



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

BOARD OF PUBLIC ACCOUNTANCY

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April 1, 2015

Dear Licensee:

The Board would like to provide some background information on the attached proposed regulation changes. The Alaska Society of CPAs (AKCPA) and members in the industry were contacted for feedback prior to proposing significant changes. The National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) provided the Board and AKCPA with a summary of areas where the Alaska statutes and regulations for public accountancy differed from the Uniform Accountancy Act or AICPA's Code of Professional Conduct. The AKCPA's legislative committee provided the Board with recommendations for areas it considered significant by its members. The Board reviewed these areas over the last year to develop the attached proposed regulation changes.

Many of the changes are to update references to current versions of documents listed in the regulations. The remaining proposed changes are to bring Alaska regulations for CPA's into alignment with the national industry standards and the Uniform Accountancy Act (UAA).

The substantial changes include: removal of the required 500 attest hours to qualify for licensure by examination; update the definition for one year of experience; removal of the requirement that the required ethics continuing education hours be Alaska specific; update to allow for CPE credit for classes of less than a full hour; and changes to the list of accepted credential evaluation companies.

These changes will bring Alaska more in line with national standards and the Uniform Accountancy Act while continuing to protect the public interest by ensuring that only qualified persons are licensed and appropriate standards of competency and practice are established and enforced.

Sincerely,

A handwritten signature in cursive script that reads "Karen Brewer-Tarver".

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

**Chapter 04. Board of Public Accountancy.**

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted. Complete new sections are not underlined.)

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>.

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  
\_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

**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 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

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 **December 15, 2014** [JUNE 1, 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 **December 15, 2014** [JUNE 1, 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 **December 15, 2014** [JUNE 1, 2010], 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).

(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 **December 15, 2014** [JUNE 1, 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>.

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 \_\_\_)

**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 27707-8110 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 \_\_\_/\_\_\_/\_\_\_ [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 \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_)

**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 \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_)

**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 this section shall show that the applicant has had two years of experience. This experience 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 was verified by a supervising certified public accountant. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.

(b) 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 (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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**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](http://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 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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.310(b) is repealed:

(b) Repealed \_\_\_/\_\_\_/\_\_\_ [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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 08.04.070 AS 08.04.425

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

(2) repealed \_\_\_/\_\_\_/\_\_\_ [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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**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 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**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 \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_)

**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 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 \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_)

**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.

12 AAC 04.620(c) is amended to read:

(c) The guidelines in Chapter 8<sub>2</sub> 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.

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(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.

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];

(Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 08.04.070 AS 08.04.426

12 AAC 04.990 is readopted without change:

**12 AAC 04.990. Definitions.**

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(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,

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Register 129; am 2/14/99, Register 149; am 1/1/2008, Register 184; readopt \_\_\_/\_\_\_/\_\_\_,

Register \_\_\_\_\_)

**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 \_\_\_ / \_\_\_ / \_\_\_, Register \_\_\_\_\_, the Board of Public Accountancy readopted 12 AAC 04.990, without change, to affirm the validity of that section following statutory amendments made in ch. 67, SLA 2010. Section 42, ch. 67, SLA 2010 repealed AS 08.04.085.**