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**OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA**

MEMORANDUM

TO: Jun Maiquis, AAC Contact
Department of Commerce, Community and Economic Development

FROM: Scott Meriwether, Special Assistant 
907.465.4081

DATE: November 25, 2015

RE: Filed Permanent Regulations: Board of Public Accountancy

Regulations re: miscellaneous updates (12 AAC 04.165(c),(d); 12 AAC 04.175(b)(4); 12 AAC 04.180; 12 AAC 04.181; 12 AAC 04.183; 12 AAC 04.185(e)(3); 12 AAC 04.200(c),(g),(h); 12 AAC 04.300(c); 12 AAC 04.310(b); 12 AAC 04.350(a)(2); 12 AAC 04.520(c); 12 AAC 04.530; 12 AAC 04.600(a); 12 AAC 04.690(1); 12 AAC 04.990)

Attorney General File:	JU2015200244
Regulation Filed:	November 25, 2015
Effective Date:	December 25, 2015
Print:	216, January 2016

cc with enclosures: Linda Miller, Department of Law
Jesse Logan, Administrative Regulation Review Committee
Judy Herndon, LexisNexis

ORDER CERTIFYING THE CHANGES TO
REGULATIONS OF THE BOARD OF PUBLIC ACCOUNTANCY

The attached thirteen pages of regulations, dealing with current revised American Institute of Certified Public Accountants (AICPA) Professional Standards and Peer Review Manual references, licensure requirements, education and experience requirements, work experience points, attest functions hours, examination, continuing education, disciplinary guidelines, quality review, and definitions of terms, are hereby certified to be a correct copy of the regulation changes that the Board of Public Accountancy adopted at its May 7-8, 2015 meeting, under the authority of AS 08.01.075, AS 08.04.070, AS 08.04.080, AS 08.04.105, AS 08.04.110, AS 08.04.120, AS 08.04.130, AS 08.04.150, AS 08.04.195, AS 08.04.410, AS 08.04.423, AS 08.04.425, AS 08.04.426, AS 08.04.450, and AS 08.04.680 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.


This action is not expected to require an increased appropriation.

On the record, in considering public comments, the Board of Public Accountancy paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes described in this order take effect on the 30th day after they have been filed by the lieutenant governor, as provided in AS 44.62.180.


DATE:

5/7/15
Anchorage, Alaska


Karen Brewer-Tarver, CPA, Chair
Board of Public Accountancy

FILING CERTIFICATION

I, Byron Mallott, Lieutenant Governor for the State of Alaska, certify that on November 25, 2015 at 10:00 A.m., I filed the attached regulations according to the provisions of AS 44.62.040 – 44.62.120.


Byron Mallott, Lieutenant Governor

Effective: December 25, 2015.

Register: 216, January 2016.

Chapter 04. Board of Public Accountancy.

“(Publisher: Existing 12 AAC 04.010 is unchanged.)”

~~12 AAC 04.010 is amended to read:~~

12 AAC 04.010. Independence, integrity, and objectivity. An accountant shall adhere to the standards regarding independence [CONTAINED IN ET SECTION 101] and to the standards regarding integrity and objectivity [CONTAINED IN ET SECTION 102] of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2, Code of Professional Conduct*, adopted January 12, 1988, as revised as of **December 15, 2014** [JUNE 1, 2010], adopted by reference. (Eff. 1/20/63, Register 7; am 9/9/72, Register 43; am 1/18/78, Register 64; am 4/10/88, Register 106; am 1/1/2008, Register 184; am 10/16/2011, Register 200; am ___/___/___, Register ___)

Authority: AS 08.04.070 AS 08.04.080

Editor's note: A copy of the *AICPA Code of Professional Conduct* [ET SECTIONS 101 AND 102], adopted by reference in 12 AAC 04.010, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

“(Publisher: Existing 12 AAC 04.030 is unchanged.)”

~~12 AAC 04.030 is amended to read:~~

12 AAC 04.030. Contingent fees. An accountant shall adhere to the standards regarding contingent fees [CONTAINED IN ET SECTION 302] of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2, Code of Professional Conduct*, adopted May 20, 1991, as revised as of **December 15, 2014** [JUNE 1, 2010], adopted by reference. (Eff. 1/20/63, Register 7; am 9/9/72, Register 43; am 4/10/88, Register 106; am 4/28/2005, Register 174; am 1/1/2008, Register 184; am 10/16/2011, Register 200; am

*Withdrawn,
XCT, 11/19/2015*

*Withdrawn,
XCT, 11/19/2015*

~~Register~~ ^{(((Publisher: Existing 12 AAC 04.030 is unchanged.)))}

~~Authority: AS 08.04.070 AS 08.04.080~~

~~Editor's note: A copy of the AICPA Code of Professional Conduct [ET SECTION 302], adopted by reference in 12 AAC 04.030, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8410 or at AICPA's website at <http://www.aicpa.org>.~~

Withdrawn
ACR 11/19/2015

^{(((Publisher: Existing 12 AAC 04.038 is unchanged.)))}

~~12 AAC 04.038 is amended to read:~~

12 AAC 04.038. Attest functions. (a) To perform an attest function means to provide any of the following financial statement services:

(1) an audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 1, AU-C* [AU] Sections **200 – 935** [100 – 900], as revised as of June 1, **2015** [2010], adopted by reference;

(2) a review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2, AR* Sections 20 – 600, as revised as of June 1, **2015** [2010], adopted by reference;

(3) an examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 1, AT* Sections 20 - 701, as revised as of June 1, **2015** [2010], adopted by reference; and

~~(4) an engagement to be performed in accordance with the standards of the~~

Withdrawn, ACR 11/19/2015

~~Public Company Accounting Oversight Board (PCAOB) established under 15 U.S.C. 7211(a).~~

(b) An individual licensee who is responsible for supervising attest engagements, or who signs or authorizes another to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for the attest engagements. The supervising licensee shall obtain and maintain the competencies necessary in the specific circumstances.

(c) A licensee performing an attest engagement shall maintain a quality control system that complies with the Quality Control Standards (QCS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2*, QC Section 10, as revised as of June 1, **2015** [2010], adopted by reference. (Eff. 1/1/2008, Register 184; am 10/16/2011, Register 200; am ____/____/____, Register ____)

Authority: AS 08.04.070 [AS 08.04.085] AS 08.04.423

Editor's note: A copy of the *AICPA Professional Standards, Volumes 1 and 2*, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

((Publisher: Existing 12 AAC 04.100 is unchanged.)))

~~12 AAC 04.100 is amended to read:~~

12 AAC 04.100. Commissions. An accountant shall adhere to the standards regarding commissions contained in [ET SECTION 503 OF] the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2, Code of Professional Conduct*, adopted May 23, 1990, as revised as of **December 15, 2014** [JUNE 1, 2010], adopted by reference. (Eff. 1/20/63, Register 7; am 9/9/72, Register 43; am 4/28/2005, Register 174; am 1/1/2008, Register 184; am 10/16/2011, Register 200; am ____/____/____, Register ____)

Withdrawn. ACP, 11/19/2015

Withdrawn. ACP, 11/19/2015

((Publisher: Existing 12 AAC 04.038 is unchanged.)))

Authority: ~~AS 08.04.070~~ AS 08.04.080

Editor's note: A copy of the *AICPA Code of Professional Conduct* [ET SECTION 503], adopted by reference in 12 AAC 04.100, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8440 or at AICPA's website at <http://www.aicpa.org>.

12 AAC 04.165(c) is amended to read:

(c) **An applicant must comply with the applicable experience requirements specified in 12 AAC 04.180** [EACH YEAR OF EXPERIENCE REQUIRED UNDER AS 08.04.195(a)(2) MUST CONSIST OF

(1) AT LEAST 12 MONTHS OF FULL-TIME EMPLOYMENT, AVERAGING NOT LESS THAN 35 HOURS PER WEEK; OR

(2) A TOTAL OF 2,080 HOURS OF PART-TIME EMPLOYMENT; QUALIFYING PART-TIME EMPLOYMENT MUST BE AT LEAST 20 HOURS PER WEEK].

12 AAC 04.165(d) is repealed.

(d) Repealed 12/25/2015 ~~THE FOLLOWING ARE SUBSTANTIALLY EQUIVALENT TO ONE YEAR OF EXPERIENCE OUTSIDE THE STATE IN THE PRACTICE OF PUBLIC ACCOUNTING UNDER AS 08.04.195(a)(2)~~

~~(1) ONE YEAR OF EXPERIENCE IN THIS STATE IN THE PRACTICE OF PUBLIC ACCOUNTING;~~

~~(2) ONE AND ONE-HALF YEARS OF EXPERIENCE WORKING IN PRIVATE ACCOUNTING OR GOVERNMENT ACCOUNTING IN THIS STATE OR~~

~~OUTSIDE THIS STATE UNDER THE DIRECT SUPERVISION OF A CERTIFIED PUBLIC ACCOUNTANT WHO HELD A CURRENT ACTIVE LICENSE AT THE TIME OF THE SUPERVISION].~~

(Eff. 1/1/2008, Register 184; am 9/28/2008, Register 187; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.195

12 AAC 04.175(b)(4) is amended to read:

(4) verification showing that the applicant meets the applicable experience requirements under AS 08.04.120 **and** [,] 12 AAC 04.180 [, 12 AAC 04.181, AND 12 AAC 04.183];

(Eff. 9/28/2008, Register 187; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.110 AS 08.04.130
AS 08.04.105 AS 08.04.120 AS 08.04.150

12 AAC 04.180 is repealed and readopted to read:

12 AAC 04.180. Documentation of experience. (a) An applicant for initial issuance of a license under 12 AAC 04.165 must ~~shall~~ show that the applicant has had four years of experience, and an applicant for initial issuance of a license under 12 AAC 04.175 must ~~shall~~ show that the applicant has had two years of experience. That ~~This~~ experience must ~~shall~~ include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which were ~~was~~ verified by a supervising certified public accountant. The ~~This~~ experience is ~~would be~~ acceptable if it is ~~was~~ gained through employment in government, industry, academia, or public practice.

(b) One year of experience ^{must} ~~shall~~ consist of full or part-time employment that extends over a period of ^{not} ~~no~~ less than a year and ^{not} ~~no~~ more than three years and includes ^{not} ~~no~~ fewer than 2,000 hours of performance of services described in (a) of this section. (Eff. 9/9/72, Register 43; am 8/3/79, Register 70; am 5/28/81, Register 78; am 4/18/82, Register 82; am 8/14/87, Register 103; am 10/1/88, Register 107; am 8/18/90, Register 115; am 11/15/96, Register 140; am 1/1/2008, Register 184; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.181 is repealed:

12 AAC 04.181. Work experience points. Repealed. (Eff. 8/18/90, Register 115; am 2/2/94, Register 129; am 1/1/2008, Register 184; am 5/9/2009, Register 190; am 10/16/2011, Register 200; repealed 12/25/2015, Register 216)

12 AAC 04.183 is repealed:

12 AAC 04.183. Attest function hours. Repealed. (Eff. 8/18/90, Register 115; am 11/15/96, Register 140; am 10/10/2002, Register 164; am 1/1/2008, Register 184; am 10/16/2011, Register 200; repealed 12/25/2015, Register 216)

12 AAC 04.185(e)(3) is amended to read:

(3) a foreign college or university whose degree program has been evaluated by an approved credentials evaluation service and determined to be equivalent to the degree program of an institution acceptable under (1) or (2) of this subsection; an approved credentials evaluation service is

(A) [A MEMBER OF THE NATIONAL ASSOCIATION OF
CREDENTIALS EVALUATION SERVICES, INC.;

(B)] recognized by the University of Alaska; or

(B) [(C)] the National Association of State Boards of Accounting
(NASBA) International Evaluation Services (NIES).

(Eff. 1/18/78, Register 64; am 11/9/85, Register 96; am 2/2/94, Register 129; am 5/4/96, Register
138; am 1/1/2008, Register 184; am 10/16/2011, Register 200; am 12/29/2013, Register 208; am
12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.200(c) is amended to read:

(c) The ethics course and examination described in (a)(2) of this section is the self-study
course, including its lesson reviews and examinations, titled *Professional Ethics: The AICPA's
Comprehensive Course*, published by the American Institute of Certified Public Accountants
(AICPA) 2014 [2007] revision, and is graded on a pass or fail basis. The board will waive
passage of this course and examination if the applicant documents passage of an ethics
examination of another licensing jurisdiction that, in the determination of the board, is equivalent
to the course and examination described in this subsection.

12 AAC 04.200(g) is amended to read:

(g) Except as provided in 12 AAC 04.205, an applicant
(1) may sit for each section of the Uniform Certified Public Accountant
Examination individually [, AND IN ANY ORDER];

(2) retains credit for any examination section passed for 18 months after the test date, without having to obtain a minimum score on failed sections and without regard to whether the applicant has taken other sections; and

(3) must pass all [FOUR] sections of the Uniform Certified Public Accountant Examination within an 18-month period.

12 AAC 04.200(h) is amended to read:

(h) If an applicant does not pass all [FOUR] sections of the Uniform Certified Public Accountant Examination in accordance with (g)(3) of this section, credit for any section passed outside of the 18-month period expires, and that section must be retaken.

(Eff. 9/9/72, Register 43; am 2/10/78, Register 64; am 1/27/81, Register 76; am 5/28/81, Register 78; am 3/30/84, Register 89; am 2/2/94, Register 129; am 7/27/97, Register 143; am 3/24/2004, Register 169; am 1/1/2008, Register 184; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.130 [AS 08.04.160]

Editor's note: A copy of *Professional Ethics: The AICPA's Comprehensive Course* may be obtained from the American Institute of Certified Public Accountants, Order Department, 220 Leigh Farm Road, Durham, North Carolina 27707-8110, phone: **(888)-777-7077** [(800) 862-4272], or at the AICPA's Internet web site at www.aicpa.org.

12 AAC 04.300(c) is amended to read:

(c) At [AS OF THE LICENSING PERIOD THAT BEGINS JANUARY 1, 2006, AT] least four [4] hours of the minimum 80 hours of approved continuing education required in (a) of this section must cover ethics [AND STATUTES AND REGULATIONS UNDER AS 08.04 AND

12 AAC 04].

(Eff. 1/18/78, Register 64; am 4/7/95, Register 134; am 5/10/98, Register 146; am 7/25/2001, Register 159; am 4/16/2004, Register 170; am 1/1/2008, Register 184; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.310(b) is repealed:

(b) Repealed 12/25/2015 ~~[CREDIT IS GIVEN ONLY FOR FULL HOURS OF INSTRUCTION AND NOT FOR A FRACTION OF AN HOUR].~~

(Eff. 1/18/78, Register 64; am 2/23/95, Register 133; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.350(a)(2) is repealed:

(2) repealed 12/25/2015 ~~[THE PROGRAM IS AT LEAST ONE HOUR IN LENGTH].~~

(Eff. 1/18/78, Register 64; am 4/10/88, Register 106; am 1/1/2008, Register 184; am

12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.520(c) is amended by adding a new paragraph to read:

(5) unprofessional conduct in an investigation.

(Eff. 4/10/88, Register 106; am 2/14/99, Register 149; am 1/1/2008, Register 184; am

12/25/2015, Register 216)

(((Publisher: To reflect the addition of new 12 AAC 04.520(c)(5), please reposition the "or" connector in the series of paragraphs, so that "or" follows (4) of this subsection rather than (3) of this subsection. Also: change the period at the end of (4) of this subsection to a semicolon.)))

Authority: AS 08.01.075 AS 08.04.130 AS 08.04.450
AS 08.04.070

~~**Publisher:** Please move the connector "or" from the end of 12 AAC 04.520(c)(3) to the end of (c)(4).~~

12 AAC 04.530 is amended by adding a new paragraph to read:

(7) "unprofessional conduct in an investigation" includes

(A) failing to cooperate with an official investigation by the board or the board's representatives, including failing to timely provide requested information; and

(B) failing to allow the board or the board's representative, upon written request, to examine and have access to records maintained by the licensee that relate to the licensee's practice under AS 08.04. (Eff. 4/10/88, Register 106; am 2/14/99, Register

149; am 12/25/2015, Register 216)

Authority: AS 08.01.075 AS 08.04.070 AS 08.04.450

12 AAC 04.600(a) is amended to read:

(a) To renew a permit to practice under AS 08.04.420 [AS 08.04.390, 08.04.400, OR 08.04.420] for a permit period beginning on or after January 1, 2000, a permit holder shall certify that the permit holder has met the quality review requirements of this section or that ~~the~~ permit holder is exempt under 12 AAC 04.620.

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2003, Register 168; am 12/25/2015, Register 216)

Authority: AS 08.04.070 AS 08.04.426

~~12 AAC 04.610(a) is amended to read:~~

(a) A quality review program is acceptable to the board if it meets the requirements of the

(1) American Institute of Certified Public Accountants (AICPA) *Standards for Performing and Reporting on Peer Reviews*, **2014** [2011] edition, adopted by reference, excluding any reference to compilations; or

(2) National State Auditors Association (NSAA) *Peer Review Manual*, **2013** [2010] edition, adopted by reference.

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am 8/1/2012, Register 203; am ___/___/___, Register ___)

Authority: AS 08.04.070 AS 08.04.426

Editor's note: A copy of the *Standards for Performing and Reporting on Peer Reviews*, adopted by reference in 12 AAC 04.610, may be obtained from [THE DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, P.O. BOX 110806, JUNEAU, AK 99811-0806, OR FROM] the American Institute of Certified Public Accountants (AICPA), 220 Leigh Farm Road, Durham, North Carolina 27707-8110. A copy of the *Peer Review Manual*, adopted by reference in 12 AAC 04.610, may be obtained from [THE DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, P.O. BOX 110806, JUNEAU, AK 99811-0806, OR] the National State Auditors Association, 449 Lewis Hargett Circle, Suite 290, Lexington, KY 40503-3590.

((Publisher: Existing 12 AAC 04.610 is unchanged.))

Withdrawn. ASR, 11/19/2015

12 AAC 04.620(c) is amended to read:

(c) The guidelines in Chapter 8, of the American Institute of Certified Public Accountants (AICPA) *AICPA Peer Review Administrative Manual*, April 1, **2014** [2009], is adopted by reference. If a firm is merged, otherwise combined, dissolved, or separated, the organization administering the quality review shall apply those guidelines to determine which firm is considered the succeeding firm. That determination is subject to review by the board under those guidelines. The succeeding firm shall retain its quality review status and its quality review due date.

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am ___/___/___, Register ___)

Authority: AS 08.04.070 AS 08.04.426

Editor's note: A copy of Chapter 8 of the *American Institute of Certified Public Accountants (AICPA) Peer Review Administrative Manual*, April 1, **2014** [2009], adopted by reference in 12 AAC 04.620, may be obtained from the [DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, P.O. BOX 110806, JUNEAU, AK 99811-0806, OR FROM THE] American Institute of Certified Public Accountants (AICPA), 220 Leigh Farm Road, Durham, North Carolina 27707-8110.

CC Publisher: Existing 12 AAC 04.620 is unchanged.)))

12 AAC 04.690(1) is amended to read:

(1) "permit holder" means a person, partnership, limited liability company, or corporation that holds a permit to practice under **AS 08.04.420** [AS 08.04.390, 08.04.400, OR 08.04.420];

Withdrawn. XCR, 11/19/2015

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 12 / 25 / 2015, Register 216)

Authority: AS 08.04.070 AS 08.04.426

12 AAC 04.990 is readopted without change:

12 AAC 04.990. Definitions.

...

(Eff. 9/9/72, Register 43; am 2/10/78, Register 64; am 8/3/79, Register 70; am 1/27/81, Register 78; am 4/22/83, Register 86; am 11/9/85, Register 96; am 8/18/90, Register 115; am 2/2/94, Register 129; am 2/14/99, Register 149; am 1/1/2008, Register 184; readopt 12 / 25 / 2015, Register 216)

Authority: AS 08.04.070 AS 08.04.120 AS 08.04.425
[AS 08.04.085] AS 08.04.130 AS 08.04.680
AS 08.04.110 AS 08.04.150

Publisher: In the editor's note that follows 12 AAC 04.990, add a paragraph at the end to read as follows:)))

Effective 12 / 25 / 2015, Register 216, the Board of Public Accountancy readopted

12 AAC 04.990, without change, to affirm the validity of that section following statutory

amendments ^{to AS 08.04} made in ch. 67, SLA 2010. Section 42, ch. 67, SLA 2010 repealed

AS 08.04.085. *bold the period*