

Statutes and Regulations **Public Accountancy**

May 2009

(Centralized Statutes and Regulations not included)



DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT

***DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING***

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**CHAPTER 04.
ACCOUNTANTS.**

Article

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**ARTICLE 1.
BOARD OF PUBLIC ACCOUNTANCY.**

Section

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Sec. 08.04.005. Purpose. It is the policy of the state and the purpose of this chapter to promote the reliability of information that is used for guidance in financial transactions or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises. The public interest requires that

(1) persons professing special competence in accountancy or who offer assurance as to the reliability or fairness of presentation of financial information should demonstrate their qualifications to do so, and that persons who have not demonstrated and maintained adequate qualifications should not be permitted to hold themselves out as having special competence or to offer assurance about their actions;

(2) the professional conduct of persons licensed as having special competence in accountancy should be regulated in all aspects of the practice of public accounting;

(3) a public authority competent to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accounting should be established; and

(4) the use of titles relating to the practice of public accounting that are likely to mislead the public as to the status or competence of the persons using these titles should be prohibited.

Sec. 08.04.010. Creation of board. There is created the Board of Public Accountancy.

Sec. 08.04.020. Appointment and qualifications of board. (a) The board consists of seven members appointed by the governor. Each member shall be a resident of this state for at least one year. Five members shall be certified public accountants or public accountants and two members shall be public members

(b) Except for public members, an individual may not be appointed unless the individual holds a current license. Public members may not be employed by a person holding a license, permit, or practice privilege under this chapter. Notwithstanding AS 08.01.025, an accountant who does not hold a license under this chapter and is not engaged in the practice of public accounting in violation of this chapter is eligible for appointment as a public member under this section.

Sec. 08.04.025. Meetings of board. The board shall hold a minimum of four meetings a year.

Sec. 08.04.030. Removal of members. The governor shall remove any member of the board whose license has been revoked or suspended. The governor may, after hearing, remove any member for neglect of duty or other just cause.

Sec. 08.04.040. Vacancy on board. A vacancy shall be filled by appointment for the unexpired term and all vacancies shall be filled within 60 days. After the expiration of a member's term of office a member continues to serve until a successor is appointed and qualifies, formally advises the board of acceptance of the appointment, and appears at the next meeting of the board.

Sec. 08.04.050. Quorum. A majority of the board constitutes a quorum for the transaction of business.

Sec. 08.04.070. Functions of board. (a) The board shall elect annually from its members a presiding officer, a secretary and a treasurer. One person may hold the offices of secretary and treasurer.

(b) The board may adopt and amend regulations for the orderly conduct of its affairs and for the administration of this chapter.

(c) The board shall adopt a seal.

(d) *Repealed 1/1/2008.*

(e) *Repealed 1/1/2008.*

(f) The board shall adopt a formal statement of goals, objectives and policies to be reviewed and updated annually.

(g) The board shall submit an annual report to the governor containing

(1) a statement of the board's purpose and goals for the year;

(2) programs planned by the board;

(3) statistics relating to operations, including the number of

(A) applicants processed;

(B) certificates, licenses, and permits issued;

(C) persons who pass or fail an examination; and

(D) complaints received;

(4) significant developments and concerns of the board;

(5) amendments offered and adopted to regulations;

(6) proposed statutory changes;

(7) member participation and appointment status; and

(8) budget information.

Sec. 08.04.075. Substantial equivalency. Upon request of an applicant for a practice privilege under AS 08.04.420(a), or on the board's own motion, the board shall determine whether the qualifications of another state or the applicant are substantially equivalent to the national standard or to another standard established by the board to protect the public interest. The board may adopt by regulation the qualifications established by a nationally recognized professional organization for accountants as the national standard or for another standard established by the board to protect the public interest. The board may accept the determination of a nationally recognized professional organization for accountants of whether the qualifications of the other state or the applicant are substantially equivalent to the national standard or to another standard established by the board to protect the public interest.

Sec. 08.04.080. Adoption of rules. The board may adopt rules of professional conduct to establish and maintain a high standard of integrity and dignity in the profession of public accounting. At least 60 days before the adoption of any rule or amendment, the board shall mail copies of the proposed rule or amendment together with a notice of its effective date to each holder of a license or permit issued under this chapter to the address of the license or permit holder last known to the board.

Sec. 08.04.085. Regulations regarding attest functions. Under AS 08.04.080, the board shall adopt regulations that identify what activities constitute attest functions. To identify activities as attest functions, the board may adopt the criteria established by a nationally recognized professional organization for accountants.

ARTICLE 2. CERTIFIED PUBLIC ACCOUNTANTS.

Section

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Sec. 08.04.100. Certificate granted. The certificate of “Certified Public Accountant” shall be granted by the board to any person who meets the requirements of AS 08.04.110 - 08.04.130. The holder of a certificate issued under this section is not authorized to engage in the practice of public accounting in the state unless the holder also has a current license, permit, or practice privilege issued under this chapter.

Sec. 08.04.105. License for individual to practice as a public accountant. (a) The board shall issue a license to engage in the practice of public accounting to an individual who meets the requirements of AS 08.04.110 - 08.04.130. The license is valid for the remainder of the biennial licensing period during which the initial license was granted.

(b) The board may renew a license granted under this section if the licensee

- (1) maintains all of the licensee's offices as required by AS 08.04.360 - 08.04.380;
- (2) complies with the continuing education requirements of AS 08.04.425 and the quality review requirements of AS 08.04.426; and
- (3) complies with the requirements of this chapter.

Sec. 08.04.110. Personal requirements. An applicant for a certified public accountant license shall be at least 19 years of age and of good moral character.

Sec. 08.04.120. Educational and experience requirements. (a) The education and experience requirements for an applicant are a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board and additional semester hours or post-baccalaureate study so that the total educational program includes at least 150 hours, with an accounting concentration or equivalent as determined by the board by regulation to be appropriate, and two years of accounting experience satisfactory to the board.

(b) Notwithstanding (a) of this section, the board may grant a license to an applicant who has

- (1) not completed the 150-hour educational program required by (a) of this section if the applicant has received a baccalaureate degree, or its equivalent, before January 1, 2001, from a college or university acceptable to the board, and if the applicant satisfies the other criteria established by the board by regulation for receiving the license; or
- (2) completed a baccalaureate degree, or its equivalent, before January 1, 2008, from a college or university acceptable to the board, and additional semester hours of postbaccalaureate study so that the total educational program includes at least 150 hours, and the applicant has three years of accounting experience satisfactory to the board.

Sec. 08.04.130. Examination. An applicant shall pass an examination in accounting and reporting, in auditing, and in other related subjects that the board determines appropriate. The examination shall be designated in advance by the board as the examination for the license of certified public accountant. The board shall use the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants and the institute's advisory grading service, if available. The board shall, by regulation, establish what constitutes a passing grade on the examination for purposes of licensure under AS 08.04.105 - 08.04.240.

Sec. 08.04.150. Qualifications to take examination. A person is qualified to take the examination for certified public accountants if the person either

- (1) has a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board with
 - (A) an accounting concentration or the equivalent, as defined in regulations of the board;
 - (B) a minimum of 15 semester credit hours or 22 quarter credit hours of accounting subjects; or
 - (C) one year of public accounting experience under the direct supervision of a certified public accountant;

or

- (2) has met or is within 18 semester credit hours or 27 quarter credit hours of meeting the undergraduate educational requirements of AS 08.04.120 and has completed at least 15 semester hours or 22 quarter hours of accounting subjects.

Editor's note: The Alaska Legislature included the following statement in the 1997 amendment to AS 08.04.150: "AS 08.04.150 applies to qualifications for an examination or reexamination that takes place on or after June 1, 1997." See Appendix A for transitional provisions related to the 1997 amendment.

Sec. 08.04.160. Reexamination. *Repealed 1/1/2004.*

Sec. 08.04.170 Examination standards. *Repealed 1/1/2004.*

Sec. 08.04.180. Prior applicants. Any applicant who, before April 26, 1960, applied to take an examination for the certificate of certified public accountant, or held a valid license as a public accountant, or was regularly enrolled

in a college or correspondence course in accounting, or a person whose registration under this chapter is accepted by the board, shall receive a license when the applicant has met either the requirements of this chapter, or the requirements that were effective at the time the applicant's first application was filed, at the option of the applicant.

Sec. 08.04.190. Examination fee. An applicant shall pay the appropriate fee at the time of application for examination or reexamination.

Sec. 08.04.195. Reciprocity with other states. (a) Notwithstanding AS 08.04.110 - 08.04.190, the board may issue a license to engage in the practice of public accounting to an applicant who holds a license, or its equivalent, issued by another state if the applicant

(1) passed the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants in order to receive the applicant's initial license from the other state;

(2) has four years of experience outside the state in the practice of public accounting or meets equivalent requirements established by the board by regulation; the four years must occur after the applicant passes the examination required in (1) of this subsection and within the 10 years immediately preceding the applicant's application under this chapter;

(3) is not the subject of review procedures, disciplinary proceedings, or unresolved complaints related to the applicant's license from another state; and

(4) is of good moral character.

(b) An applicant for the initial issuance of a license under this section shall list in the application all states where the applicant has applied for or holds a license, or its equivalent, and shall notify the board in writing within 30 days after a denial, revocation, or suspension of a license, or the equivalent, by another state.

(c) The board may by regulation establish the education and continuing education requirements for the issuance of a license under this section.

(d) The board may renew a license issued under this section if the licensee

(1) maintains all of the licensee's offices as required by AS 08.04.360 - 08.04.380;

(2) complies with the continuing education requirements established under (c) of this section; and

(3) complies with the requirements of this chapter.

Sec. 08.04.200. Use of title "certified public accountant" by individual. An individual who has a license from the board as a certified public accountant or holds a practice privilege or an out-of-state permit under AS 08.04.420 shall be known as a certified public accountant and may use the abbreviation "CPA."

Sec. 08.04.210. Effect on certificates existing on April 26, 1960. A person who, on April 26, 1960, held a certificate as a certified public accountant issued under the laws of the Territory or State of Alaska is not required to obtain a license under this chapter but is otherwise subject to this chapter. Certificates issued before April 26, 1960, shall be considered licenses issued under this chapter.

Sec. 08.04.240. Application of partnerships, limited liability companies, corporations, and other legal entities for permits. (a) The board shall grant a permit to engage in the practice of public accounting as a partnership to a partnership that applies to the board as a partnership of certified public accountants if the partnership meets the following requirements:

(1) at least one general partner shall be a certified public accountant of this state in good standing;

(2) each partner shall be a certified public accountant of some state in good standing; and

(3) except as otherwise provided in this chapter, each resident manager in charge of an office of a partnership in this state and each partner personally engaged in this state in the practice of public accounting as a member of that partnership shall be a certified public accountant of this state in good standing.

(b) The board shall grant a permit to engage in the practice of public accounting as a corporation to a corporation organized for the practice of public accounting that applies to the board as a corporation of certified public accountants if the corporation meets the following requirements:

(1) the sole purpose and business of the corporation must be to furnish to the public services not inconsistent with this chapter or the regulations adopted under it by the board; however, the corporation may invest its funds in a manner not incompatible with the practice of public accounting;

(2) each shareholder of the corporation shall be a certified public accountant of some state in good standing and must be principally employed by the corporation or actively engaged in its business; no other person may have any interest in the stock of the corporation; the principal officer of the corporation and any officer or director having authority over the practice of public accounting by the corporation must be a certified public accountant of some state in good standing;

(3) at least one shareholder of the corporation shall be a certified public accountant of this state in good standing;

(4) except as otherwise provided in this chapter, each resident manager in charge of an office of the corporation in this state and each shareholder or director personally engaged in this state in the practice of public accounting must be a certified public accountant of this state in good standing;

(5) to facilitate compliance with the provisions of this section relating to the ownership of stock, there must be

a written agreement binding the corporation or the qualified shareholders to purchase shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder and binding a holder not a qualified shareholder to sell these shares to the corporation or the qualified shareholders; the agreement must be noticed on each certificate of corporate stock; the corporation may purchase any amount of its stock for this purpose, notwithstanding any impairment of capital, so long as one share remains outstanding;

(6) the corporation shall be in compliance with those other regulations pertaining to corporations practicing public accounting in this state that the board may adopt.

(c) Application for a permit under this section shall be made upon the affidavit of a general partner, member, or shareholder who is a certified public accountant of this state in good standing. The board shall, in each case, determine whether the applicant is eligible for a permit under this section. A partnership, limited liability company, corporation, or other legal entity that is issued a permit under this section may use the words "certified public accountants" or the abbreviation "CPAs" in connection with the name of the partnership, limited liability company, corporation, or other legal entity. The board shall be notified within one month after the admission or withdrawal of a partner, member, or shareholder from a partnership, limited liability company, corporation, or other legal entity issued a permit under this section.

(d) The board shall grant a permit to engage in the practice of public accounting as a limited liability company to a limited liability company engaged in this state in the practice of public accounting that applies to the board as a limited liability company of certified public accountants if

(1) the sole purpose and the sole business of the company are to furnish to the public services that are consistent with this chapter and the regulations adopted under this chapter, except that the company may invest its money in a manner that is compatible with the practice of public accounting;

(2) at least one member is a certified public accountant of this state in good standing;

(3) each member of the company is a certified public accountant in good standing of this or another state of the United States; and

(4) except as otherwise provided in this chapter, each resident manager in charge of an office of the company in this state and each member personally engaged in this state in the practice of public accounting are certified public accountants of this state in good standing.

(e) The board may grant a permit to engage in the practice of public accounting to a legal entity, other than a partnership, corporation, or limited liability company, if the legal entity applies to the board on a form provided by the board and satisfies other application requirements and conditions for the legal entity that are established by the board by regulation to protect the public interest.

(f) An initial permit issued under (a), (b), (d), or (e) of this section lasts for the remainder of the biennial licensing period during which the initial permit was granted.

(g) The board shall renew a permit granted under (a), (b), (d), or (e) of this section or a renewal issued under this subsection if

(1) the permittee maintains all of the licensee's offices as required by AS 08.04.360 - 08.04.380;

(2) each individual who is required by (a), (b), (d), or (e) of this section to be a certified public accountant complies with the continuing education requirements of AS 08.04.425 and the quality review requirements of AS 08.04.426; and

(3) the permittee complies with the requirements of this chapter.

(h) A partnership holding a permit issued under former AS 08.04.330 - 08.04.340 on June 29, 1980, qualifies for a permit under this section as long as each partner personally engaged in the practice of public accounting in this state holds a license or permit under AS 08.04.661.

ARTICLE 3. REGULATION OF ACCOUNTANTS.

Section

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380. Waiver of requirements

390. (Repealed)

400. (Repealed)

410. Inactive license for person not engaged in practice

420. Practice privileges and out-of-state permits

423. Competency requirement after licensing

425. Continuing education

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450. Revocation or suspension of license, practice privilege, or permit

460. (Repealed)

470. Revocation of permit of partnership, limited liability company, corporation, or other legal entity

480. Grounds for revocation or suspension of permit of partnership, limited liability company,

corporation, or other legal entity

490. Reinstatement

495. Fees

Sec. 08.04.360. Supervision required. Each office established or maintained in this state for the practice of public accounting shall be under the direct supervision of an individual in residence who holds a license or a practice privilege. The supervisor may be a sole proprietor, partner, principal, member, or staff employee. A supervisor may serve in this capacity at one office only.

Sec. 08.04.370. Use of title “certified public accountant” by office of organization. The title “certified public accountant” or the abbreviation “CPA” may not be used in connection with an office of an organization holding a permit under AS 08.04.240 or 08.04.420(c) unless the supervision requirement of AS 08.04.360 is satisfied.

Sec. 08.04.380. Waiver of requirements. The board may waive the requirements of AS 08.04.240(a)(3), (b)(4), and (d)(4), and 08.04.360 and 08.04.370 if

- (1) the community has a population of 2,000 or less; and
- (2) the individual, partnership, corporation, limited liability company, or other legal entity that opens or maintains the office maintains another office in the state that meets the requirements outlined in AS 08.04.360 and 08.04.370.

Sec. 08.04.390. Permit for individual practice as a public accountant. *Repealed 1/1/2008.*

Sec. 08.04.400. Permit for partnership, limited liability company, or corporate practice as a public accountant. *Repealed 1/1/2008.*

Sec. 08.04.410. Inactive license for person not engaged in practice. Notwithstanding AS 08.04.105 or 08.04.195, an individual holding a license who is not engaged in the practice of public accounting may maintain the license in good standing by notifying the board that the individual is inactive and paying the required fee.

Sec. 08.04.420. Practice privileges and out-of-state permits. (a) An individual whose principal place of business is in another state who is authorized to practice public accounting in the other state but who is not licensed under AS 08.04.105 or 08.04.195 may engage in the practice of public accounting in this state under an out-of-state practice privilege if

- (1) the individual submits to the board
 - (A) an application on a form provided by the board; and
 - (B) any fee required by the board; and
- (2) the board
 - (A) verifies the individual’s current authorization to practice public accounting in the other state; and
 - (B) determines under AS 08.04.075 that
 - (i) the qualifications required by the other state are substantially equivalent to the national standard or to another standard established by the board to protect the public interest; or
 - (ii) the individual’s qualifications are substantially equivalent to the national standard or to another standard established by the board to protect the public interest.

(b) Notwithstanding (a) of this section, an individual who has satisfied (a)(1) of this section may engage in the practice of public accounting in this state while the board is making the verification and determinations under (a)(2) of this section. If the board denies a practice privilege under (a) of this section, the individual shall stop engaging in the practice of public accounting in this state when the individual receives the notice provided by the board under (d) of this section.

(c) A partnership, corporation, limited liability company, or other legal entity whose principal place of business is in another state, that is authorized to practice public accounting in the other state, and that does not have a permit under AS 08.04.240 may engage in the practice of public accounting in this state under an out-of-state permit if the practice does not involve opening an office in this state and if the partnership, corporation, limited liability company, or other legal entity

- (1) submits to the board
 - (A) a written notice on a form provided by the board;
 - (B) the fee required by the board; and
 - (C) verification of the current authorization of the partnership, corporation, limited liability company, or other legal entity to practice public accounting in the other state; and
- (2) satisfies any other requirements that the board establishes by regulation to protect the public interest.

(d) If the board denies an individual a practice privilege under (a) of this section or denies a partnership, corporation, limited liability company, or other legal entity an out-of-state permit under (c) of this section, the board shall provide notice of the denial to the individual, partnership, corporation, limited liability company, or other legal entity.

(e) If a person engages in the practice of public accounting under an out-of-state permit authorized by (c) of this

section, the permit does not authorize an individual who is working for the person to hold the individual out to the public as available to provide public accounting work in the state.

(f) Notwithstanding AS 08.01.100(b), the board shall establish by regulation how long a practice privilege authorized by (a) of this section and an out-of-state permit authorized by (c) of this section last before they expire and require renewal, except that the initial term of a practice privilege and an out-of-state permit may not exceed three years. The board may renew a practice privilege or an out-of-state permit and shall establish by regulation the terms for and length of a renewal.

(g) An individual, partnership, corporation, limited liability company, or other legal entity that engages in the practice of public accounting under this section

- (1) consents to the jurisdiction and disciplinary authority of the board;
- (2) agrees to comply with state law, including the regulations adopted by the board; and
- (3) consents to the appointment of the board as the person's agent for the service of process upon whom process may be served in an action or a proceeding against the individual, partnership, corporation, limited liability company, or other legal entity arising out of a transaction or an operation connected with or incidental to public accounting services performed by the individual, partnership, corporation, limited liability company, or other legal entity while engaging in the practice of public accounting in this state.

Sec. 08.04.423. Competency requirement after licensing. If, at any time after receiving a license, a licensee decides to perform attest functions, the licensee shall meet the competency requirements established by the board by regulation.

Sec. 08.04.425. Continuing education. (a) The board shall by regulation prescribe requirements for continuing education for individuals with licenses under this chapter. In adopting these regulations, the board may

- (1) use and rely upon guidelines and pronouncements with respect to continuing education issued by recognized educational and professional associations in the field; and
- (2) prescribe content, duration, and organization of courses or programs that will satisfy the continuing education requirements.

(b) Each application for renewal of a license to practice as a certified public accountant by an individual who has held a license as a certified public accountant for two years or more shall be accompanied or supported by documents or other evidence indicating satisfaction of the continuing education requirements prescribed by the board during the two years immediately preceding the application.

(c) Failure by an applicant for renewal of a license to furnish the evidence required under (b) of this section constitutes grounds for revocation, suspension, or refusal to renew the license under AS 08.04.450 unless the board determines that failure to have been due to reasonable cause or excusable neglect. However, the board may renew a license despite failure to furnish evidence of satisfaction of the continuing education requirements established under (a) of this section if the applicant agrees to follow a particular program or schedule of continuing education prescribed by the board.

(d) In adopting regulations under (a) of this section, or in issuing individual orders under (c) of this section, the board

- (1) shall consider
 - (A) the accessibility of applicants to the continuing education courses or programs that it may require; and
 - (B) any impediments to interstate practice of public accounting that may result from differences in continuing education requirements prescribed by other states; and
- (2) may relax or suspend the continuing education requirements
 - (A) for applicants who certify that they do not intend to engage in the practice of public accounting; or
 - (B) in instances of individual hardship.

Sec. 08.04.426. Quality review. (a) The board may require as a condition for renewal of a license or a permit that the applicant for the renewal undergo a quality review conducted as required by the board by regulation.

(b) The quality review under (a) of this section must include verification that the reviewing individual meets the competency requirements set out in the professional standards established by the board for the services. In this subsection, "reviewing individual" means the individual who is responsible for supervising and signing off on or authorizing another individual to sign off on attest functions performed by the applicant.

(c) The board shall adopt the regulations under (a) of this section in a reasonable time before the regulations are scheduled to become effective.

- (d) The regulations adopted under (a) of this section may require that
- (1) an applicant demonstrate that the applicant has undergone a quality review that is a satisfactory equivalent to the quality review under (a) of this section;
 - (2) the quality reviews be subject to supervision by an oversight body established or approved by the board;
 - (3) the quality reviews be operated and the documents be maintained in a manner that is designed to preserve confidentiality; and
 - (4) the board or another person, except for the oversight body authorized by (2) of this subsection, may not access the documents furnished or generated in the course of the quality review.

(e) An oversight body required by (d)(2) of this section shall

- (1) periodically report to the board on the effectiveness of the quality review program it is supervising; and
- (2) provide the board with a list of the applicants who have participated in a quality review program that is satisfactory to the board.

Sec. 08.04.440. Effect of failure to obtain license, permit, or practice privilege. Failure of an individual, partnership, limited liability company, corporation, or other legal entity to apply for the required license, permit, or practice privilege or to pay the required fee within (1) three years from the expiration date of the license, permit, or practice privilege last obtained or renewed, or (2) three years from the date the person was granted a license or permit as a public accountant valid under AS 08.04.661 deprives the individual, partnership, limited liability company, corporation, or other legal entity of the right to a license, permit, or practice privilege or renewal of a license, permit, or practice privilege unless the board determines that the failure is excusable. In case of excusable failure, the fee for a license, permit, or practice privilege or renewal of a license, permit, or practice privilege under this section may not exceed three times one year's portion of the fee that would have otherwise been required for the license, permit, or practice privilege, or renewal.

Sec. 08.04.450. Revocation or suspension of license, practice privilege, or permit. In addition to its powers under AS 08.01.075, the board may revoke, suspend, or refuse to renew a license, practice privilege, or permit, or may censure a holder of a license, practice privilege, or permit for

- (1) fraud or deceit in obtaining a license, practice privilege, or permit required by this chapter;
- (2) dishonesty or gross negligence in the practice of public accounting, or other acts discreditable to the accounting profession;
- (3) violation of a provision of AS 08.04.500 - 08.04.610;
- (4) violation of a rule of professional conduct or other regulation adopted by the board.
- (5) conviction of a felony under the laws of any state or of the United States;
- (6) conviction of any crime, an essential element of which is dishonesty or fraud, under the laws of any state or of the United States;
- (7) cancellation, revocation, suspension, or refusal to renew authority to practice as a certified public accountant or public accountant in any other state for any cause other than failure to pay a required fee;
- (8) suspension or revocation of the right to practice before any state or federal agency;
- (9) failure to satisfy the continuing education requirements prescribed by the board under AS 08.04.425, except as conditioned, relaxed, or suspended by the board under AS 08.04.425(c) and (d);
- (10) failure to satisfactorily complete the supervision required by AS 08.04.423 or a quality review requirement under AS 08.04.426; or
- (11) committing an act in another state for which the holder of the license, practice privilege, or permit would be subject to discipline in this state.

Sec. 08.04.460. Suspension or revocation of license revokes permit. *Repealed 1/1/2008.*

Sec. 08.04.470. Revocation of permit of partnership, limited liability company, corporation, or other legal entity. The board shall revoke the permit of a partnership, limited liability company, corporation, or other legal entity if at any time it does not meet the qualifications prescribed by the sections of this chapter under which it qualified for the permit.

Sec. 08.04.480. Grounds for revocation or suspension of permit of partnership, limited liability company, corporation, or other legal entity. The board may revoke or suspend the permit of a partnership, limited liability company, corporation, or other legal entity, may revoke, suspend, or refuse to renew its permit, or may censure the partnership, limited liability company, corporation, or other legal entity for any of the causes enumerated in AS 08.04.450 or for any of the following additional causes:

- (1) the revocation or suspension of the license or practice privilege of a partner, a member, a shareholder, or, if the permittee is a legal entity other than a partnership, corporation, or limited liability company, an owner of the permittee;
- (2) the revocation, suspension, or refusal to renew the permit of a partner, a member, or a shareholder, or, if the permittee is a legal entity other than a partnership, corporation, or limited liability company, an owner of the permittee;
- (3) the cancellation, revocation, suspension, or refusal to renew the authority of the partnership or any partner, the limited liability company or a member, the corporation or a shareholder, or the other legal entity to practice public accounting in another state for any cause other than failure to pay a required fee in that state.

Sec. 08.04.490. Reinstatement. Upon application in writing and after a hearing, the board may issue a new license or practice privilege to an individual whose license or practice privilege has been revoked, or may issue a new permit to a person whose permit has been revoked, or may modify the suspension of or may reissue any license, practice privilege, or permit to practice public accounting that has been revoked or suspended.

Sec. 08.04.495. Fees. The Department of Commerce, Community, and Economic Development shall set fees

under AS 08.01.065 for examinations, reexaminations, permits, licenses, and practice privileges.

ARTICLE 4. UNLAWFUL ACTS AND PENALTIES.

Section

- 500. Individual posing as a certified public accountant**
- 505. Issuance of reports**
- 510. Partnership, limited liability company, corporation, or other entity posing as a certified public accountant**
- 520. Individual posing as a public accountant**
- 530. Partnership, limited liability company, or corporation posing as public accountant**
- 540. Use of deceptive title or abbreviation**
- 560. Individual may not assume title**
- 570. Acts not prohibited**
- 580. Partnership posing as accountants or auditors**
- 590. Use of title with corporate name**
- 595. Use of title with limited liability company name**
- 598. Use of title with name of other entity**
- 600. Disclosure of lack of license or permit**
- 610. Deceptive use of title or designation by partnership, limited liability company, corporation, or other entity**
- 620. Exceptions**
- 630. Injunction against unlawful act**
- 640. Penalty**
- 650. Single act evidence of practice**

Sec. 08.04.500. Individual posing as a certified public accountant. (a) An individual may not assume or use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant, unless the individual has received a license and all of the individual’s offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

(b) This section does not prohibit an individual in good standing in any state holding a practice privilege under AS 08.04.420 from using the title "certified public accountant."

Sec. 08.04.505. Issuance of reports. Only a person who holds a valid license, practice privilege, or permit issued under this chapter may issue a report on financial statements of another person or governmental unit. This restriction does not apply to

(1) an officer, partner, member, or employee of a sole proprietorship, partnership, corporation, limited liability company, or other legal entity affixing that person's signature to a statement or report in reference to the financial affairs of the sole proprietorship, partnership, corporation, limited liability company, or other legal entity with wording designating the position, title, or office that the person holds in the sole proprietorship, partnership, corporation, limited liability company, or other legal entity;

(2) an act of a public official or employee in the performance of official duties;

(3) the performance by persons of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them.

Sec. 08.04.510. Partnership, limited liability company, corporation, or other entity posing as a certified public accountant. (a) A partnership, limited liability company, corporation, or other entity may not assume or use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that it is composed of certified public accountants, unless the partnership, limited liability company, corporation, or other entity holds a permit and is engaging in the practice of public accounting under the name on its permit, and its offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

(b) A partnership, limited liability company, corporation, or other entity consisting of certified public accountants in good standing in any state, that does not have a permit as a partnership, limited liability company, corporation, or other legal entity consisting of certified public accountants under AS 08.04.240 but holds a permit under AS 08.04.420, may use the title or designation “certified public accountants.”

Sec. 08.04.520. Individual posing as public accountant. An individual may not assume or use the title or designation “public accountant” or the abbreviation “PA” or other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the individual is a public accountant, unless the individual holds a current

license, practice privilege, or permit and the individual's offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.530. Partnership, limited liability company, or corporation posing as public accountant. A partnership, limited liability company, or corporation may not assume or use the designation "public accountant" or the abbreviation "PA" or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the partnership, limited liability company, or corporation is composed of public accountants, unless the partnership, limited liability company, or corporation holds a current permit and is practicing under the name on its permit, and its office in this state for the practice of public accounting is maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.540. Use of deceptive title or abbreviation. An individual, partnership, limited liability company, corporation, or other entity may not assume or use the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations "C," "EA," "LA," "RA," or similar abbreviations likely to be confused with "CPA" or "PA" except that "EA" may be used to the extent that it relates to the term "enrolled agent" as defined by the federal Internal Revenue Service; however, an individual, partnership, limited liability company, corporation, or other legal entity holding a current license, permit under AS 08.04.240, or practice privilege and whose offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380 may hold out to the public as an accountant or auditor.

Sec. 08.04.560. Individual may not assume title. An individual may not sign or affix any name or any trade or assumed name used by that individual to any accounting or financial statement or opinion or report on any accounting or financial statement with any wording indicating that the person is a certified public accountant or public accountant or with any wording indicating that the person has expert knowledge in accounting or auditing, unless the individual holds a current license or practice privilege and the individual's offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.570. Acts not prohibited. AS 08.04.560 does not prohibit

- (1) an officer, employee, partner, member, or principal of any organization from affixing that person's signature to any statement or report in reference to the financial affairs of the organization together with any wording designating the position, title, or office which that person holds;
- (2) an act of a public official or public employee in the performance of that person's duties;
- (3) a person maintaining a bookkeeping or tax service from affixing that person's signature to any record, statement, or report maintained or prepared by the person.

Sec. 08.04.580. Partnership posing as accountants or auditors. A person may not sign or affix a partnership name to any accounting or financial statement or opinion or report on any accounting or financial statement with any wording indicating that it is a partnership composed of certified public accountants or public accountants or with any wording indicating that the partnership has expert knowledge in accounting or auditing unless the partnership holds a current permit and is practicing under the name on its permit, and its offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.590. Use of title with corporate name. A person may not sign or affix a corporate name to any accounting or financial statement or opinion or report on any accounting or financial statement with any wording indicating that it is a corporation composed of certified public accountants or public accountants or with any wording indicating that the corporation has expert knowledge in accounting or auditing unless the corporation holds a current permit, it is practicing under the name on the permit, and its offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.595. Use of title with limited liability company name. A person may not sign or affix a limited liability company name to an accounting or financial statement or opinion or report on an accounting or financial statement with wording indicating that the person is a limited liability company composed of certified public accountants or public accountants or with wording indicating that the company has expert knowledge in accounting or auditing unless the company holds a current permit, it is practicing under the name on the permit, and its offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.598. Use of title with name of other entity. A person may not sign or affix the name of an entity to an accounting or financial statement or opinion or report on an accounting or financial statement with wording indicating that the person is a legal entity composed of certified public accountants or public accountants or with wording indicating that the entity has expert knowledge in accounting or auditing unless the entity holds a current permit, it is practicing under the name on the permit, and its offices in this state for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

Sec. 08.04.600. Disclosure of lack of license or permit. An individual, partnership, limited liability company, corporation, or other entity that does not hold a current license, a current practice privilege, or a current permit may not hold out to the public as a certified public accountant or public accountant by use of such words or abbreviations on any sign, card, letterhead, or in any advertisement or directory, without indicating that the individual, partnership, limited liability company, corporation, or other entity does not hold a current license, a current practice privilege, or a current permit. This section does not prohibit

(1) an officer, employee, partner, member, or principal of an organization from self-description through the position, title, or office that the person holds in the organization;

(2) an act of a public official or public employee in the performance of that individual's duties; or

(3) a person from maintaining a bookkeeping or tax service.

Sec. 08.04.610. Deceptive use of title or designation by partnership, limited liability company, corporation, or other entity. A person may not assume or use the title or designation "certified public accountant" or "public accountant" or an abbreviation of them, in conjunction with a name indicating or implying that there is a partnership, limited liability company, corporation, or other entity, or in conjunction with the designation "and Company," "and Co.," "L.L.C.," "LLC," "Ltd.," or any similar designation unless there is a bona fide partnership, limited liability company, corporation, or other legal entity holding a permit issued under that name. However, a sole proprietor or partnership lawfully using the title or designation "certified public accountant" or "public accountant" or an abbreviation of them in conjunction with such names or designation on April 26, 1960, may continue to do so if the person or partnership otherwise complies with this chapter.

Sec. 08.04.620. Exceptions. This chapter does not prohibit

(1) an individual who does not hold a current license or practice privilege from serving as an employee of or as an assistant to an individual, partnership, limited liability company, corporation, or other legal entity holding a current license, a current practice privilege, or a current permit so long as the employee or assistant does not use the employee's or the assistant's name in connection with an accounting or financial statement;

(2) an individual who holds a valid license or equivalent authorization in another state from indicating that the individual is entitled to use the title "certified public accountant," but the individual may not indicate that services are available to the public unless the individual holds a current license or practice privilege issued under this chapter;

(3) a holder of a certificate, license, or degree from a foreign country that constitutes a recognized qualification for the practice of public accounting in that country from indicating that the person holds the certificate, license, or degree, but the person may not indicate that the person's services are available to the public unless the person holds a current license, practice privilege, or permit issued under this chapter.

Sec. 08.04.630. Injunction against unlawful act. Whenever, in the judgment of the board, a person has engaged in an act that constitutes a violation of AS 08.04.500—08.04.610, the board may apply to the appropriate court for an order enjoining the act. Upon a showing by the board that a person has engaged in the act, the court shall grant an injunction or any other appropriate order without bond.

Sec. 08.04.640. Penalty. A person who violates a provision of AS 08.04.500 - 08.04.610 is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500, or by imprisonment for not more than one year, or by both.

Sec. 08.04.650. Single act evidence of practice. The display or uttering by a person of a card, sign, advertisement or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant", or any abbreviation of that phrase, or with the words "public accountant", or any abbreviation of that phrase, or any words or abbreviations likely to be confused with any of them is prima facie evidence in any action brought under AS 08.04.630 or 08.04.640 that the person whose name is displayed caused the display or uttering of the card, sign, advertisement or written instrument or device, and that the person is holding out to be a certified public accountant or public accountant. In any action, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

ARTICLE 5. MISCELLANEOUS PROVISIONS.

Section.

660. Ownership of accountant's working papers

661. Previous licensure

662. Confidential communications

670. Construction

Sec. 08.04.660. Ownership of accountant's working papers. Statements, records, schedules, working papers, and memoranda made by a certified public accountant or a public accountant incident to or in the course of professional service to a client, except reports submitted to a client, are the property of the accountant, in the absence of an express agreement between the accountant and the client to the contrary. A statement, record, schedule, working paper, or memorandum may not be sold, transferred, or bequeathed to a person other than a partner of the accountant without the consent of the client or the client's personal representative or assignee.

Sec. 08.04.661. Previous licensure. A person holding a valid license as a public accountant under former AS 08.04.270 or a person holding a valid permit under former AS 08.04.390 on June 29, 1980, may continue to practice under the conditions imposed by statute and regulation on that date but that person is otherwise subject to this chapter. A license or permit effective under this section may be renewed under conditions imposed by statute and regulation that were in effect on June 29, 1980, except that any renewal fee required under this chapter applies.

Sec. 08.04.662. Confidential communications. (a) A license holder, a permit holder, a practice privilege holder, or a partner, an officer, a shareholder, a member, or an employee of a license holder, a permit holder, or a practice privilege holder, may not reveal information communicated to the license holder, permit holder, or practice privilege holder by a client about a matter concerning which the client has employed the license holder, permit holder, or practice privilege holder in a professional capacity. This section does not apply to

(1) information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements;

(2) the release of information the client has authorized the license holder, permit holder, or practice privilege holder to reveal;

(3) information revealed as part of the discovery of evidence related to a court or administrative proceeding or introduced in evidence in a court or administrative proceeding;

(4) information revealed in ethical investigations conducted by private professional organizations; or

(5) information revealed in the course of a quality review under AS 08.04.426.

(b) Client information obtained by the board under (a)(3) - (5) of this section is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140.

Sec. 08.04.670. Construction. If any provision of this chapter or the application of any provision to any person or to any circumstances is invalid, the remainder is not affected.

ARTICLE 6. GENERAL PROVISIONS.

Section.

680. Definitions

690. Short title

Sec. 08.04.680. Definitions. In this chapter, unless the context indicates otherwise,

(1) "attest functions" means the functions identified as attest functions by the board under AS 08.04.085;

(2) "board" means the Board of Public Accountancy;

(3) "certificate" means a certificate granted under AS 08.04.100;

(4) "legal entity" means an organization that can organize as a legal person under the laws of this state;

(5) "license" means a license issued under AS 08.04.105 or 08.04.195;

(6) "limited liability company" means an organization organized under AS 10.50 or a foreign limited liability company; in this paragraph, "foreign limited liability company" has the meaning given in AS 10.50.990;

(7) "member" means a person who has been admitted to membership in a limited liability company;

(8) "partnership" means a general partnership, a limited partnership, a limited liability partnership, or another form of partnership;

(9) "permit" means a permit issued under AS 08.04.240 or 08.04.420;

(10) "practice of public accounting" means the offering to perform or the performance as a person holding a license, practice privilege, or permit under this chapter of a service involving the use of accounting or auditing skills; in this paragraph, "accounting or auditing skills" includes preparing financial statements, issuing reports on financial statements, furnishing management services, furnishing financial advisory services, providing consulting services, preparing tax returns, advising on tax matters, or consulting on tax matters;

(11) "practice privilege" means a practice privilege authorized under AS 08.04.420;

(12) "principal place of business" means the fixed location designated by the partnership, corporation, limited liability company, or other legal entity as the location from which the partnership, corporation, limited liability company, or other legal entity directs, controls, and coordinates the majority of the business activities of the partnership, corporation, limited liability company, or other legal entity;

(13) "quality review" means a study, appraisal, or review of one or more aspects of the professional work of a person in the practice of public accounting, by a person who holds a certificate and who is not affiliated with the

person being reviewed, conducted as prescribed under AS 08.04.426;

(14) “report,” when used with reference to financial statements, means an opinion, report, or other form of language that states or implies assurance as to the reliability of financial statements and that also includes or is accompanied by a statement or implication that the person issuing it has special knowledge or competency in accounting or auditing; a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the issuer is a certified public accountant or auditor, or from the language of the report itself; except as provided in this paragraph, “report” includes any form of language that disclaims an opinion when the form of the language is conventionally understood to imply a positive assurance as to the reliability of the financial statements referred to or special competence on the part of the person issuing the language; and “report” includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence; “report” does not include

(A) a compilation of financial statement language that does not express or imply assurance or special knowledge or competence; or

(B) the following disclaimer language when used by nonlicensees in connection with financial statements:

(i) “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).”; or

(ii) “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.”;

(15) “state” means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and American Samoa.

Sec. 08.04.690. Short title. This chapter may be cited as the Accountancy Act.

CHAPTER 04.
BOARD OF PUBLIC ACCOUNTANCY.

Article

1. **Rules of Professional Conduct (12 AAC 04.005 – 12 AAC 04.120)**
2. **The Board (12 AAC 04.130 – 12 AAC 04.140)**
3. **Requirements for Certificate or License (12 AAC 04.150 – 12 AAC 04.187)**
4. **Examination (12 AAC 04.190 – 12 AAC 04.235)**
5. **Certificates and Licenses (12 AAC 04.240 – 12 AAC 04.280)**
6. **Continuing Education (12 AAC 04.300 – 12 AAC 04.440)**
7. **Disciplinary Guidelines (12 AAC 04.500 – 12 AAC 04.530)**
8. **Quality Review (12 AAC 04.600 – 12 AAC 04.690)**
9. **General Provisions (12 AAC 04.900 – 12 AAC 04.990)**

ARTICLE 1.
RULES OF PROFESSIONAL CONDUCT.

Section

05. **(Repealed)**
10. **Independence, integrity, and objectivity**
15. **Competence**
20. **Confidential relationship**
30. **Contingent fees**
33. **Accounting principles**
36. **Auditing standards**
38. **Attest functions**
40. **Use of work of others**
50. **Responsibility and disclosure**
60. **Form of opinions and reports**
70. **Forecasts**
80. **Advertising**
90. **(Repealed)**
100. **Commissions**
110. **Services performed by employees**
120. **(Repealed)**

12 AAC 04.005. INTEGRITY AND OBJECTIVITY. *Repealed 1/1/2008.*

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 June 1, 2007, adopted by reference.

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, 1211 Avenue of the Americas, New York, NY 10036 or at AICPA's website at <http://www.aicpa.org/about/code/index.html>.

12 AAC 04.015. COMPETENCE. An accountant may not undertake an engagement in which the accountant or the accountant's firm cannot reasonably expect to complete with professional competence.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.020. CONFIDENTIAL RELATIONSHIP. Unless required by law or court order, an accountant shall not violate a confidence of his client. A confidence is violated when information gained through the professional relationship is disclosed to another without the client's consent.

Authority: AS 08.04.070(b) AS 08.04.080

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 June 1, 2007, adopted by reference.

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, 1211 Avenue of the Americas, New York, NY 10036 or at AICPA's website at <http://www.aicpa.org/about/code/index.html>.

12 AAC 04.033. ACCOUNTING PRINCIPLES. (a) An accountant may not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if those statements contain any departure from a generally accepted accounting principle which has a material effect on the statements taken as a whole unless the accountant can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases his or her report must describe the departure, the approximate effects of it, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(b) Generally accepted accounting principles include, but are not limited to

(1) statements of financial accounting standards adopted by the Financial Accounting Standards Board which are in effect when the financial statements are issued;

(2) accounting research bulletins and opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants which are not superseded by action of the Financial Accounting Standards Board.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.036. AUDITING STANDARDS. (a) An accountant may not permit his or her name to be associated with financial statements in such a manner as to imply that he or she is acting as an independent public accountant unless he or she has complied with generally accepted auditing standards or can justify departure from them.

(b) Generally accepted auditing standards include, but are not limited to, statements of auditing standards issued by the American Institute of Certified Public Accountants in effect when financial statements are examined.

Authority: AS 08.04.070(b) AS 08.04.080

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 Sections 100 – 900*, as revised as of June 1, 2007, 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 50 – 600*, as revised as of June 1, 2007, 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, 2007, 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 Sections 20 – 40*, as revised as of June 1, 2007, adopted by reference.

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, 1211 Avenue of the Americas, New York, NY 10036 or at AICPA's website at <http://www.aicpa.org/about/code/index.html>.

12 AAC 04.040. USE OF WORK OF OTHERS. No accountant may express an opinion on financial statements which is based in part upon work performed by another accountant unless

(1) such work was performed in accordance with generally accepted auditing standards;

- (2) employed generally accepted accounting principles; and
- (3) was performed by an independent accountant as defined in 12 AAC 04.010.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.050. RESPONSIBILITY AND DISCLOSURE. An accountant may not issue an opinion on representations in financial statements he or she has examined unless the accountant

- (1) discloses any relevant, material fact known to the accountant which is not disclosed in the financial statements;
- (2) discloses any material misstatement contained in the financial statements;
- (3) has exercised that degree of skill which is customary in the profession; and
- (4) discloses any deviation in the financial statements from customary accounting procedures.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.060. FORM OF OPINIONS AND REPORTS. (a) In every report and opinion, an accountant shall clearly state the scope of responsibilities undertaken, all material information used, all audited facts, and when unaudited financial statements are included, the fact that they were not audited.

(b) An accountant shall not permit his or her name to be associated with financial statements unless, with regard to those statements, the accountant has

- (1) expressed an unqualified opinion;
- (2) expressed a qualified opinion which clearly specifies the reason for the qualification;
- (3) expressed an adverse opinion; or
- (4) disclaimed an opinion on the statements in a manner which clearly indicates the accountant's reasons for the disclaimer.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.070. FORECASTS. An accountant shall not permit his or her name to be used with a forecast or prediction of future events in a manner which may lead to a belief that the accountant vouches or warrants that the events will in fact occur.

Authority: AS 08.04.070(b) AS 08.04.080

12 AAC 04.080. ADVERTISING. Advertising and other public communication by an accountant must not

- (1) misrepresent facts or fail to disclose relevant facts;
- (2) create false or unjustified expectations of favorable results;
- (3) imply abilities not supported by valid educational or professional attainments or licensing recognition;
- (4) set forth fees without disclosing all variables and other relevant factors;
- (5) imply the ability to influence improperly any court, tribunal or other public body or official; or
- (6) contain any other representation or implication that is false, fraudulent or unfair, or that probably would deceive or mislead an ordinarily prudent person.

Authority: AS 08.04.070(b) AS 08.04.080

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 June 1, 2007, adopted by reference.

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, 1211 Avenue of the Americas, New York, NY 10036 or at AICPA's website at <http://www.aicpa.org/about/code/index.html>.

12 AAC 04.110. SERVICES PERFORMED BY EMPLOYEES. An accountant shall not permit an employee to perform any services which the accountant or the accountant's firm is not permitted to perform.

Authority: AS 08.04.070(b) AS 08.04.080

**ARTICLE 2.
THE BOARD.**

Section

130. Meetings

140. Special meeting

12 AAC 04.130. MEETINGS. The board will hold at least four meetings each year at times and places designated by a majority of the board. Notice of meetings must be given at least 30 days before the dates designated, unless notice is waived by unanimous consent of all board members.

Authority: AS 08.04.070(b)

12 AAC 04.140. SPECIAL MEETING. Special meetings may be held upon the call of the president or a majority of the members of the board, at the time and place as may be designated in the call.

Authority: AS 08.04.070(b)

**ARTICLE 3.
LICENSE AND LICENSE RENEWAL REQUIREMENTS.**

Section

150. (Repealed)

155. Denial of license

160. References

165. Application for licensure by reciprocity

170. (Repealed)

175. Application for licensure by examination

180. Documentation of experience

181. Work experience points

183. Attest function hours

185. Education defined for certified public accountant applicants

187. Education verified

189. License renewal

12 AAC 04.150. CITIZENSHIP. *Repealed 2/10/78.*

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 upon the holder of a license.

Authority: AS 08.04.070 AS 08.04.450

12 AAC 04.160. REFERENCES. (a) An applicant shall submit names of at least three individuals who can vouch for the applicant's good moral character. The board will, in its discretion, make other inquiries it considers appropriate to satisfy itself that the applicant is of good moral character.

(b) *Repealed 1/1/2008.*

Authority: AS 08.04.070 AS 08.04.110

12 AAC 04.165. APPLICATION FOR LICENSURE BY RECIPROCITY. (a) An applicant who holds a license to practice public accounting, or its equivalent, issued by another state may apply for a license to engage in the practice of public accounting in this state. The applicant must meet the requirements of AS 08.04.195 and this section.

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

(1) a complete application on a form provided by the department, including a summary of the applicant's professional work experience; and

(2) the applicable fees specified in 12 AAC 02.340.

(c) 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.

(d) 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.

(e) If necessary to determine whether an applicant meets the requirements of AS 08.04.195 and this section, the board may require the applicant to provide working papers or other documentation to substantiate the professional experience claimed.

Authority: AS 08.04.070 AS 08.04.195

12 AAC 04.170. RESIDENT DEFINED. *Repealed 2/23/95.*

12 AAC 04.175. APPLICATION FOR LICENSURE BY EXAMINATION. (a) The board will issue a license by examination to practice public accounting to an applicant who meets the requirements of AS 08.04 and this section.

- (b) An applicant for a license under this section must submit to the department
 - (1) a complete application on a form provided by the department;
 - (2) the applicable fees specified in 12 AAC 02.340;
 - (3) verification showing that the applicant meets the applicable education requirements under AS 08.04.120, 08.04.150, 12 AAC 04.185, and 12 AAC 04.187;
 - (4) verification showing that the applicant meets the applicable experience requirements under AS 08.04.120, 12 AAC 04.180, 12 AAC 04.181, and 12 AAC 04.183;
 - (5) the names of three individuals for verification of the applicant's good moral character as required under 12 AAC 04.160; and
 - (6) verification showing that the applicant has passed the applicable examinations required under 12 AAC 04.200 and 12 AAC 04.205.

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. DOCUMENTATION OF EXPERIENCE. (a) To fulfill the experience requirements of AS 08.04.120 and this chapter, an applicant for a certified public accounting license must show, to the satisfaction of the board, that the applicant's background includes experience in providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

- (b) An applicant must document enough experience to
 - (1) earn the minimum experience points required in 12 AAC 04.181; and
 - (2) have obtained the minimum attest function hours required in 12 AAC 04.183.
- (c) To document the required attest experience, an applicant shall, on a form provided by the department, give a summary of work experience that
 - (1) describes the type of each attest engagement;
 - (2) identifies the number of each type of attest engagement; and
 - (3) identifies the number of hours of participation in each type of attest engagement.
- (d) The specific identity of a client shall remain confidential and may not be disclosed when documenting work experience, except when necessary to comply with (e) of this section.
- (e) The board may require an applicant to provide working papers or other documentation to substantiate the professional experience claimed.
- (f) Each year of experience required under AS 08.04.120 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.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.181. WORK EXPERIENCE POINTS. (a) If an applicant has a baccalaureate degree with an accounting concentration that

- (1) meets the requirements of 12 AAC 04.185(b) as determined by the board, the applicant must have four experience points;
 - (2) does not meet the requirements of 12 AAC 04.185(b) as determined by the board, the applicant must have six experience points.
- (b) An applicant may earn experience points as follows:
- (1) one year of experience working in public accounting under the direct supervision of a certified public accountant who held a current active license at the time of the supervision equals two experience points; or
 - (2) one year of experience working in private accounting or government accounting under the direct supervision of a certified public accountant who held a current active license at the time of the supervision equals

one and one-third experience points.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.183. ATTEST FUNCTION HOURS. (a) An applicant's experience must include a minimum of 500 hours of work performing the attest function under the direct supervision of a certified public accountant.

- (b) *Repealed 1/1/2008.*
- (c) *Repealed 1/1/2008.*
- (d) Compilation hours will not be accepted under this section.
- (e) *Repealed 10/10/2002.*

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.185. EDUCATION DEFINED FOR CERTIFIED PUBLIC ACCOUNTANT APPLICANTS.

- (a) *Repealed 2/2/94.*
- (b) As used in AS 08.04.120, an accounting concentration consists of not less than
 - (1) 24 semester credit hours or 36 quarter credit hours in subjects such as
 - (A) accounting principles;
 - (B) intermediate accounting;
 - (C) income tax;
 - (D) cost accounting;
 - (E) auditing;
 - (F) advanced accounting;
 - (G) accounting theory;
 - (H) governmental accounting; or
 - (I) detection of fraud;
 - (2) three semester credit hours or five quarter credit hours of business law;
 - (3) three semester credit hours or five quarter credit hours of economics; and
 - (4) three semester credit hours or five quarter credit hours of
 - (A) statistics;
 - (B) computer science; or
 - (C) algebra, calculus, or mathematics.
- (c) *Repealed 2/2/94.*
- (d) *Repealed 2/2/94.*
- (e) As used in AS 08.04.120, "a college or university acceptable to the board" means
 - (1) the University of Alaska;
 - (2) a college or university accredited by a regional accrediting association that is recognized by the University of Alaska; or
 - (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 must be
 - (A) a member of the National Association of Credentials Evaluation Services, Inc., or
 - (B) recognized by the University of Alaska.

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.187. EDUCATION VERIFIED. (a) *Repealed 5/28/81.*

(b) An applicant for a certified public accountant examination or license shall arrange for the submission of a transcript or transcripts from colleges or universities necessary to verify that the applicant meets the appropriate education requirements of 12 AAC 04.185.

(c) A transcript verifying the education of an applicant for examination must be sent directly to the department for the board's use by the issuing college or university. A transcript submitted by an applicant for a certified public accountant license must be certified unless the

- (1) original, official transcript has been posted and can be viewed on the website of an approved credentials evaluation service that meets the requirements of 12 AAC 04.185(e)(3) and the original credential evaluation is mailed directly to the department by the approved credentials evaluation service; or
 - (2) board determines it is impossible or impracticable for the transcript to be certified.
- (d) If an applicant cannot submit a transcript as required by this section, the board may accept as evidence of education
- (1) verification from the licensing authority of accountants in another jurisdiction;
 - (2) verification from a governmental agency, employer, or association which
 - (A) previously required documentary evidence of education; or
 - (B) directly verified education;
 - (3) oral testimony and sworn statements of the applicant and other parties; and

- (4) other documentary evidence.
- (e) *Repealed 2/2/94.*

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.189. LICENSE RENEWAL. To renew a license to engage in the practice of public accounting, a licensee must submit the applicable renewal fee required in 12 AAC 02.340 and a complete renewal application on a form provided by the department. The renewal application must include certification that the licensee

- (1) maintains all of the licensee's offices as required by AS 08.04.360 – 08.04.380;
- (2) has met the continuing education requirements of 12 AAC 04.300 – 12 AAC 04.440;
- (3) continues to comply with the requirements of AS 08.04; and
- (4) either
 - (A) has met the quality review requirements of 12 AAC 04.600; or
 - (B) is exempt under 12 AAC 04.620 from compliance with the quality review requirements of 12 AAC 04.600.

Authority: AS 08.04.070 AS 08.04.105 AS 08.04.195

ARTICLE 4. EXAMINATION.

Section

- 190. Application for examination**
- 193. (Repealed)**
- 195. Qualifications for examination**
- 200. Examination**
- 205. Examination transition to computer-based testing**
- 210. (Repealed)**
- 220. (Repealed)**
- 230. (Repealed)**
- 235. Reexamination**

12 AAC 04.190. APPLICATION FOR EXAMINATION. (a) Each applicant must submit

- (1) a complete application on forms provided by the department;
 - (2) the applicable fees established in 12 AAC 02.340;
 - (3) proof of meeting the requirements in AS 08.04.150 and 12 AAC 04.187; and
 - (4) if applying under AS 08.04.150(1)(C), verification of the supervising certified public accountant's license.
- (b) Authorization to be scheduled to sit for the examination in 12 AAC 04.200(a)(1) is valid for 60 days after the date of approval by the department.

Authority: AS 08.04.070 AS 08.04.130 AS 08.04.150

12 AAC 04.193. REVIEW OF APPLICATION. *Repealed 9/28/2008.*

12 AAC 04.195. QUALIFICATION 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 an active license to practice public accounting in a state. The experience is not required to be obtained in a state.

Authority: AS 08.04.070 AS 08.04.150

12 AAC 04.200. EXAMINATION. (a) The examination for certified public accountant consists of

- (1) the computer-based Uniform Certified Public Accountant Examination; and
 - (2) an ethics course and open book ethics examination.
- (b) A score of at least 75 in each section of the Uniform Certified Public Accountant Examination is considered passing.
- (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) 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.
- (d) In the absence of exceptional circumstances, grades are those reported by the Advisory Grading Service of

the American Institute of Certified Public Accountants.

(e) An applicant may retake a failed examination section in accordance with 12 AAC 04.235.

(f) *Repealed 2/2/94.*

(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.

(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.

(i) The board will extend the period of credit for examination sections passed upon a showing, to the board's satisfaction, that the credit was lost due to circumstances beyond the applicant's control.

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, P.O. Box 2209, Jersey City, New Jersey 07303-2209, phone: (800) 862-4272, or at the AICPA's Internet web site at www.aicpa.org.*

12 AAC 04.205. EXAMINATION TRANSITION TO COMPUTER-BASED TESTING. (a) An applicant who passed sections of the written version of the Uniform Certified Public Accountant Examination before January 1, 2004 will be given credit for the corresponding sections of the computer-based Uniform Certified Public Accountant Examination as follows:

**Examination Sections Before January 1, 2004
(Written Examination):**

Financial Accounting and Reporting (FARE)

Accounting and Reporting (ARE)

Auditing

Business Law and Professional Responsibilities (LPR)

**Examination Sections Beginning January 1, 2004
(Computer-Based Examination):**

Financial Accounting and Reporting (FARE)

Regulation (REG)

Auditing and Attestation (AUDIT)

Business Environment and Concepts (BEC)

(b) An applicant who received credit for examination sections passed under (a) of this section will be allowed a transition period to complete any remaining sections. The transition period consists of the number of writing opportunities the applicant would have had remaining under the written examination, or a period of months calculated as the number of writing opportunities the applicant would have had remaining under the written examination, multiplied by six months, whichever is first exhausted. If an applicant passes a section of the computer-based examination during the transition period, and the 18-month period under 12 AAC 04.200(g)(2) expires before the end of the transition period, the applicant retains credit for that section until the end of the transition period.

(c) If an applicant under (b) of this section does not pass the remaining sections of the Uniform Certified Public Accountant Examination by the end of the transition period, those sections passed under the written version of the examination expire and the applicant must retake those sections of the examination in accordance with 12 AAC 04.235. Examination sections passed under the computer-based examination are valid in accordance with 12 AAC 04.200(g)(2).

Authority: AS 08.04.070 AS 08.04.130

12 AAC 04.210. TIME AND PLACE OF EXAMINATION. *Repealed 3/24/2004.*

12 AAC 04.220. NOTICE OF EXAMINATION. *Repealed 3/24/2004.*

12 AAC 04.230. EXAMINATION PAPERS. *Repealed 3/24/2004.*

12 AAC 04.235. REEXAMINATION. (a) To apply for reexamination, an applicant must submit

(1) a complete application for reexamination on a form provided by the department; and

(2) the applicable fees established in 12 AAC 02.340.

(b) An applicant will not be scheduled to retake a failed section of the examination during the same testing

window in which that section was failed.

(c) An applicant who does not retake a failed portion of the examination for a continuous 18-month period must reapply under 12 AAC 04.190.

(d) In this section, "testing window" means a three-month period comprised of two months in which the examination is available to be taken and one month in which the examination is not offered while routine maintenance is performed and the item bank is refreshed.

Authority: AS 08.04.070 AS 08.04.130

ARTICLE 5. PERMITS AND PRACTICE PRIVILEGES.

Section

- 240. (Repealed)**
- 250. Permits and practice privileges**
- 260. (Repealed)**
- 270. (Repealed)**
- 280. Out-of-state practice privileges and permits**
- 285. Substantial equivalency**

12 AAC 04.240. WHEN ALL REQUIREMENTS ARE MET. *Repealed 2/10/78.*

12 AAC 04.250. PERMITS AND PRACTICE PRIVILEGES. (a) The board may refuse to grant a permit under AS 08.04.240, or an out-of-state practice privilege or out-of-state permit under AS 08.04.420, for the same reasons that the board may impose disciplinary sanctions upon the holder of a license, permit, or practice privilege.

(b) An application for renewal of a permit issued under AS 08.04.240, or an out-of-state practice privilege or out-of-state permit issued under AS 08.04.420, is due by December 31 of each biennial license period.

Authority: AS 08.04.070 AS 08.04.390 AS 08.04.410
AS 08.04.240 AS 08.04.400 AS 08.04.420

12 AAC 04.260. ROSTER. *Repealed 1/1/2008.*

12 AAC 04.270. RECIPROCITY FOR CPA'S. *Repealed 5/28/81.*

12 AAC 04.280. OUT-OF-STATE PRACTICE PRIVILEGES AND PERMITS. (a) An individual whose principal place of business is in another state, and who is authorized to practice public accounting in the other state but who is not licensed to practice public accounting in this state, may apply for an out-of-state practice privilege. The applicant for an out-of-state practice privilege must meet the requirements of AS 08.04.420(a), and of (b) of this section.

(b) An applicant for an out-of-state practice privilege under AS 08.04.420(a) must submit

- (1) a complete application on a form provided by the department;
- (2) the applicable fees required in 12 AAC 02.340;
- (3) verification of a current license or certificate, in good standing, to practice public accounting in another state; and
- (4) verification that either
 - (A) the qualifications required by the other state are substantially equivalent to the national standard under 12 AAC 04.285(a); or
 - (B) the individual's qualifications are substantially equivalent to the national standard under 12 AAC 04.285(b).

(c) A partnership, corporation, limited liability company, or other legal entity whose principal place of business is in another state, and that is authorized to practice public accounting in the other state but does not have a permit to practice public accounting in this state, may apply for an out-of-state permit. The applicant for an out-of-state permit must meet the requirements of AS 08.04.420(c), and of (d) of this section.

(d) An applicant for an out-of-state permit under AS 08.04.420(c) must submit

- (1) a complete application on a form provided by the department;
- (2) the applicable fees required in 12 AAC 02.340;
- (3) verification of the current authorization of the partnership, corporation, limited liability company, or other legal entity to practice public accounting in another state; and
- (4) verification that the qualifications required by the other state are substantially equivalent to the national standard under 12 AAC 04.285(a).

(e) An individual employee or owner of an entity that has obtained a out-of-state permit under AS 08.04.420(c) is not required to obtain an out-of-state practice privilege under AS 08.04.420(a) if the individual remains an

employee or owner of the entity.

(f) Under AS 08.04.420(b), an individual who has applied for an out-of-state practice privilege under AS 08.04.420(a) may engage in the practice of public accounting in this state while the board is evaluating the application. If the board denies the application the individual must stop engaging in the practice of accounting upon receipt of a notice of denial from the board.

(g) An out-of-state practice privilege or out-of-state permit is valid for the biennial license period for which it was issued.

(h) An out-of-state practice privilege issued under AS 08.04.420(a) and this section will be renewed for subsequent biennial license periods if the holder of the out-of-state practice privilege submits

- (1) a renewal application 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 out-of-state practice privilege continues to meet the requirements of AS 08.04.420(a).

(i) An out-of-state practice permit issued under AS 08.04.420(c) and this section will be renewed for subsequent biennial license periods if the holder of the out-of-state practice permit submits

- (1) a renewal application 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 out-of-state practice permit continues to meet the requirements of AS 08.04.420(c).

Authority: AS 08.04.070 AS 08.04.420

12 AAC 04.285. SUBSTANTIAL EQUIVALENCY. (a) The 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.

(b) The qualifications of an individual are substantially equivalent to the national standard if the National Association of State Boards of Accountancy National Qualification Appraisal Service has determined that the individual's qualifications 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 Board of Accountancy.

Authority: AS 08.04.070 AS 08.04.075 AS 08.04.120

Editor's note: A copy of the Uniform Accountancy Act may be obtained from the American Institute of Certified Public Accountants at AICPA, 1211 Avenue of the Americas, New York, NY 10036-8775, or at AICPA's website at <http://www.aicpa.org/about/code/index.html>, or from the National Association of State Boards of Accountancy, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, or at NASBA's website at <http://www.nasba.org>.

ARTICLE 6. CONTINUING EDUCATION.

Section

300. Hours of continuing education required
310. Computation of nonacademic continuing education hours
320. Computation of academic continuing education hours
330. Challenged courses
340. Approved subjects
350. Nonacademic program criteria
360. Approved nonacademic continuing education programs
370. Individual study
380. Instructor or discussion leader
390. Publications
400. Report of continuing education
410. "Reasonable cause or excusable neglect" defined
420. Applicability of continuing education requirement
430. Inactive licenses
440. Reinstatement of lapsed permit

12 AAC 04.300. HOURS OF CONTINUING EDUCATION REQUIRED. (a) Except as provided in 12 AAC 04.430 and 12 AAC 04.440, an applicant for renewal of a license to practice as a certified public accountant must

complete

(1) no less than 80 hours of approved continuing education within the two-year license period immediately before the renewal period; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5); and

(2) at least 20 hours of the minimum 80 hours of approved continuing education within each year of the two-year permit period immediately before the renewal period.

(b) An applicant for renewal of a license to practice as a certified public accountant who meets the continuing education requirements of (a)(1) of this section but fails to meet the continuing education requirements of (a)(2) of this section shall complete eight hours of approved continuing education in addition to the hours required in (a) of this section. The applicant shall complete the additional eight hours of approved continuing education either before or within 180 days after the license is renewed. The additional eight hours may not be used to satisfy the continuing education requirements for subsequent license renewal. The board will renew the applicant's license only if the applicant signs a statement agreeing to comply with the requirements of this subsection within the time schedule authorized by the board under this subsection.

(c) 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.

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

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.310. COMPUTATION OF NONACADEMIC CONTINUING EDUCATION HOURS. (a) For the purposes of 12 AAC 04.300 — 12 AAC 04.440, 50 minutes of instruction constitute one hour.

(b) Credit is given only for full hours of instruction and not for a fraction of an hour.

(c) Credit is given only for class hours and not for hours devoted to class preparation.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.320. COMPUTATION OF ACADEMIC CONTINUING EDUCATION HOURS. (a) One quarter hour academic credit from a college or university constitutes 10 hours of continuing education.

(b) One semester hour academic credit from a college or university constitutes 15 hours of continuing education.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.330. CHALLENGED COURSES. Academic credit earned for a challenged course is not acceptable for continuing education.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.340. APPROVED SUBJECTS. In order to be approved by the board, a subject must contribute directly to the professional competence of a person licensed to practice as a certified public accountant.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.350. NONACADEMIC PROGRAM CRITERIA. (a) Nonacademic continuing education programs requiring class attendance are approved by the board if

- (1) a course outline is prepared in advance and preserved;
- (2) the program is at least one hour in length;
- (3) the program is conducted by a qualified instructor; and
- (4) a record of attendance is maintained.

(b) In (a)(3) of this section, "qualified instructor" includes an instructor or discussion leader whose background, training, education, or experience makes it appropriate for him or her to lead a discussion on the subject matter of the particular program.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.360. APPROVED NONACADEMIC CONTINUING EDUCATION PROGRAMS. The following programs are approved by the board if they meet the requirements of 12 AAC 04.340 and 12 AAC 04.350:

(1) professional development programs of the American Institute of Certified Public Accountants, national professional accounting organizations, state accounting societies, or organizations listed by the National Association of State Boards of Accountancy on the National Registry of CPE Sponsors;

(2) technical sessions designed as formal educational programs at meetings of the American Institute of Certified Public Accountants, national professional accounting organizations, state accounting societies, or organizations listed by the National Association of State Boards of Accountancy on the National Registry of CPE Sponsors;

(3) formal, organized, education programs that focus primarily on the enhancement of necessary skills and knowledge in the subjects of accounting, auditing, tax, consulting, financial planning, professional conduct, and specialized industry or government practices;

(4) college or university short courses not carrying academic credit;

(5) other accounting, industrial, or professional programs.

Authority: AS 08.04.070 AS 08.04.425

Editor's note: A copy of the National Association of State Boards of Accountancy's National Registry of CPE Sponsors may be obtained from the National Association of State Boards of Accountancy, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, or at NASBA's website at http://www.registry.nasbatools.com/display_page.

12 AAC 04.370. INDIVIDUAL STUDY. The number of hours of continuing education credit awarded for completion of a formal correspondence or other individual study program which requires registration and provides evidence of satisfactory completion will be determined by the board on an individual basis.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.380. INSTRUCTOR OR DISCUSSION LEADER. (a) The board will award one hour of continuing education credit for each hour completed in preparation for instruction or discussion as an instructor or discussion leader of an educational program meeting the requirements of 12 AAC 04.310 — 12 AAC 04.370. The number of hours of credit awarded under this subsection may not exceed twice the number of hours awarded under (b) of this section.

(b) The board will award one hour of continuing education credit for each hour completed as an instructor or discussion leader of an educational program meeting the requirements of 12 AAC 04.310-12 AAC 04.370. The board will award credit only for the initial course of instruction of the subject matter unless there have been substantial new developments in the subject since the prior presentation.

(c) Credit awarded under (a) and (b) of this section may not exceed 30 hours in any two-year period.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.390. PUBLICATIONS. Continuing education credit may be awarded for publication of articles or books. The amount of credit so awarded will be determined by the board on an individual basis.

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.400. REPORT OF CONTINUING EDUCATION. An applicant for renewal of a license 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.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.410. "REASONABLE CAUSE OR EXCUSABLE NEGLIGENCE" DEFINED. For the purpose of AS 08.04.425(c) or 12 AAC 04.440, "reasonable cause or excusable neglect" includes

- (1) chronic illness;
- (2) retirement;
- (3) military service; and
- (4) hardships as individually determined by the board.

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.420. APPLICABILITY OF CONTINUING EDUCATION REQUIREMENT. *Repealed 1/1/2008.*

Editor's note: As of Register 184, Jan 2008, the substance of former 12 AAC 04.420 appears in 12 AAC 04.300(d).

12 AAC 04.430. INACTIVE LICENSES. (a) To obtain or renew an inactive license under AS 08.04.410, the holder of a license must submit

- (1) an application on a form provided by the department; and

- (2) the fee set out in 12 AAC 02.340(5).
- (b) To resume the active practice of public accounting, the holder of an inactive license must submit
 - (1) an application on a form provided by the department;
 - (2) the applicable fee set out in 12 AAC 02.340; and
 - (3) documentation that shows the applicant's completion of at least 120 hours of approved continuing education, in accordance with 12 AAC 04.310 – 12 AAC 04.410, during the 36 months immediately before the date of the application; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5).
- (c) The hours of continuing education required in (b) of this section do not satisfy the continuing education requirement for a subsequent renewal of the reactivated license.
- (d) Notwithstanding 12 AAC 04.300, a licensee whose license has been reactivated under this section shall complete at least
 - (1) 10 hours of approved continuing education for each full calendar quarter between the date that the license was reactivated and the next renewal date; or
 - (2) *repealed 7/25/2001*;
 - (3) 80 hours of approved continuing education between the date that the permit was reactivated and the next renewal date.

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.440. REINSTATEMENT OF LAPSED LICENSE. (a) An individual whose license to practice has been lapsed for less than one year may apply for reinstatement of the license by submitting the applicable renewal fee required in 12 AAC 02.340 and a complete renewal application on a form provided by the department. The renewal application must include certification that the applicant

- (1) maintained all of the licensee's offices as required by AS 08.04.360 – 08.04.380;
- (2) has met the continuing education requirements of 12 AAC 04.300 – 12 AAC 04.440;
- (3) continues to comply with the requirements of AS 08.04; and
- (4) either
 - (A) has met the quality review requirements of 12 AAC 04.600; or
 - (B) is exempt under 12 AAC 04.620 from compliance with the quality review requirements of 12 AAC 04.600.

(b) An individual whose license to practice has been lapsed for at least one year, but less than three years, may apply for reinstatement of the license by submitting

- (1) an application a form provided by the department;
- (2) the license renewal fees under 12 AAC 02.340 for the entire period during which the license has been lapsed; and
- (3) documentation showing the applicant's completion of at least 120 hours of approved continuing education, in accordance with 12 AAC 04.310 – 12 AAC 04.410, during the 36 months immediately before the date of the application for reinstatement; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5); at least four hours of the hours required in this paragraph must cover current ethics and statutes and regulations under AS 08.04 and 12 AAC 04.

(c) An individual whose license to practice has been lapsed for at least three years, but less than five years, may apply for reinstatement of the license by

- (1) documenting to the satisfaction of the board that the individual's failure to renew the license was excusable;
- (2) meeting the requirements of (b) of this section; and
- (3) documenting that the continuing education completed in accordance with (b)(3) of this section included successful completion of a current ethics course and examination published by the American Institute of Certified Public Accountants (AICPA) or an ethics examination of another licensing jurisdiction, that, in the determination of the board, is equivalent to the AICPA course and examination described in 12 AAC 04.200(c).

(d) Notwithstanding 12 AAC 04.300, a licensee whose license has been reinstated under (b) or (c) of this section shall complete at least

- (1) 10 hours of approved continuing education for each full calendar quarter between the date the license was reissued and the next renewal date; or
- (2) 80 hours of approved continuing education between the date the permit was reissued and the next renewal date.

(e) The board may reinstate an applicant's license despite failure to furnish evidence of completion of the continuing education requirements in this section, if the board determines that failure to complete the continuing education requirements was due to reasonable cause or excusable neglect and the applicant agrees to complete a particular program or schedule of continuing education prescribed by the board.

(f) A license to practice that has been lapsed for five years or more may not be reinstated.

Authority: AS 08.01.100 AS 08.04.425 AS 08.04.440
AS 08.04.070

ARTICLE 7.
DISCIPLINARY GUIDELINES.

Section

500. Purpose of disciplinary guidelines

510. (Repealed)

520. Disciplinary guidelines

530. Definitions for disciplinary guidelines

12 AAC 04.500. PURPOSE OF DISCIPLINARY GUIDELINES. To insure that the board's disciplinary policies are known and are administered consistently and fairly, the disciplinary guidelines in 12 AAC 04.510—12 AAC 04.520 are established.

Authority: AS 08.01.075 AS 08.04.070(b) AS 08.04.450

12 AAC 04.510. VIOLATIONS. *Repealed 1/1/2008.*

12 AAC 04.520. DISCIPLINARY GUIDELINES. (a) Nothing in this section prohibits the board from imposing greater or lesser penalties than those described, depending on the circumstances of a particular case.

(b) The board may revoke a license, permit, or practice privilege if the holder of the license, permit, or practice privilege

- (1) obtains or attempts to obtain, by fraud or deceit, a license, permit, or practice privilege;
- (2) is convicted of a felony under the laws of any state or the United States;
- (3) is the subject of a licensing action by another state as described in AS 08.04.450(7); or
- (4) has had the right to practice public accountancy before any state or federal agency suspended or revoked.

(c) The board may suspend a license, permit, or practice privilege for up to two years, impose a civil fine in the amount determined by the board, and impose other disciplinary sanctions authorized under AS 08.01.075, in cases of

- (1) gross negligence in the practice of public accounting as defined in 12 AAC 04.530(3);
- (2) an act discreditable to the accounting profession as defined in 12 AAC 04.530;
- (3) dishonesty in the practice of public accounting as defined in 12 AAC 04.530; or
- (4) the conviction of a crime involving dishonesty or fraud as described in AS 08.04.450(6).

(d) The board may suspend a license, permit, or practice privilege for up to one year, in cases of

- (1) violation of a provision of AS 08.04.500—AS 08.04.610 as described in AS 08.04.450(3); and
- (2) violation of a regulation of the board as described in AS 08.04.450(4).

(e) If the board determines that an applicant has cheated on or breached the security of the examination for certified public accountancy, the applicant is subject to the following:

- (1) voiding of that applicant's examination score and denial of a license or permit to that applicant based on that examination score;
- (2) prohibition of that applicant from sitting for further examinations in the state.

Authority: AS 08.01.075 AS 08.04.130 AS 08.04.450
AS 08.04.070

12 AAC 04.530. DEFINITIONS FOR DISCIPLINARY GUIDELINES. In AS 08.04.450 and 12 AAC 04.520 – 12 AAC 04.530

(1) "act discreditable to the accounting profession" includes

- (A) breaching a client confidence;
- (B) attempted bribery; and
- (C) using the reputation of a business establishment of public accountancy as a front for illegal financial activities;

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

- (A) removing from the examination room any examination materials without authorization;
- (B) reproducing, or assisting a person in reproducing, any portion of the licensing examination by any means and without authorization;

(C) paying a person to take the licensing examination to discover the content of any portion of the licensing examination;

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

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

(F) 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" includes

- (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 permitting answers to be copied by another examinee;
 - (C) possessing, during the administration of the examination, any books, equipment, notes, written or printed material, or data of any kind, other than the examination materials distributed or otherwise authorized to be possessed during the examination;
 - (D) impersonating an examinee, or having another individual take the examination on behalf of the examinee; and
 - (E) violating written or oral examination instructions;
- (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” includes
- (A) knowingly submitting to the board false or forged evidence in, or in support of, 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; and
 - (C) breaching the security provisions of a licensing examination;
- (6) “gross negligence in the practice of public accounting” includes
- (A) failure to adequately keep required documentation and work papers of a client or of work performed by the holder of a license, permit, or certificate; and
 - (B) misaccounting of funds, or other misapplication of generally accepted accounting practices, that results in substantial injury.

Authority: AS 08.01.075 AS 08.04.070 AS 08.04.450

ARTICLE 8. QUALITY REVIEW.

Section

- 600. Quality review reporting requirements**
- 610. Approved quality review programs**
- 620. Exceptions to quality review reporting requirements**
- 630. Special quality review reporting requirements**
- 690. Definitions related to quality review**

12 AAC 04.600. QUALITY REVIEW REPORTING REQUIREMENTS. (a) To renew a permit to practice under 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.

(b) A permit holder shall indicate on the application for renewal whether the permit holder issued a report on audited or reviewed financial statements during the concluding permit period.

(c) Except as provided in 12 AAC 04.620(b) and (e) of this section, 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 quality review that is acceptable to the board under 12 AAC 04.610;

(2) certify that, during the concluding permit period, the permit holder has remained in good standing with the organization that administered the quality review; and

(3) submit, at the time of application for renewal, the most recent written acceptance report from the organization administering the quality review.

(d) *Repealed 11/21/2001.*

(e) If a permit holder meets all of the requirements for renewal of the permit except submission of the acceptance report required under (c)(3) of this section, the board will renew the permit if the permit holder signs a statement certifying that the permit holder will comply with the requirements of (f) of this section.

(f) A permit holder whose permit to practice as a certified public accountant was renewed under (e) of this section shall submit the acceptance report required under (c)(3) of this section within 180 days after the permit was renewed. The documentation submitted under this subsection may not be used to satisfy the quality review reporting requirements for subsequent renewal of the permit.

Authority: AS 08.04.070 AS 08.04.426

12 AAC 04.610. APPROVED QUALITY REVIEW PROGRAMS. (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*, 2000 edition, adopted by reference, excluding any reference to compilations; or

(2) National State Auditors Association (NSAA) *External Quality Control Program*, 1999 edition, adopted by reference.

(b) The board will accept the quality review program undergone by a permit holder that has offices in more than one state if the quality review program meets the requirements of this section, regardless of whether the permit holder's office in this state was selected for quality review.

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), Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3801. A copy of the *External Quality Control Program*, adopted by reference in 12 AAC 04.610, may be obtained from the Department of Commerce, Community, and Economic Development, Division of Occupational Licensing, P.O. Box 110806, Juneau, AK 99811-0806, or the National State Auditors Association, 2401 Regency Road, Suite 302, Lexington, KY 40503-2914.

12 AAC 04.620. EXCEPTIONS TO QUALITY REVIEW REPORTING REQUIREMENTS. (a) A permit holder is exempt from the quality review requirements in 12 AAC 04.600 if the permit holder did not issue reports on audited or reviewed financial statements during the concluding permit period.

(b) A permit holder 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.

(c) The guidelines in Chapter 7, section V of the American Institute of Certified Public Accountants (AICPA) *State CPA Society, AICPA Peer Review Program, Administrative Manual*, 4th edition (2000), 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.

Authority: AS 08.04.070 AS 08.04.426

Editor's note: A copy of Chapter 7, Section V, of the *State CPA Society, AICPA Peer Review Program, Administrative Manual*, 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), Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3801.

12 AAC 04.630. SPECIAL QUALITY REVIEW REPORTING REQUIREMENTS. (a) A permit holder shall meet the requirements in this section if the permit holder

(1) has undergone a quality review that is approved under 12 AAC 04.610(a) for a permit holder who issued a report on reviewed financial statements but did not issue a report on audited financial statements;

(2) has not undergone a quality review that is approved under 12 AAC 04.610(a) for a permit holder who issued a report on audited financial statements; and

(3) issued the permit holder's first report during the permit period on audited financial statements within the last 12 months of the concluding permit period.

(b) A permit holder described in (a) of this section shall

(1) notify the board within 30 days of issuing the first report on audited financial statements or no later than the date of filing the application for permit renewal;

(2) within 18 months after the date of the first completed report on audited financial statements, undergo a quality review that meets the requirements of 12 AAC 04.610(a) for a permit holder who has issued a report on audited financial statements; and

(3) meet the requirements of 12 AAC 04.600(a) for subsequent renewal of the permit to practice.

Authority: AS 08.04.070 AS 08.04.426

12 AAC 04.690. DEFINITIONS RELATED TO QUALITY REVIEW. In 12 AAC 04.600 - 12 AAC 04.630,

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

- (2) "organization administering the quality 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.

Authority: AS 08.04.070 AS 08.04.426

ARTICLE 9. GENERAL PROVISIONS.

Section

- 900. Complaints**
- 920. Current address**
- 930. Articles of Incorporation**
- 940. Use of title "enrolled agent"**
- 990. Definitions**

12 AAC 04.900. COMPLAINTS. A complaint against a licensed or unlicensed person or firm must be made to the department in compliance with the established complaint procedures of the department.

Authority: AS 08.04.070(b)

12 AAC 04.920. CURRENT ADDRESS. A licensee shall maintain a current, valid mailing address on file with the division at all times. The latest mailing address on file for an active, inactive, or lapsed license is the address of the licensee for official communications, notifications, and service of legal process.

Authority: AS 08.04.070(b)

12 AAC 04.930. ARTICLES OF INCORPORATION AND ARTICLES OF ORGANIZATION. (a) Except as provided in (b) of this section, a corporation registered or applying for registration with the board under AS 08.04.240(b) shall file with the board a copy of the corporation's articles of incorporation. The articles of incorporation must state the sole purpose and business of the corporation is the practice of public accounting as required under AS 08.04.240(b).

(b) A corporation that is incorporated under AS 10.45 as a professional corporation in the state is exempt from the requirements of this section.

(c) A limited liability company registered or applying for registration with the board under AS 08.04.240(d) shall file with the board a copy of the limited liability company's articles of organization. The articles of organization must state that the sole purpose and business of the limited liability company is the practice of public accounting as required under AS 08.04.240(d).

Authority: AS 08.04.070 AS 08.04.240

12 AAC 04.940. USE OF TITLE "ENROLLED AGENT". The use of the title "enrolled agent," as defined by the United States Internal Revenue Service, does not constitute use of a deceptive title under AS 08.04.540.

Authority: AS 08.04.070 AS 08.04.540

12 AAC 04.990. DEFINITIONS. In this chapter

- (1) "accountant" means a person who holds
 - (A) a license under AS 08.04.105 or 08.04.195;
 - (B) a permit under AS 08.04.240;
 - (C) an out-of-state practice privilege under AS 08.04.420; or
 - (D) an out-of-state permit under AS 08.04.420;
- (2) "board" means the Board of Public Accountancy;
- (3) "department" means the Department of Commerce, Community, and Economic Development;
- (4) *repealed 5/28/81*;
- (5) "financial statement" includes a statement of position, a statement of operations, a statement of change in equity and notes, a balance sheet, an income statement, a statement of cash flows, a statement of assets and liabilities, and any other statement that purports to represent a statement of position or operation;
- (6) "opinion" means a written conclusion, based on the use of expert knowledge in accounting and auditing, in matters for which advice is sought or required;
- (7) *repealed 1/1/2008*;
- (8) *repealed 2/2/94*;

- (9) "statement" means a financial statement;
- (10) "conditional credit" means credit for subjects which the candidate has successfully passed and will not be required to repeat;
- (11) "attest function" means the financial statement services described in 12 AAC 04.038;
- (12) "good moral character" means the absence of conduct that would cause a reasonable person to have substantial doubts about an individual's honesty, fairness, and respect for the rights of others and for the laws of this state and the United States, including
 - (A) illegal conduct;
 - (B) conduct involving dishonesty, fraud, deceit, or misrepresentation, including misconduct in the licensing application process; and
 - (C) conduct that adversely reflects on the individual's fitness to perform as an accountant or ability to comply with the requirements of AS 08.04 and this chapter;
- (13) *repealed 1/1/2008*;
- (14) "engagement" means an agreement between a client and a licensee regarding the performance of professional services and the services performed under the agreement.

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	

APPENDIX A

TRANSITIONAL PROVISION. Notwithstanding the provisions of this Act, an applicant who, on or after May 1, 1999, and before the effective date of this Act, took the examination required under AS 08.04.130 and received a passing grade in at least two subjects of the examination, may choose to be reexamined in only the subjects not yet passed, subject to the conditions of this section. The applicant may only sit for the remaining subjects not yet passed (1) for the number of opportunities the applicant had remaining on the day before the effective date of this Act; or (2) during a time period determined by the number of opportunities the applicant had remaining on the day before the effective date of this Act multiplied by six months, whichever is first exhausted. If an applicant does not pass all remaining test sections under the conditions determined under (1) or (2) of this section, the credits for passing grades received between April 30, 1999, and the effective date of this Act expire. The board may, by regulation, determine what credit will be given for a subject passed by an applicant on or after the effective date of this Act and before the expiration of the opportunity for reexamination afforded under (1) and (2) of this section. This Act takes effect January 1, 2004.