

Chapter 04. Board of Public Accountancy.

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

12 AAC 04.004 is amended to read:

12 AAC 04.004. Code of professional conduct. An accountant shall adhere to the **Code of Professional Conduct of the** American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2*, **ET Section** [PAGES 2371 THROUGH 2613, CODE OF PROFESSIONAL CONDUCT], revised as of June 1, **2018** [2015], adopted by reference. (Eff. 1/4/2017, Register 221; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.080

Editor's note: A copy of the *AICPA Professional Standards, Volume 2* adopted by reference in 12 AAC 04.004, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

12 AAC 04.038 is amended to read:

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

(1) an audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 1*, AU-C **Section** [SECTIONS 200 – 935], as revised as of June 1, **2018** [2015], 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-C Section** [AR SECTIONS 20 – 600], as revised as of June 1, **2018** [2015], 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-C Section** [AT SECTIONS 20 – 601], as revised as of June 1, **2018** [2015], adopted by reference; and

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

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

(c) A licensee performing an attest engagement shall maintain a quality control system that complies with the Quality Control Standards (QCS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 2*, QC Section [10], as revised as of June 1, **2018** [2015], adopted by reference. (Eff. 1/1/2008, Register 184; am 10/16/2011, Register 200; am 1/4/2017, Register 221; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.423

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

12 AAC 04.180 is amended to read:

12 AAC 04.180. Documentation of experience. (a) An applicant for initial issuance of a license under 12 AAC 04.165 or [MUST SHOW THAT THE APPLICANT HAS HAD FOUR YEARS OF EXPERIENCE, AND AN APPLICANT FOR INITIAL ISSUANCE OF A LICENSE UNDER] 12 AAC 04.175 must show that the applicant has had two years of experience. That experience must include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills **and related training** all of which were verified by a supervising certified public accountant **with an active license at the time of supervision**. The experience is acceptable if it is gained through employment in government, industry, academia, or public practice. **Experience does not include paid or unpaid leave or holidays.**

(b) One year of experience must consist of full or part-time employment that extends over a period of not less than a year and not more than **four** [THREE] years and includes not fewer than 2,000 hours of performance of services described in (a) of this section. (Eff. 9/9/72, Register 43; am 8/3/79, Register 70; am 5/28/81, Register 78; am 4/18/82, Register 82; am 8/14/87, Register 103; am 10/1/88, Register 107; am 8/18/90, Register 115; am 11/15/96, Register 140; am 1/1/2008, Register 184; am 12/25/2015, Register 216; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.120

12 AAC 04.200 is amended to read:

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 For Licensure*, published by the American Institute of Certified Public Accountants (AICPA), 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 an examination 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;

(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 sections of the Uniform Certified Public Accountant Examination within an 18-month period.

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

(i) The board will extend the period of credit for examination sections passes upon a showing, to the board's satisfaction, that the credit was lost due to circumstances beyond the applicant's control. (Eff. 9/9/72, Register 43; am 2/10/78, Register 64; am 1/27/81, Register 76; am 5/28/81, Register 78; am 3/30/84, Register 89; am 2/2/94, Register 129; am 7/27/97, Register 143; am 3/24/2004, Register 169; am 1/1/2008, Register 184; am 12/25/2015, Register 216; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.130

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

12 AAC 04.610 is amended to read:

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 December 2017* [2015] edition, adopted by reference, excluding any reference to compilations; or

(2) National State Auditors Association (NSAA) *Peer Review Manual, 2016* [2013] 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. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am 8/1/2012, Register 203; am 1/4/2017, Register 221; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.426

Editor's note: A copy of the *AICPA Standards for Performing and Reporting on Peer Reviews*, adopted by reference in 12 AAC 04.610, may be obtained from the American Institute of Certified Public Accountants (AICPA), 220 Leigh Farm Road, Durham, North Carolina 27707-8110. A copy of the *Peer Review Manual*, adopted by reference in 12 AAC 04.610, may be obtained from the National State Auditors Association, 449 Lewis Hargett Circle, Suite 290, Lexington, KY 40503-3590; [website at www.aicpa.org](http://www.aicpa.org).

12 AAC 04.620 is amended to read:

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 8 OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA) *AICPA PEER REVIEW ADMINISTRATIVE MANUAL, 2015*, ARE ADOPTED BY REFERENCE.] If a firm is merged, otherwise combined, dissolved, or separated, the organization administering the quality review shall [APPLY THOSE GUIDELINES TO] determine which firm is considered the succeeding firm. That determination is subject to review by the board [UNDER THOSE GUIDELINES]. The succeeding firm shall retain its quality review status and its quality review due date. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am 1/4/2017, Register 221; am ____/____/____, Register ____)

Authority: AS 08.04.070 AS 08.04.426

[**EDITOR'S NOTE:** A COPY OF CHAPTER 8 OF THE *AICPA PEER REVIEW ADMINISTRATIVE MANUAL, 2015*, ADOPTED BY REFERENCE IN 12 AAC 04.620, MAY BE OBTAINED FROM THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA), 220 LEIGH FARM ROAD, DURHAM, NORTH CAROLINA 27707-8110.]