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**OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA**

M E M O R A N D U M

TO: Sara Chambers, Department of Commerce, Community and Economic Development

FROM: April Simpson, Office of the Lieutenant Governor
465.4081

A handwritten signature in blue ink, appearing to be "AS", is located to the right of the "FROM:" line.

DATE: March 13, 2024

RE: Filed Permanent Regulations: Board of Public Accountancy

Board of Public Accountancy regulations re: Updates to permit, examination, and license requirements, and materials adopted by reference (12 AAC 04.004 - 04.990)

Attorney General File:	2023200525
Regulation Filed:	3/13/2024
Effective Date:	4/12/2024
Print:	250, July 2024

cc with enclosures: Colleen Bailey, Department of Law
Judy Herndon, LexisNexis
Sylvan Robb, Division Director
Alison Osborne, Regulations Specialist
Stefanie Davis, Regulations Specialist



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Law
CIVIL DIVISION

P.O. Box 110300
Juneau, Alaska 99811
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March 13, 2024

The Honorable Nancy Dahlstrom
Lieutenant Governor
State of Alaska
P.O. Box 110015
Juneau, AK 99811-0015

Re: *12 AAC 04.004 -12 AAC 04.990: Board of Public Accountancy - Updates to permit, examination, and license requirements, materials adopted by reference.*
Our file: 2023200525

Dear Lieutenant Governor Dahlstrom:

The Department of Law has reviewed the attached regulations of the Board of Public Accountancy against the statutory standards of the Administrative Procedure Act. Based upon our review, we find no legal problems. This letter constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations. The regulations were adopted by the Board of Public Accountancy after the close of the public comment period.

The regulations update materials adopted by reference--including the *AICPA Code of Professional Standards and Standards for Performing and Reporting on Peer Reviews*, and the National State Auditors Association (NSAA), *Peer Review Manual*--update permit, examination, and license requirements, and make conforming updates to various sections implementing the statutory changes to AS 08.04 enacted under ch. 5, SLA 2022 (SCS CSHB 44(L&C) am S).

The January 3, 2024 public notice and the February 21, 2024 certification of adoption order both state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.060 is not required.

We have made some technical corrections to conform the regulations in accordance with AS 44.62.060. The corrections are incorporated into the attached copy of the regulations.

Sincerely,

TREG TAYLOR
ATTORNEY GENERAL

By: **Rebecca C. Polizzotto**
Rebecca C. Polizzotto
Chief Assistant Attorney General
Legislation, Regulations, and
Legislative Research Section

Digitally signed by
Rebecca C. Polizzotto
Date: 2024.03.13
11:20:45 -08'00'

SCW/scw

CC w/enclosure: Alison Osborne
Department of Commerce, Community and Economic Development

Steven C. Weaver, Assistant Attorney General
Department of Law

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

The attached ²⁷25 pages of regulations, relating to the current publication dates for AICPA Code of Professional Standards and Standards for Performing and Reporting on Peer Reviews, National State Auditors Association (NSAA) Peer Review Manual adopted by reference; proposed updates to language to clarify individual license and firm permit requirements, examination requirements, continuing education sections, inactive licenses, a simplification of peer review process, to include an overall clean-up of regulations to repeal sections that are no longer needed and conforming updates to various sections implementing statutory changes to AS 08.04 under 1 Chapter 5 SLA 2022 (HB44), are certified to be a correct copy of the regulation changes that the Board of Public Accountancy adopted at its February 9, 2024 meeting, under the authority of AS 08.04.055, AS 08.04.070, AS 08.04.075, AS 08.04.105, AS 08.04.120, AS 08.04.130, AS 08.04.150, AS 08.04.195, AS 08.04.410, AS 08.04.420, AS 08.04.423, AS 08.04.425, AS 08.04.440, AS 08.04.450, 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: 2/21/24



Cori Hondolero, Executive Administrator
Board of Public Accountancy

Amil Simpson for

FILING CERTIFICATION

I, Nancy Dahlstrom, Lieutenant Governor for the State of Alaska, certify that _____ on _____
March 13, 2024 at 4:02 p.m., I filed the attached regulations according to the provisions of AS 44.62.040 – 44.62.120.



for Nancy Dahlstrom, Lieutenant Governor

Effective: April 12, 2024

Register: 250, July 2024

FOR DELEGATION OF THE LIEUTENANT GOVERNOR'S AUTHORITY

I, NANCY DAHLSTROM, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, designate the following state employees to perform the Administrative Procedures Act filing functions of the Office of the Lieutenant Governor:

April Simpson, Regulations and Initiatives Specialist

IN TESTIMONY WHEREOF, I have signed and affixed the Seal of the State of Alaska, in Juneau, on May 15th, 2023.



A handwritten signature in blue ink, reading "Nancy Dahlstrom", is written over a horizontal dotted line.

**NANCY DAHLSTROM
LIEUTENANT GOVERNOR**

Chapter 04. Board of Public Accountancy.

12 AAC 04.004 is amended to read:

12 AAC 04.004. Code of professional conduct. An accountant shall adhere to the Code of Professional Conduct of the American Institute of Certified Public Accountants, *AICPA Professional Standards, ET Section* [*AICPA PROFESSIONAL STANDARDS, VOLUME 3, ET SECTION*], revised as of **June 15, 2022** [JUNE 1, 2020], adopted by reference. (Eff. 1/4/2017, Register 221; am 4/19/2019, Register 230; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.080

Editor's note: A copy of the *AICPA Professional Standards*, [*AICPA PROFESSIONAL STANDARDS, VOLUME 3*] adopted by reference in 12 AAC 04.004, 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>.

12 AAC 04.038(a) is amended to read:

(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*, [*AICPA PROFESSIONAL STANDARDS, VOLUME 1, AU-C SECTION*], as revised as of **June 15, 2022** [JUNE 1, 2020], 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*, [*AICPA PROFESSIONAL STANDARDS, VOLUME 3, AR-C SECTION*,] as revised as of **June 15, 2022** [JUNE 1, 2020], 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*, [*AICPA PROFESSIONAL STANDARDS, VOLUME 1, AT-C SECTION*,] as revised as of **June 15, 2022** [JUNE 1, 2020], adopted by reference; [AND]

(4) an engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) established under 15 U.S.C. 7211(a); **and**

(5) an examination, review, or agreed upon procedures engagement performed in accordance with the SSAE, other than an examination under (3) of this subsection.

12 AAC 04.038(c) is amended to read:

(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*, [*AICPA PROFESSIONAL STANDARDS, VOLUME 3, QC SECTION*,] as revised as of **June 15, 2022** [JUNE 1, 2020], adopted by reference. (Eff. 1/1/2008, Register 184; am 10/16/2011, Register 200; am 1/4/2017, Register

Register 250, July 2024 PROFESSIONAL REGULATIONS

221; am 4/19/2019, Register 230; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.423

Editor's note: A copy of the AICPA Professional Standards [, *AICPA PROFESSIONAL STANDARDS, VOLUMES 1, 2, AND 3*,] 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>.

12 AAC 04.140 is amended to read:

12 AAC 04.140. Special meeting. The [SPECIAL MEETINGS MAY BE HELD UPON THE CALL OF THE] president or a majority of the members of the board **may determine the need for a special meeting. The president or the board majority may designate the time and place for a special meeting under this section** [, AT THE TIME AND PLACE AS MAY BE DESIGNATED IN THE CALL]. (Eff. 9/9/72, Register 43; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 [AS 08.04.070(b)]

12 AAC 04 is amended by adding a new section to Article 3 to read:

12 AAC 04.151. Qualifications for licensure. (a) An individual may not practice, attempt to practice, or offer to practice public accountancy in the state without a current license as a certified public accountant (CPA). The board may issue a license to an applicant who has a principal place of business or residence in the state as follows:

(1) by examination under 12 AAC 04.175 if it is the applicant's first application for CPA licensure in the state, any other state or territory of the United States, or country or foreign jurisdiction outside of the United States;

(2) by reciprocity under 12 AAC 04.165 if the applicant holds a current CPA license in another state or territory of the United States;

(3) by temporary military courtesy license under 12 AAC 04.184 if the applicant is an active duty military member or spouse of an active duty military member of the armed forces of the United States, meets the requirements of 12 AAC 04.184, and has submitted an application for a license by reciprocity;

(4) by a temporary license granted to an applicant applying for licensure by reciprocity under 12 AAC 04.165(e) pending issuance of a full license.

(b) For eligibility to apply for a license in the state, a foreign-educated applicant who received an education outside of the United States must submit verification satisfactory to the board that the applicant

(1) graduated with a qualifying degree from a school outside of the United States with an educational program that meets the requirements of 12 AAC 04.185(e)(2);

(2) meets all requirements for licensure under AS 08.04 and 12 AAC 04.165; and

(3) if the state is

(A) not the first jurisdiction for licensure, verification of a current CPA license in good standing from a jurisdiction with licensing requirements equivalent to the requirements of AS 08.04 and this chapter; or

(B) the first jurisdiction for licensure, verification that all requirements of 12 AAC 04.175 have been met; the applicant's school transcripts shall be sent to the

Register 250, July 2024 PROFESSIONAL REGULATIONS

board directly from the school; if the applicant's transcripts are not written in the English language, transcripts must be translated into English. (Eff. 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.450

12 AAC 04.155 is amended to read:

12 AAC 04.155. Denial of license. The board may refuse to grant a license to an applicant for the same reasons that the board may impose disciplinary sanctions **under 12 AAC 04.520** upon the holder of a license. (Eff. 1/1/2008, Register 184; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.450

12 AAC 04 is amended by adding a new section to read:

12 AAC 04.161. Background check. (a) An applicant for licensure under this chapter shall submit to the board

(1) a report of the applicant's criminal history obtained by request to the Department of Public Safety for a report of state criminal justice information under AS 12.62.005 - 12.62.200; and

(2) an equivalent report issued by the applicant's primary state of residence, if it is a state other than this state.

(b) An applicant for licensure under this chapter is responsible for payment of any fee associated with requesting the criminal history background check from the Department of Public Safety. (Eff. 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.423

12 AAC 04.165 is repealed and readopted to read:

12 AAC 04.165. Application for licensure by reciprocity. (a) An applicant who holds a license in good standing to practice public accounting issued by another state may apply for a license to engage in the practice of public accounting in the state. The applicant

- (1) must comply with the standards of practice set out under AS 08.04 and this chapter;
- (2) must meet the requirements of AS 08.04.105 and 08.04.195;
- (3) may not be convicted of a crime that affects the applicant's ability to practice public accountancy competently and safely, as determined by the board; and
- (4) may not have had a license to practice public accountancy revoked, suspended, or voluntarily surrendered in relation to a licensing or compliance issue in the state or another state within the meaning given in AS 08.04.680, or in a country or foreign jurisdiction outside of the United States.

(b) An applicant for a license under this section must submit

- (1) verification that the applicant holds a current CPA license in good standing issued by another state within the meaning given in AS 08.04.680; the verification must include the applicant's current license status and information regarding any disciplinary action or investigation taken or pending relating to the applicant;
- (2) a complete notarized application on a form provided by the department that includes a summary of the applicant's professional work experience;
- (3) the applicable fees specified in 12 AAC 02.340;

(4) the names of three individuals who are each able to provide a reference for the applicant as verification that the applicant meets the good moral character requirements of 12 AAC 04.160 and AS 08.04.195(a)(4);

(5) verification showing that the applicant has passed the applicable examinations required under 12 AAC 04.200(a) and (b);

(6) verification that the qualifications required by the other state are substantially equivalent to the national standard under 12 AAC 04.285; and

(7) criminal history information report as set out under 12 AAC 04.161.

(c) An applicant must comply with the applicable experience requirements under 12 AAC 04.180.

(d) An applicant for licensure by reciprocity under this section is entitled to submit a request for a temporary license to practice public accountancy. A temporary license under this section is valid for a than a period no longer than 180 days pending issuance of a license. An individual may not receive more than one temporary license. The temporary license expires once the board issues a full license. (Eff. 1/1/2008, Register 184; am 9/28/2008, Register 187; am 12/25/2015, Register 216; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.195

12 AAC 04.175 is repealed and readopted to read:

12 AAC 04.175. Application for licensure by examination. An applicant for licensure by examination to practice public accounting must

(1) meet the requirements of AS 08.04 and this section;

(2) have a current or intended principal place of business in the state;

(3) submit to the department

(A) a complete notarized application on a form provided by the department;

(B) the applicable fees specified in 12 AAC 02.340;

(C) a criminal history information report as set out under 12 AAC 04.161;

(D) verification showing that the applicant

(i) meets the education requirements under

AS 08.04.120, 08.04.150, 12 AAC 04.185, and 12 AAC 04.187;

(ii) meets the applicable experience requirements under

AS 08.04.120 and 12 AAC 04.180; and

(iii) has passed the applicable examinations required under

12 AAC 04.200; and

(E) the names of three individuals for verification of the applicant's good moral character as required under 12 AAC 04.160. (Eff. 9/28/2008, Register 187; am 12/25/2015, Register 216; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

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(a) is amended to read:

(a) An applicant for initial issuance of a license **under this chapter** [12 AAC 04.165 OR 12 AAC 04.175] must show that the applicant has had two years of experience. **Under this subsection, an applicant's acceptable experience**

(1) includes [THAT EXPERIENCE MUST INCLUDE] providing any type of service or advice involving the use of

(A) accounting; [,]

(B) attest; [,]

(C) compilation; [,]

(D) management advisory; [,]

(E) financial advisory; [,]

(F) tax; [,] or

(G) consulting skills and related training;

(2) must be [ALL OF WHICH WERE] verified by a supervising certified public accountant with an active license at the time of supervision;

(3) may be [. THE EXPERIENCE IS ACCEPTABLE IF IT IS] gained through employment in government, industry, academia, or public practice; **and**

(4) [EXPERIENCE] does not include paid or unpaid leave or holidays.

(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; am 4/19/2019, Register 230; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.120

12 AAC 04.185(e)(1) is amended to read:

(1) a college or university accredited by a regional accrediting association **or as otherwise approved by the board;** or

Register 250, July 2024 PROFESSIONAL REGULATIONS

(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; am 1/4/2017, Register 221; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.120

12 AAC 04.189(4) is amended to read:

(4) either

(A) has met the **peer** [QUALITY] review requirements of 12 AAC

04.600; or

(B) is exempt under 12 AAC 04.620 from compliance with **peer**

[QUALITY] review requirements of 12 AAC 04.600.

(Eff. 1/8/2008, Register 184; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.105 AS 08.04.195

12 AAC 04.195 is amended to read:

12 AAC 04.195. Qualifications for examination. To meet the requirements of AS 08.04.150(1)(C), an applicant must have at least one year of public accounting experience under the direct supervision of a certified public accountant who, at the time the applicant was supervised, held **a current** [AN ACTIVE] license to practice public accounting in a state **within the meaning given in AS 08.04.680**. [THE EXPERIENCE IS NOT REQUIRED TO BE OBTAINED IN A STATE]. (Eff. 2/14/99, Register 149; am 1/8/2008, Register 184; am

4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.150

12 AAC 04.200(g) is amended to read:

(g) An applicant

(1) **may take each of the required examination sections individually, in any order** [MAY SIT FOR EACH SECTION OF THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION INDIVIDUALLY];

(2) **may earn credit for each examination section that is passed during a period of 30 months, beginning on the date the applicant's first passing score is released by NASBA and concluding on the date the applicant takes the final section of the examination for which a passing score is achieved** [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 sections of the Uniform Certified Public Accountant Examination within **a 30-month** [AN 18-MONTH] period.

12 AAC 04.200(h) is amended to read:

(h) **An applicant who fails to complete each examination section within a 30-month period will forfeit credit earned for sections passed outside of the 30-month period. Each forfeited section must be retaken in accordance with 12 AAC 04.235**

[IF AN APPLICANT DOES NOT PASS ALL 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].

12 AAC 04.200 (i) is amended to read:

(i) The board will **consider a request for an extension of the period of credit for examinations once an applicant has passed all four sections of the CPA examination** [EXTEND THE PERIOD OF CREDIT FOR EXAMINATION SECTIONS PASSED UPON A SHOWING, TO THE BOARD'S SATISFACTION]. **The applicant must submit evidence satisfactory to the board that** the credit was lost due to circumstances beyond the applicant's control. (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; am 4/19/2019, Register 230; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.130

12 AAC 04 is amended by adding a new section to read:

12 AAC 04.245. Firm permits. (a) A firm that is engaged in the practice of public accounting in the state must obtain a permit issued by the board under this chapter if the firm

(1) has an established and maintained office in the state and meets the ownership requirements of 12 AAC 04.255;

(2) does not have an established and maintained office in the state but provides, or offers to provide, attest functions in the state under AS 08.04.240(k); or

(3) assumes or uses the title or designation "certified public accountant" or "public accountant" or the abbreviation "CPA" or "PA" as set out under AS 08.04.510 and 08.04.530, or

any of the titles and abbreviations listed under AS 08.04.540 unless operating under the requirements of practice privilege under 12 AAC 04.251.

(b) A firm that requires a permit must meet the requirements of 12 AAC 04.280. (Eff.

4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.240

12 AAC 04.250 is repealed:

12 AAC 04.250. Practice permits. Repealed. (Eff. 9/7/72, Register 43; am 7/27/97, Register 143; am 1/8/2008, Register 184; am 8/1/2012, Register 203; repealed

4 / 12 / 2024, Register 250)

12 AAC 04 is amended by adding a new section to read:

12 AAC 04.251. Practice privilege. (a) An individual who establishes a principal place of business in the state and holds a current CPA license in another state in good standing may practice public accounting in this state without a license for a period of 180 days. The individual is required to obtain a license by reciprocity under 12 AAC 04.165 not later than 180 days after establishing a principal place of business in the state.

(b) The board may request that an applicant who engages in the practice of public accounting in the state under AS 08.04.420 verify that the applicant's

(1) licensure in another state is in good standing;

(2) principal place of business is located in the same state as licensure under (1) of this subsection; or

(3) substantial equivalency qualifications required under 12 AAC 04.285 have

been met.

(c) An accountant who exercises the practice privilege granted under AS 08.04.420 shall follow the statutes and regulations of the state when practicing in the state and shall recognize the jurisdiction and disciplinary authority of the board and courts over the services provided by the accountant in the state. (Eff. 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.240

12 AAC 04.255(a) is amended to read:

12 AAC 04.255. Firm ownership. (a) A **firm within the meaning given in AS 08.04.680** [PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, OR OTHER LEGAL ENTITY] granted a permit under AS 08.04.240 that ceases to be in compliance with the ownership requirements of that section shall promptly take action to remedy that noncompliance.

12 AAC 04.255(b)(1) is amended to read:

(1) if the noncompliance is remedied **not** [NO] later than 180 days after the noncompliance begins, the **firm** [PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, OR OTHER LEGAL ENTITY] need not provide notice to the board;

The introductory language of 12 AAC 04.255(b)(2) is amended to read:

(2) if the noncompliance is not or cannot be remedied during the 180-day period, the **firm** [PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, OR OTHER LEGAL ENTITY] shall provide notice of the noncompliance to the board; the board will

establish a reasonable length of additional time by which the **firm** [PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, OR OTHER LEGAL ENTITY] must achieve compliance; in establishing a reasonable length of time,

...

(Eff. 8/1/2012, Register 203; am 11/3/2012, Register 204; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 055 AS 08.04.240

12 AAC 04.280 is repealed and readopted to read:

12 AAC 04.280. Applications for firm permits and renewal of firm permits. (a) An applicant for a permit under 12 AAC 04.245 and AS 08.04.240 must submit

(1) evidence satisfactory to the board that the firm

(A) meets the ownership requirements set out under AS 08.04.240 and

12 AAC 04.255; and

(B) is supervised in accordance with the requirements set out under

AS 08.04.360;

(2) a complete application on a form provided by the department;

(3) the applicable fees required in 12 AAC 02.340; and

(4) verification that the firm holds a current permit to practice public accounting

in good standing issued by the state or another state; verification must include the firm's current permit status and information regarding any disciplinary action or investigation taken or pending against the firm or its owners; if the permit is not issued by the state, the verification must be from the state in which the firm's established office and principal place of business is located.

(b) A permit is valid for the biennial license period for which it was issued.

(c) A permit issued under AS 08.04.240, 12 AAC 04.245, and this section will be renewed for subsequent biennial license periods if the holder of the permit submits

(1) a renewal application, due not later than December 31, on a form provided by the department;

(2) the applicable fee required in 12 AAC 02.340; and

(3) certification that the holder of the permit continues to meet the requirements of AS 08.04.240.

(d) The board may refuse to grant a permit or renewal of a permit issued under AS 08.04.240 and this section for the same reasons that the board may impose disciplinary sanctions under 12 AAC 04.520 upon the holder of a license, permit, or practice privilege. (Eff. 8/14/87, Register 103; am 1/1/2008, Register 184; am 8/1/2012, Register 203; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.240 [AS 08.04.421]

12 AAC 04.285(a) is amended to read:

(a) The **licensing requirements** [QUALIFICATIONS] of another state are substantially equivalent to the national standard if the National Association of State Boards of Accountancy National Qualification Appraisal Service has determined that the qualifications for licensure as a certified public accountant in that state are substantially equivalent to the qualifications for certification as a certified public accountant of the Uniform Accountancy Act, published jointly by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy.

(Eff. 1/1/2008, Register 184; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.075 AS 08.04.120

12 AAC 04.300 is repealed and readopted to read:

12 AAC 04.300. Hours of continuing education required. (a) Continuing education in this section must ensure that a licensee

(1) maintains high professional accountancy standards;

(2) is up to date with current educational trends; and

(3) has obtained specific training required for a CPA to provide public

accountancy services effectively and competently, applying the principles and concepts of public accountancy set out in AS 08.04.

(b) An applicant must demonstrate to the board that continuing education completed in the concluding biennial licensing period as set out in 12 AAC 04.300 – 12 AAC 04.400 meets the requirements for continued education as set out in this section.

(c) Except as provided in 12 AAC 04.430 and 12 AAC 04.440, an applicant for renewal of a license issued by the board under this chapter shall provide verification to the board that the applicant completed not less than 80 hours of approved continuing education during the concluding biennial licensing period. At least 20 hours of continuing education must have been completed for each year of the concluding biennial licensing renewal period.

(d) At least four hours of the minimum 80 hours of approved continuing education required in (c) of this section must cover ethics.

(e) Not more than 10 hours of the minimum 80 hours of approved continuing education required in (c) of this section may be completed by means of micro-learning activities.

(f) The continuing education requirements of this section do not apply to an individual who holds an inactive license under AS 08.04.410.

(g) For the purposes of this section a continuing education activity under one hour in length is considered a micro-learning activity.

(h) A licensee who for reasonable cause or excusable neglect is unable to complete the continuing education requirements for renewal of a license may request an exemption by explaining the cause for the exemption to the board a written statement. If the exemption is granted, the board will prescribe an alternative method for the licensee to complete the continuing education requirements. (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; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.340 is amended to read:

12 AAC 04.340. Approved subjects. To [IN ORDER TO] be approved by the board, a subject **for continuing education credit** must contribute directly to the professional competence of [A PERSON LICENSED TO PRACTICE AS] a certified public accountant **and may include**

(1) technical subjects pertaining directly to the profession of accounting; or

(2) non-technical subjects that improve the licensee's ability to practice

accountancy in a competent manner. (Eff. 1/18/78, Register 64; am 4 / 12 / 2024,

Register 250)

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.360(5) is repealed:

(5) repealed 4 / 12 / 2024 (Eff. 1/18/78, Register 64; am 2/23/95, Register 133; am 1/1/2008, Register 184; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.425

12 AAC 04.400 is amended to read:

12 AAC 04.400. Report of continuing education. An applicant for renewal of a license issued by the board under this chapter to practice public accounting shall submit, on a form provided by the department, a statement that the applicant has complied with the continuing education requirements of 12 AAC 04.300. (Eff. 1/18/78, Register 64; am 7/25/2001, Register 159; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.425

12 AAC 04.410 is repealed:

12 AAC 04.410. "Reasonable cause or excusable neglect" defined. Repealed. (Eff. 1/18/78, Register 64; am 12/15/2002, Register 164; repealed 4 / 12 / 2024, Register 250)

12 AAC 04.430(e) is amended to read:

(e) When a license is in "inactive" status, that status must be made clear by the licensee by the addition of "CPA-Inactive" or "CPA (inactive)" when using the CPA designation in any form, including on business cards, email signatures, websites, and social media accounts [SUCH AS "CPA-INACTIVE" OR "CPA (INACTIVE)"].

12 AAC 04.430(f) is amended to read:

(f) When a license is in inactive status, the licensee may not **practice public accounting** **or offer to** [OR] practice public accounting. (Eff. 1/18/78, Register 64; am 8/14/87, Register 103; am 4/7/95, Register 134; am 7/25/2001, Register 159; am 1/1/2008, Register 184; am 2/24/2022, Register 241; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.440(a)(4) is amended to read:

(4) either

(A) has met the **peer** [QUALITY] review requirements of **12 AAC 04.600(a)(1) - (3)** [12 AAC 04.600]; or

(B) is exempt under 12 AAC 04.620 from compliance with the **peer** [QUALITY] review requirements of **12 AAC 04.600(a)(1) - (3)** [12 AAC 04.600].

(Eff. 8/14/87, Register 103; am 4/10/88, Register 106; am 4/7/95, Register 134; 7/27/97, Register 143; am 7/25/2001, Register 159; am 12/15/2002, Register 164; am 1/1/2008, Register 184; am 9/28/2008, Register 187; am 12/29/2013, Register 208; am 4 / 12 / 2024, Register 250)

Authority: AS 08.01.100 AS 08.04.425 AS 08.04.440
AS 08.04.070

12 AAC 04.520(a) is amended to read:

(a) **The board may impose** [NOTHING IN THIS SECTION PROHIBITS THE BOARD FROM IMPOSING] greater or lesser penalties than those described **under AS 08.04 and this**

section [,] depending on the circumstances of a particular case, **to the full extent of AS 08.01.075; AS 08.04.450, 08.04.470, and 08.04.480.**

(Eff. 4/10/88, Register 106; am 2/14/99, Register 149; am 1/1/2008, Register 184; am 12/25/2015, Register 216; am 4 / 12 / 2024, Register 250)

Authority: AS 08.01 075 AS 08.04.130 AS 08.04.450
AS 08.04.070

12 AAC 04.530 is repealed and readopted to read:

12 AAC 04.530. Definitions for disciplinary guidelines. For the purposes of this section, AS 08.04.450, 08.04.470, 08.04.480, and 12 AAC 04.520 - 12 AAC 04.530,

(1) "act discreditable to the accounting profession" means an action that conflicts with or is in breach of the rules set out in the Code of Professional Conduct of the American Institute of Certified Public Accountants, *AICPA Professional Standards, ET Section*, revised as of June 15, 2022, and adopted by reference under 12 AAC 04.004;

(2) "breaching the security provisions of a licensing examination" includes

(A) removing any examination materials from the examination room without authorization,

(B) reproducing, or assisting a person in reproducing, any portion of the licensing examination by any means and without authorization;

(C) obtaining examination questions or other examination materials, except by specific authorization before, during, or after an examination;

(D) using, or purporting to use, improperly obtained examination questions or materials to instruct or prepare an examinee for the licensing examination;

and

(E) selling, distributing, buying, receiving, or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(3) "cheating on a licensing examination" means

(A) communicating with another examinee or an unauthorized person during the administration of the examination regarding the content of the examination;

(B) copying answers from another examinee; or

(C) permitting answers to be copied by another examinee;

(4) "dishonesty in the practice of public accounting" means making misleading, deceptive, or untrue representations in the practice of public accountancy;

(5) "fraud or deceit in obtaining any certificate, license, registration, or permit" means knowingly submitting false or forged evidence to the board in, or in support of,

(A) an application for a certificate, license, registration, or permit;

(B) cheating on a licensing examination, or assisting a person in cheating on a licensing examination; or

(C) breaching the security provisions of a licensing examination;

(6) "gross negligence in the practice of public accounting" means

(A) the failure by a licensee to adequately keep required documentation and work papers of a client or of work performed by the holder of a license, permit, or certificate;

(B) mis-accounting funds; or

(C) other misapplication of generally accepted accounting practices that

results in substantial injury to another;

(7) "unprofessional conduct in an investigation" means

(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 to examine and have access to records maintained by the licensee that relate to the licensee's practice under AS 08.04 upon written request. (Eff. 4/10/88, Register 106; am 2/14/99, Register 149; am 12/25/2015, Register 216; am 4 / 12 / 2024, Register 250)

Authority: AS 08.01.075 AS 08.04.070 AS 08.04.450

12 AAC 04.600 is repealed and readopted to read:

12 AAC 04.600. Peer review requirements. (a) A permit holder who issued a report on audited or reviewed financial statements during the concluding permit period shall

(1) certify that within the three years before the date of application for permit renewal, the permit holder has undergone a peer review that meets the requirements of

(A) American Institute of Certified Public Accountants, *AICPA Standards for Performing and Reporting on Peer Reviews*, June 2023 edition, adopted by reference, excluding any reference to compilations; or

(B) National State Auditors Association (NSAA), *Peer Review Manual*, 2022 edition, adopted by reference;

(2) remain in good standing with the organization administering the peer review;

and

(3) submit the most recent written acceptance report from the AICPA at the

request of the board if required.

(b) In this section,

(1) "organization administering the peer review" means

(A) a state certified public accountant society authorized by the American Institute of Certified Public Accountants (AICPA) Peer Review Board to administer quality reviews; or

(B) the National State Auditors Association;

(2) "permit holder" means a person or firm that holds a permit to practice under AS 08.04.420. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; 10/16/2003, Register 168; am 12/25/2015, Register 216; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.426

12 AAC 04.610 is repealed:

12 AAC 04.610. Approved quality review programs. Repealed (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 1/4/2017, Register 221; am 4/19/2019, Register 230; am 2/24/2022, Register 241; repealed 4 / 12 / 2024, Register 250)

((Publisher: Please delete the Editor's notes following 12 AAC 04.610. The repeal of this section renders such notes obsolete.)))

The introductory heading to 12 AAC 04.620 is changed to read:

12 AAC 04.620. Exceptions to peer review reporting requirements.

12 AAC 04.620(a) is amended to read:

(a) A permit holder is exempt from the **peer review** [QUALITY REVIEW] requirements **under** [IN] 12 AAC 04.600 if

(1) the permit holder did not issue reports on audited or reviewed financial statements during the concluding permit period; or

(2) the report on audited or reviewed financial statements was

(A) the permit holder's first report during the permit period; and

(B) was issued within the last 12 months of the concluding permit

period.

12 AAC 04.620(b) is amended to read:

(b) A permit holder **who is exempt under (a)(2) of this section must undergo a peer review as set out under 12 AAC 04.600 within 18 months after the date of the first completed report on audited or reviewed financial statement** [WHO ISSUED THE PERMIT HOLDER'S FIRST REPORT DURING THE PERMIT PERIOD ON AUDITED OR REVIEWED FINANCIAL STATEMENTS WITHIN THE LAST 12 MONTHS OF THE CONCLUDING PERMIT PERIOD [IS NOT REQUIRED TO MEET THE REQUIREMENTS OF 12 AAC 04.600(c) TO RENEW THE PERMIT. A PERMIT HOLDER DESCRIBED IN THIS SUBSECTION SHALL

(1) NOTIFY THE BOARD WITHIN 30 DAYS OF ISSUING THE FIRST REPORT ON AUDITED OR REVIEWED FINANCIAL STATEMENTS OR NO LATER THAN THE DATE OF FILING THE APPLICATION FOR PERMIT RENEWAL;

(2) UNDERGO A QUALITY REVIEW THAT IS ACCEPTABLE TO THE

BOARD UNDER 12 AAC 04.610 WITHIN 18 MONTHS AFTER THE DATE OF THE FIRST COMPLETED REPORT ON AUDITED OR REVIEWED FINANCIAL STATEMENTS; AND

(3) MEET THE REQUIREMENTS OF 12 AAC 04.600(c) FOR SUBSEQUENT RENEWAL OF THE PERMIT TO PRACTICE].

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am 1/4/2017, Register 221; am 4/19/2019, Register 230; am 4 / 12 / 2024, Register 250)

Authority: AS 08.04 070 AS 08.04.426

12 AAC 04.630 is repealed:

12 AAC 04.630. Special quality review reporting requirements. Repealed. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; repealed 4 / 12 / 2024, Register 250)

12 AAC 04.690 is repealed:

12 AAC 04.690. Definitions related to quality review. Repealed. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 12/25/2015, Register 216; repealed 4 / 12 / 2024, Register 250)

12 AAC 04.990(1)(D) is repealed:

(D) repealed 4 / 12 / 2024 ;

12 AAC 04.990 is amended by adding a new paragraph to read:

(15) "reasonable cause or excusable neglect" includes

(A) chronic illness;

(B) military service; and

(C) other extenuating circumstances, as found by the board. (Eff. 9/7/72,

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 1/1/2008, Register 184; readopt 12/25/2015, Register 216; am 4/12/2024, Register 250)

Authority: AS 08.04.070 AS 08.04.130 AS 08.04.425
AS 08.04.110 AS 08.04.150 AS 08.04.680
AS 08.04.120

(((Publisher: Please change the period at the end of 12 AAC 04.990(1)(14) to a semi-colon.)))