 10-1 - 10-2

### **Compliance Assurance** (see **“Peer Review”**)

Notifications of changes by firm [R7-2] ..... Rules-7-1  
Condition for renewal [R7-3] [R7-4] ..... Rules-7-2, 7-4  
Submission of reports to board [R7-5] ..... Rules-7-5

### **Confidential Information**

[R7-3(d), R7-4(c)] ..... Rules-7-3, 7-5

### **Continuing Professional Education (CPE)**

Exceptions [R6-8] ..... Rules-6-9  
Activities qualifying for credit [R6-5] ..... Rules-6-4  
International reciprocity CPE requirements [R6-10(c)(4)] ..... Rules-6-12  
Practice privileges [R23-4] ..... Rules-23-1  
Records [R6-6(b)] ..... Rules-6-8  
Reciprocity with regard to CPE [R6-7(a)(b)] ..... Rules-6-8  
Reliance on a foreign credential [R6-10(c)] ..... Rules-6-11  
Requisite for renewal or reactivation of a certificate [R6-4] ..... Rules-6-2  
Rules governing [R6-4 – R6-8] ..... Rules-6-2-10

**Definitions** [R3-1 – R3-4, R5-1] ..... Rules-3-1, 5-1

**Director** [R7-1(c)] ..... Rules-7-1

# Uniform Accountancy Act Model Rules Index

## Page

### Educational Requirements for Certificate

Accounting concentration or its equivalent [R5-2] .....	Rules-5-2 – 5-3
Accredited institution or program [R5-1] .....	Rules-5-1
Credit for courses [R5-1] .....	Rules-5-1
For certificates [R5-1 – R5-2] .....	Rules-5-1 – 5-3
Semester credit hour [R5-1] .....	Rules-5-1

### Enforcement

Actions against holders of certificates, permits and those with privileges under substantial equivalency [R-10-2] [R23-2] .....	Rules-10-3, Rules 23-1
Grounds for action against licensee and those with privileges under substantial equivalency [R10-1] [R23-2] .....	Rules 10-1, Rules-23-1
Procedures -- Investigations [R11-2] .....	Rules-11-1
Return of certificate, registration or permit [R13-2] .....	Rules-13-1
Review of professional work product [R11-1] .....	Rules-11-1

### Examination

Application [R5-3] .....	Rules-5-5
As requirement for granting of certificate; contents thereof [R5-5] .....	Rules-5-6
Cheating [R5-9] .....	Rules-5-7
Retake and granting of credit requirements [R5-7] .....	Rules-5-6
Credit for parts passed in another state [R5-7(b)] .....	Rules-5-7
Determining and reporting examination grades; contents thereof [R5-6] .....	Rules-5-6
Fees [R4-4, R5-3, R5-8] .....	Rules-4-1, 5-5, 5-7
Candidate testing fee [R4-4(b), R5-8] .....	Rules-4-1, 5-7
Passing grade [R5-6] .....	Rules-5-6
Content [R5-5] .....	Rules-5-6
Security and irregularities [R5-10] .....	Rules-5-9
Time and place [R5-4] .....	Rules-5-6
Waiver and deferral of requirements [R5-7(d)] .....	Rules-5-7

### Ethics

CPE requirement [R6-4(b)(3)] .....	Rules-6-2
Definition [R5-1(e)] .....	Rules-5-2
Education requirement [R5-2(d)(6)] .....	Rules-5-5

# Uniform Accountancy Act Model Rules Index

	Page
<b>Experience</b>	
For issuance of a certificate [R6-2] .....	Rules-6-1
Evidence of experience for initial certificate [R6-3] .....	Rules-6-1
For examination [R5-3, R5-8] .....	Rules-5-5, 5-7
<b>Fees</b>	
For firm permits to practice [R4-4, R7-1] .....	Rules-4-1, 7-1
For certificates [R6-1] .....	Rules-6-1
List of fees [R4-4] .....	Rules-4-1
<b>Financial Statements</b>	
Definition [R3-1(b)] .....	Rules-3-1
<b>Firms of CPAs</b>	
Internet practice [R7-6, R23-1] .....	Rules-7-6, 23-1
Notification of changes in firm [R7-2] .....	Rules-7-1
Permits to practice [R7-1 – R7-4] .....	Rules-7-1 – 7-4
Unlawful acts [R14-1 – R14-2] .....	Rules-14-1
<b>Firm Name</b>	
CPA firm names [R14-1] .....	Rules-14-1 – 14-3
Network firm [R14-1(a-d)] .....	Rules-14-1 - 14-2
<b>Foreign Country</b>	
International reciprocity [R6-10] .....	Rules-6-11
<b>Fraud</b>	
In obtaining certificate or permit	
[R10-1(c)] .....	Rules-10-1
In performance of professional services	
[R10-1(d)] .....	Rules-10-1
Performance of fraudulent act while holding	
certificate or permit [R10-1(e)(1)] .....	Rules-10-1
Good moral character [R5-11] .....	Rules-5-9
<b>Hardship</b>	
Extension of term of “conditioning” requirements for	
passage of CPA examination by reason of hardship	
[R5-7(d)] .....	Rules-5-7
Exception to continuing professional education	
requirements [R6-8(b)] .....	Rules-6-9

# Uniform Accountancy Act Model Rules Index

	<b>Page</b>
<b>International Reciprocity</b>	
Generally [R6-10] .....	Rules-6-11 – 6-12
<b>Interstate Practice</b>	
Generally [R6-9] .....	Rules-6-10
Substantial Equivalency [R23-2] .....	Rules-23-1
<b>Investigations</b>	
Generally [R11-2] .....	Rules-11-1
<b>Licensee</b>	
Enforcement against [R10-1 – R10-2] .....	Rules-10-1 – 10-3
Communications [R4-6] .....	Rules-4-2
<b>Management Advisory Services</b>	
Relation to experience requirement [R6-2(a)] .....	Rules-6-1
<b>Manager</b>	
In relation to firm permits to practice [R7-2] .....	Rules-7-1
<b>Member</b>	
In relation to firm permits to practice [R7-2] .....	Rules-7-1
<b>Names, Professional or Firm</b> [R14-1] .....	Rules-14-1 – 14-3
See also “ <b>Firm Name</b> ”	
<b>Obligation of Licensee</b>	
To notify Board of change of address and other information [R4-5] .....	Rules-4-2
To notify Board of convictions or critical review [R11-2] .....	Rules 11-1
<b>Officers</b> [R7-1] .....	Rules-7-1
<b>Offices</b> (of licensees) [R7-1 – R7-2] .....	Rules-7-1
<b>Opinions</b> (on financial statements)	
Financial statement defined [R3-1(b)] .....	Rules-3-1
Relation to definition of “report” [R3-4] .....	Rules-3-1

# Uniform Accountancy Act Model Rules Index

## Page

### Peer Review (see “Compliance Assurance”)

As requirement for renewal of firm permits to practice [R7-3 – R7-4] .....	Rules-7-2 – 7-4
As requirement for CPAs providing compilation reports other than through a CPA firm [R6-11, 7-3(a)-(b), (e), 7-4, 10-1(e)(7)] .....	Rules-6-12, 7-2 – 7-3, 7-4, 10-1 – 10-2
Equivalent review [R7-4] .....	Rules-7-4
Reporting critical review [R11-2(a)(i)] .....	Rules-11-1
Verification as to attest and compilation competency [R7-3(a)(6), 7-4] .....	Rules-7-2, 7-4

### Penalties

Revocation, suspension, or refusals to renew permit, registration or certificate [R10-1] .....	Rules-10-1
Reinstatement [R13-2(c)] .....	Rules-13-1

### Permit

Applications [R7-1] .....	Rules-7-1
Firm permits; issuance and renewal [R7-1] .....	Rules-7-1
Notification of change [R7-2] .....	Rules-7-1
Reviews as condition to renewal [R7-3 - R7-4] .....	Rules-7-2 – 7-4
Reinstatement [R13-1 – R13-2] .....	Rules-13-1
Revocation, suspension, and refusal to renew, as penalties [R10-1] .....	Rules-10-1

### Professional Engagement

Defined [R3-4] .....	Rules-3-1
----------------------	-----------

### Reciprocity

Practice privileges pursuant to substantial equivalency [R6-9(a), R23-1, R23-2] .....	Rules-6-10, 23-1
Certificates granted to holders of certificates of other states where substantial equivalency standard is not applicable [R6-9(b)] .....	Rules-6-10
Certificates granted to holders of foreign designations [R6-10] .....	Rules-6-11

### Reinstatement

Applications for relief from disciplinary penalties [R13-1] .....	Rules-13-1
Action by the Board [R13-2] .....	Rules-13-1

## Uniform Accountancy Act Model Rules Index

	Page
Following suspension or revocation of certificate [R13-1 – 13-2].....	Rules-13-1
<b>Revocation</b>	
Of certificates, permits, registration and privileges under substantial equivalency [R10-1].....	Rules-10-1
Of permits of other states [R10-1] .....	Rules-10-1
Conditional credits and retaking of examination requirement [R5-7] .....	Rules-5-6
<b>Safe Harbor Language</b> [R14-2] .....	Rules-14-3
<b>Subpoenas</b>	
(Authority of Board of Accountancy to issue) [R11-1] .....	Rules 11-1
<b>Substantial Equivalency</b>	
Continuing professional education requirements for practice privileges [R23-4].....	Rules-23-1
Enforcement [R10-1] .....	Rules-10-1
Internet practice [R23-1].....	Rules-23-1
Investigations [R11-1, R23-2].....	Rules-11-1, 23-3
Notification and exemptions [R23-1, R23-3].....	Rules-23-1, 23-3
Practice in other states through substantial equivalency [R23-2] .....	Rules 23-1
Prohibitions [R14-1] .....	Rules-14-1
Reinstatement [R13-1 – R13-2] .....	Rules-13-1
Reporting moral character violations [R23-3] .....	Rules-23-1