

Uniform Accountancy Act Model Rules

July, 2007

**Standards for Regulation Including
Code of Conduct**

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UNIFORM ACCOUNTANCY ACT RULES *(Rules)*

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Uniform

Accountancy

Rules

National Association of State Boards of Accountancy

Introductory Comments

These Uniform Accountancy Rules (“Rules”) have been prepared by the National Association of State Boards of Accountancy (“NASBA”) as part of its continuing effort to update and promote uniformity in the regulatory schemes governing the practice of accountancy in the various jurisdictions.

These Rules are keyed to the Uniform Accountancy Act (“Uniform Act”) – Fourth Edition in several respects. Like most rules of administrative agencies they are intended in a general sense to implement or to explain specific statutory provisions governing the operations of the agency concerned; thus, in those cases where it appears appropriate for a Rule to contain a reference to a statutory provision, the reference provided in these Rules is to a provision of the Uniform Act. The organizing pattern of the Rules also reflects that of the Uniform Act: the numbered Articles under which the Rules are grouped correspond to section numbers in the Uniform Act.

The Rules are not intended to depend entirely upon the Uniform Act, or to be suitable for adoption only in jurisdictions where the accountancy law corresponds to the Uniform Act. Where the law that is in force varies from the Uniform Act, modifications may be necessary to adapt the Rules to the pertinent statute.

Preamble

These Rules are adopted by the _____ Board of Accountancy, pursuant to its authority under the [Public] Accountancy Act of 20___. Their purpose is to promote and protect the public interest by implementing the provisions of that Act, which provide for the issuance and renewal of certificates as certified public accountants; the renewal of registrations to public accountants; the issuance and renewal of permits to firms and the regulation of licensees, all to enhance the reliability of information which is used for guidance in financial transactions or accounting for or assessing the financial status or performance of commercial, noncommercial and governmental enterprises.

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**ARTICLE 3
DEFINITIONS**

Rule 3-1 - Terms used in these rules.

For purposes of these Rules the following terms have the meanings indicated:

- (a) “Act” means the [Public] Accountancy Act of _____, _____
[statutory reference].
- (b) “Financial statements” means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.

Rule 3-2 – Agreed upon procedure.

An “agreed-upon procedures engagement” is one which is to be performed in accordance with applicable attestation standards and is one in which a Licensee is engaged to issue a written finding(s) that (i) is based on specific procedures that the specified parties agree are sufficient for their purposes, (ii) is restricted to the specified parties, and (iii) does not provide an opinion or negative assurance.

Rule 3-3 - Audit.

“Audit” means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness with which the historical financial information is presented in conformity with generally accepted accounting principles, another comprehensive basis of accounting, or basis of accounting described in the report.

Rule 3-4 – Professional engagement.

"Professional engagement" means an agreement between a client and a licensee relative to the performance of professional services and the services performed under this agreement.

**ARTICLE 4
STATE BOARD OF ACCOUNTANCY**

Rule 4-1 - Board meetings.

The Board shall meet at least ____ times each year. The chair or a quorum of the Board shall have the authority to call meetings of the Board. The Board shall follow and apply the rules of procedure, _____ [statutory reference], as regards notice and conduct of meetings.

Rule 4-2 - Election and tenure of officers.

The Board shall elect annually from among its members a chair, a vice-chair, and such other officers as the Board may require. The officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected. They shall serve a term of one year, but shall be eligible for reelection.

Rule 4-3 - Duties of officers.

The chair or, in the event of the chair's absence or inability to act, the vice-chair shall preside at all meetings of the Board. The Board shall determine other duties of the officers.

Rule 4-4 - Fees.

Fees charged by the Board shall be as follows:

- | | | |
|-----|--|----------|
| (a) | Examination applications | \$ _____ |
| (b) | Administration of examination, per section | \$ _____ |
| (c) | Initial issuance of certificate | \$ _____ |
| (d) | Renewal of certificate or registration | \$ _____ |
| (e) | Initial firm permits | \$ _____ |
| (f) | Renewal of firm permits, except for sole practitioners | \$ _____ |
| (g) | Renewal of firm permits for sole practitioners | \$ _____ |
| (h) | Delinquency fee for permit, certificate or registration renewal applications | \$ _____ |
| (i) | Copies of records, per page | \$ _____ |
| (j) | Applications for reinstatement | \$ _____ |
| (k) | Annual reports of the Board, per copy | \$ _____ |

1 (l) Other fees (The Board may charge other fees as required) \$ _____
2

3 **Rule 4-5 - Obligation of licensees to notify the Board of changes of address and other**
4 **information.**

5
6 **Each licensee shall notify the Board in writing within thirty (30) days of any change of**
7 **address or, in the case of individual licensees, change of employment.**

8
9 **Comment: See also the reporting requirements set out in Rule 11-2.**

10
11 **Rule 4-6 - Communications.**

12
13 **A licensee shall respond in writing to any communication from the Board requesting a**
14 **response, within thirty (30) days of the mailing of such communication by registered or**
15 **certified mail, to the last address furnished to the Board by the licensee.**

ARTICLE 5
CERTIFIED PUBLIC ACCOUNTANTS

Rule 5-1 - Semester hour; accredited colleges, universities, schools and programs; credit for courses.

(a) As used in these Rules, a “semester hour” means the conventional college semester hour. Quarter hours may be converted to semester hours by multiplying them by two-thirds.

(b) As used in these Rules, “accreditation” refers to the process of quality control of the education process. There are three different levels of accreditation referred to in these Rules and the degree to which the Board relies on accreditation differs according to the level at which the degree-granting institution is accredited. The three levels of accreditation are:

(1) Level one accreditation (the educational institution) is granted to a four-year degree-granting college or university which is accredited by one or more recognized regional accrediting agencies (or successor agencies). _____ is a/are regional accrediting agency/ies recognized by the Board.

(2) Level two accreditation (the business school) is granted to a business school or college of business that has been accredited by a national accreditation agency recognized by the Board such as the “American Assembly of Collegiate Schools of Business” (AACSB) following a specific and comprehensive review of their faculty, resources, and curricula. In evaluating a candidate’s credentials, the Board may choose to rely on this accreditation as evidence that the institution’s business school has met minimum overall standards of quality for such schools.

(3) Level three accreditation (the accounting program or department) is granted to an accounting program or department that has been accredited by a national accreditation agency recognized by the Board such as the AACSB. Accounting programs or departments accredited in this manner have met standards substantially higher and much more specific than those required for level one or level two accreditation. For level three accreditation, the accounting program or department must meet a stringent set of standards that addresses faculty credentials, student quality, physical facilities, and curricula. Graduates who submit transcripts from accredited accounting programs may be deemed to have met the Board’s specific accounting and business course requirements.

(c) A candidate is considered as graduating from an accredited educational institution if at the time the educational institution grants the applicant’s degree, it is accredited at the appropriate level as outlined in these Rules.

1 (d) If an educational institution was not accredited at the time an applicant's degree
2 was received but is so accredited at the time the application is filed with the Board,
3 the institution will be deemed to be accredited for the purpose of subsection (c),
4 provided that it --

5
6 (1) certifies that the applicant's total educational program would qualify the
7 applicant for graduation with a baccalaureate degree during the time the
8 institution has been accredited; and

9
10 (2) furnishes the Board satisfactory proof, including college catalogue course
11 numbers and descriptions, that the pre-accrediting courses used to qualify the
12 applicant as an accounting major are substantially equivalent to post-
13 accrediting courses.

14
15 (e) If an applicant's degree was received at an accredited educational institution
16 pursuant to subsection (c) or (d), but the educational program which was used to
17 qualify the applicant as an accounting major included courses taken at non-
18 accredited institutions, either before or after graduation, such courses will be
19 deemed to have been taken at the accredited institution from which applicant's
20 degree was received, provided the accredited institution either--

21
22 (1) has accepted such courses by including them in its official transcript; or

23
24 (2) has certified to the Board that it will accept such courses for credit toward
25 graduation.

26
27 (f) A graduate of a four-year degree-granting college or university not accredited at the
28 time applicant's degree was received or at the time the application was filed will be
29 deemed to be a graduate of an accredited educational institution if--

30
31 (1) a credentials evaluation service approved by the Board certifies that the
32 applicant's degree is equivalent to a degree from an accredited educational
33 institution defined in subsection (b)(1); or

34
35 (2) (A) an accredited educational institution as defined by subsection (b)(1)
36 accepts applicant's non-accredited baccalaureate degree for admission to
37 a graduate business degree program;

38
39 (B) the applicant satisfactorily completes at least fifteen semester hours, or
40 the equivalent, in post-baccalaureate education at the accredited
41 educational institution, of which at least nine semester hours, or the
42 equivalent, shall be in accounting; and

43
44 (C) the accredited educational institution certifies that the applicant is in
45 good standing for the continuation in the graduate program, or has
46 maintained a grade point average in these courses that is necessary for
47 graduation.
48

1 (g) The advanced subjects completed to qualify under subsection (f)(2) may not be used
2 to satisfy the requirements of section (h).
3

4 (h) The accounting and business concentration or equivalent contemplated by Section
5 5(c) of the Act shall consist of the semester hours specified in Rule 5-2 below. No
6 more than 6 hours will be recognized for internships or life experience.
7

8 **Rule 5-2 - Education requirement.**
9

10 For purposes of Section 5(c) of the Act, an applicant will be deemed to have met the
11 education requirement if the applicant has met any one of the following four conditions:
12

13 (a) Earned a graduate degree with a concentration in accounting from an accounting
14 program or department that is accredited (level three accreditation) by an
15 accrediting agency recognized by the Board.
16

17 (b) Earned a graduate degree from a business school or college of business that is
18 accredited (level two accreditation) by an accrediting agency recognized by the
19 Board and completed at least 24 semester hours in accounting at the undergraduate
20 level or 15 semester hours at the graduate level, or an equivalent combination
21 thereof, including coverage of, but not necessarily separate courses in, the subjects
22 of financial accounting, auditing, taxation, and management accounting.
23

24 (c) Earned a baccalaureate degree from a business school or college of business that is
25 accredited (level two accreditation) by an accrediting agency recognized by the
26 Board and completed 24 semester hours in accounting at the undergraduate or
27 graduate level, including coverage of, but not necessarily separate courses in, the
28 subjects of financial accounting, auditing, taxation, and management accounting;
29 and completed at least 24 semester hours in business courses (other than
30 accounting) at the undergraduate or graduate level.
31

32 (d) Earned a baccalaureate or higher degree from an accredited educational institution
33 (level one accreditation) including:
34

35 (1) at least 24 semester hours of accounting at the upper division or graduate level,
36 including coverage of, but not necessarily separate courses in, the subjects of
37 financial accounting, auditing, taxation, and management accounting (Upper
38 division is normally defined as junior or senior level. In accounting, this would
39 normally be all courses taken beyond the elementary level.); and
40

41 (2) at least 24 semester hours in business courses (other than accounting) at the
42 undergraduate or graduate level.
43

1 **Rule 5-3 - Applications for examination.**

- 2
- 3 (a) **Applications to take the Certified Public Accountant Examination must be made on**
4 **a form provided by the Board and filed with the Board by a due date specified by**
5 **the Board in the application form.**
- 6
- 7 (b) **An application will not be considered filed until the application fee and examination**
8 **fee required by these Rules and all required supporting documents have been**
9 **received, including proof of identity as determined by the Board and specified on**
10 **the application form, official transcripts and proof that the Candidate has satisfied**
11 **the education requirement.**
- 12
- 13 (c) **A Candidate who fails to appear for the examination shall forfeit all fees charged for**
14 **both the application and the examination.**
- 15
- 16 (d) **The Board or its designee will forward notification of eligibility for the computer-**
17 **based examination to NASBA's National Candidate Database.**
- 18

19 **Rule 5-4 - Time and place of examination.**

20

21 **Prior to the implementation of a computer-based examination, notice of the time and place**
22 **of the examination shall be mailed at least ten days prior to the date set for the examination**
23 **to each Candidate whose application to sit for the examination has been approved by the**
24 **Board.**

25

26 **Upon the implementation of a computer-based examination, eligible Candidates shall be**
27 **notified of the time and place of the examination or shall independently contact the Board**
28 **or a test center operator identified by the Board to schedule the time and place for the**
29 **examination at an approved test site. Scheduling reexaminations must be made in**
30 **accordance with Rule 5-7(b) below.**

31

32 **Rule 5-5 - Examination content.**

33

34 **The examination required by Section 5 of the Act shall test the knowledge and skills**
35 **required for performance as an entry-level certified public accountant. The examination**
36 **shall include the subject areas of accounting and auditing and related knowledge and skills**
37 **as the Board may require.**

38

39 **Rule 5-6 – Determining and reporting examination grades**

40

41 **A Candidate shall be required to pass all Test Sections of the examination provided for in**
42 **subsection 5(d) of the Act in order to qualify for a certificate. Upon receipt of advisory**
43 **grades from the examination provider, the Board will review and may adopt the**
44 **examination grades and will report the official results to the Candidate. Prior to the**
45 **implementation of a computer-based examination, a passing grade for each Test Section**
46 **shall be 75. Upon implementation of a computer-based examination, the Candidate must**
47 **attain the uniform passing grade established through a psychometrically acceptable**

1 standard-setting procedure and approved by the Board.

2
3 **Rule 5-7 – Retake and granting of credit requirements**
4

5 (a) A Candidate shall be required to pass all sections of the examination provided for in
6 Section 5(d) of the Act in order to qualify for a certificate. Prior to the
7 implementation of a computer-based examination, if at a given sitting of the
8 examination a Candidate passes two or more but not all sections, then the
9 Candidate shall be given credit for those sections that the Candidate has passed and
10 need not sit for reexamination in those sections, provided that-

- 11
- 12 (1) at that sitting the Candidate wrote all sections of the examination for which the
13 Candidate does not have credit;
- 14
- 15 (2) the Candidate attained a minimum grade of 50 on each section taken at that
16 sitting;
- 17
- 18 (3) the Candidate passes the remaining sections of the examination within six
19 consecutive examinations given after the one at which the first sections were
20 passed;
- 21
- 22 (4) at each subsequent sitting at which the Candidate seeks to pass any additional
23 sections, the Candidate sits for all sections for which the Candidate does not
24 have credit; an
- 25
- 26 (5) in order to receive credit for passing additional sections in any such
27 subsequent sitting, the Candidate attains a minimum grade of 50 on sections
28 taken at that sitting.
- 29

30 (b) Upon the implementation of a computer-based examination, a Candidate may take
31 the required Test Sections individually and in any order. Credit for any Test
32 Section(s) passed shall be valid for eighteen months from the actual date the
33 Candidate took that Test Section, without having to attain a minimum score on any
34 failed Test Section(s) and without regard to whether the Candidate has taken other
35 Test Sections.

- 36
- 37 (1) Candidates must pass all four Test Sections of the Uniform CPA Examination
38 within a rolling eighteen-month period, which begins on the date that the first
39 Test Section(s) passed is taken.
- 40
- 41 (2) Candidates cannot retake a failed Test Section(s) in the same examination
42 window. An examination window refers to a three-month period in which
43 Candidates have an opportunity to take the CPA examination (comprised of
44 two months in which the examination is available to be taken and one month in
45 which the examination will not be offered while routine maintenance is
46 performed and the item bank is refreshed). Thus, Candidates will be able to
47 test two out of the three months within an examination window.

1 **(3) In the event all four Test Sections of the Uniform CPA Examination are not**
 2 **passed within the rolling eighteen-month period, credit for any Test Section(s)**
 3 **passed outside the eighteen-month period will expire and that Test Section(s)**
 4 **must be retaken.**

5
 6 **(c) Candidates having earned conditional credits on the paper-and-pencil examination,**
 7 **as of the launch date of the computer-based Uniform CPA Examination, will retain**
 8 **conditional credits for the corresponding Test Sections of the computer-based CPA**
 9 **examination as follows:**

Paper-and-Pencil Examination	Computer-Based Examination
Auditing	Auditing and Attestation
Financial Accounting and Reporting (FARE)	Financial Accounting and Reporting
Accounting and Reporting (ARE)	Regulation
Business Law and Professional Responsibilities (LPR)	Business Environment and Concepts

10 **1) Candidates who have attained conditional status as of the launch date of the**
 11 **computer-based Uniform CPA Examination will be allowed a transition period**
 12 **to complete any remaining Test Sections of the CPA examination. The**
 13 **transition is the maximum number of opportunities that Candidates who have**
 14 **conditioned under the paper-and-pencil examination have remaining, at the**
 15 **launch of the computer-based CPA examination, to complete all remaining**
 16 **Test Sections, or the number of remaining opportunities under the paper-and-**
 17 **pencil examination, multiplied by six months, whichever is first exhausted.**

18
 19 **2) If a previously conditioned Candidate does not pass all remaining Test**
 20 **Sections during the transition period, conditional credits earned under the**
 21 **paper-and-pencil examination will expire and the Candidate will lose credit for**
 22 **the Test Sections earned under the paper-and-pencil examination. However,**
 23 **any Test Section(s) passed during the transition period is subject to the**
 24 **conditioning provisions of the computer-based examination as indicated in the**
 25 **aforementioned conditioning recommendation, except that a previously**
 26 **conditioned Candidate will not lose conditional credit for a Test Section of the**
 27 **computer-based examination that is passed during the transition period, even**
 28 **though more than eighteen months may have elapsed from the date the Test**
 29 **Section is passed, until the end of the transition period.**

30
 31 **(d) A Candidate shall retain credit for any and all Test Sections of an examination**
 32 **passed in another state if such credit would have been given, under then applicable**

1 requirements, if the Candidate had taken the examination in this State.

2
3 **(d) The Board may in particular cases extend the term of conditional credit validity**
4 **notwithstanding the requirements of subsections (a), (b), (c), and (d), upon a**
5 **showing that the credit was lost by reason of circumstances beyond the Candidate's**
6 **control.**

7
8 **(f) A Candidate shall be deemed to have passed the Uniform CPA Examination once**
9 **the Candidate holds at the same time valid credit for passing each of the four Test**
10 **Sections of the examination. For purposes of this section, credit for passing a Test**
11 **Section of the computer-based examination is valid from the actual date of the**
12 **Testing Event for that Test Section, regardless of the date the Candidate actually**
13 **receives notice of the passing grade.**

14
15 **Rule 5-8 – Candidate Testing Fee**

16
17 **The Candidate shall, for each Test Section scheduled by the Candidate to the Board**
18 **or its designee, pay a Candidate Testing Fee that includes the actual fees charged by**
19 **the AICPA, NASBA, and the Test Delivery Service Provider, as well as reasonable**
20 **application fees established by the State Board.**

21
22 **Rule 5-9 – Cheating**

23
24 **(a) Cheating by a Candidate in applying for, taking or subsequent to the examination**
25 **will be deemed to invalidate any grade otherwise earned by a Candidate on any Test**
26 **Section of the examination, and may warrant summary expulsion from the test site**
27 **and disqualification from taking the examination for a specified period of time.**

28
29 **(b) For purposes of this Rule, the following actions or attempted activities, among**
30 **others, may be considered cheating:**

31
32 **(1) Falsifying or misrepresenting educational credentials or other information**
33 **required for admission to the examination;**

34
35 **(2) Communication between Candidates inside or outside the test site or copying**
36 **another Candidate's answers while the examination is in progress;**

37
38 **(2) Communication with others inside or outside the test site while the**
39 **examination is in progress;**

40
41 **(4) Substitution of another person to sit in the test site in the stead of a Candidate;**

42
43 **(5) Reference to crib sheets, textbooks or other material or electronic media (other**
44 **than that provided to the Candidate as part of the examination) inside or**
45 **outside the test site while the examination is in progress.**

1 (6) Violating the nondisclosure prohibitions of the examination or aiding or
2 abetting another in doing so.

3
4 (7) Retaking or attempting to retake a Test Section by an individual holding a
5 valid Certificate or by a Candidate who has unexpired credit for having
6 already passed the same Test Section, unless the individual has been directed
7 to retake a Test Section pursuant to Board order or unless the individual has
8 been expressly authorized by the Board to participate in a “secret shopper”
9 program.

10
11 (c) In any case where it appears that cheating has occurred or is occurring, the Board
12 or its representatives may either summarily expel the Candidate involved from the
13 examination or move the Candidate to a position in the Test Center away from
14 other examinees where the Candidate can be watched more closely.

15
16 (d) In any case where the Board believes that it has evidence that a Candidate has
17 cheated on the examination, including those cases where the Candidate has been
18 expelled from the examination, the Board shall conduct an investigation and may
19 conduct a hearing consistent with the requirements of the state’s Administrative
20 Procedures Act following the examination session for the purpose of determining
21 whether or not there was cheating, and if so what remedy should be applied. In
22 such proceedings, the Board shall decide:

23
24 (1) Whether the Candidate shall be given credit for any portion of the
25 examination completed in that session; and

26 (2) Whether the Candidate shall be barred from taking the examination and if so,
27 for what period of time.

28
29 (e) In any case where the Board or its representative permits a Candidate to continue
30 taking the examination, it may, depending on the circumstances:

31
32 (1) Admonish the Candidate;

33
34 (2) Seat the Candidate in a segregated location for the rest of the examination;

35
36 (3) Keep a record of the Candidate’s seat location and identifying information,
37 and the names and identifying information of the Candidates in close
38 proximity of the Candidate; and/or

39
40 (3) Prior to the introduction of a computer-based examination, notify the AICPA
41 of the circumstances, furnishing the Candidate’s identification number, so that
42 after the initial grading is completed, the Candidate’s papers can be compared
43 for unusual similarities with the papers of others who may have been involved.

44
45 Upon introduction of a computer-based examination, notify the National
46 Candidate Database and the AICPA and/or the Test Center of the

1 circumstances, so that the Candidate may be more closely monitored in future
2 examination sessions.

- 3 **(f)** In any case in which a Candidate is refused credit for any Test Section of an
4 examination taken, disqualified from taking any Test Section, or barred from taking
5 the examination in the future, the Board will provide to the Board of Accountancy
6 of any other state to which the Candidate may apply for the examination
7 information as to the Board’s findings and actions taken.
8

9 **Rule 5-10 – Security and irregularities**

10
11 Notwithstanding any other provisions under these rules, the Board may postpone
12 scheduled examinations, the release of grades, or the issuance of certificates due to a breach
13 of examination security; unauthorized acquisition or disclosure of the contents of an
14 examination; suspected or actual negligence, errors, omissions, or irregularities in
15 conducting an examination; or for any other reasonable cause or unforeseen circumstance.

16 **Rule 5-11 - Good moral character**

- 17
18 **(a)** Applicants have the burden of demonstrating good moral character as defined by
19 UAA Section 5(b) in the manner specified by the Board in its application forms.
20
21 **(b)** Prima facie evidence of a lack of good moral character includes, but is not limited
22 to:
23 **(1)** any deferred prosecution agreement involving an admission of wrongdoing,
24 or any criminal conviction, including conviction following a guilty plea or
25 plea of *nolo contendere*, for any felony or any crime, an essential element of
26 which is fraud, dishonesty, or deceit, or any other crime which evidences an
27 unfitness of the applicant to practice public accountancy in a competent
28 manner and consistent with the public safety;
29 **(2)** revocation of any license or other authority to practice by or before any state,
30 federal, foreign or other licensing or regulatory authority; or
31 **(3)** any act which would be grounds for revocation or suspension of a license if
32 committed by a licensee of the Board.
33
34 **(c)** Factors which the Board may consider in determining rehabilitation of moral
35 character include, but are not limited, to the following: Completion of criminal
36 probation, restitution, community service, military or other public service, the
37 passage of time without the commission of any further crime or act demonstrating a
38 lack of moral character under subsection (b), the expungement of any conviction,
39 or reduction of a conviction from a felony to misdemeanor.
40

41 **Comments:** Most states use the term “revoke” or “revocation” to refer to removing a
42 license on disciplinary grounds. However, state boards should be aware that some
43 jurisdictions use the term “revoke” to refer to forfeitures for administrative infractions
44 such as failure to renew a licensee or to comply with CPE requirements.

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ARTICLE 6
ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES
AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION
AND RECIPROCITY

Rule 6-1 - Applications.

- (a) Applications for initial certificates and for renewal of certificates and registrations pursuant to the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no later than 60 days prior to the expiration date set by these rules. Applications will not be considered filed until the applicable fee prescribed in the Rules is received. If an application for renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in the Rules.
- (b) Applications for renewal of certificates or registrations shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under Section 6(d) of the Act and of these Rules.

Rule 6-2 - Experience required for initial certificate.

The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f) of the Act shall meet the requirements of this rule.

- (a) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.
- (b) The applicant shall have their experience verified to the Board by a licensee as defined in the Act or from another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.
- (c) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.

Rule 6-3 - Evidence of applicant's experience.

- (a) Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon request by the Board, explain in writing or in person the basis for such refusal.
- (b) The Board may require any licensee who has furnished evidence of an applicant's experience to substantiate the information.

1 (c) Any applicant may be required to appear before the Board or its representative to
2 supplement or verify evidence of experience.

3
4 (d) The Board may inspect documentation relating to an applicant's claimed
5 experience.

6
7 **Rule 6-4 - Continuing professional education requirements for renewal of the certificate or**
8 **registration.**

9
10 The following requirements of continuing professional education apply to the renewal of
11 certificates and registrations pursuant to Section 6(d) of the Act.

12
13 (a) An applicant seeking renewal of a certificate or registration shall show that the
14 applicant has completed no less than 120 hours of continuing professional
15 education, including a minimum of four hours in ethics, complying with these
16 Rules during the three-year period preceding renewal. A program in ethics
17 includes topics such as ethical reasoning, state-specific statutes and rules, and
18 standards of professional conduct, including those of other applicable regulatory
19 bodies. A minimum of 20 CPE hours shall be completed each year. An applicant
20 seeking renewal of a certificate or registration shall demonstrate participation in a
21 program of learning meeting the standards set forth in the Statement on Standards
22 for Continuing Professional Education (CPE) Programs jointly approved by
23 NASBA and AICPA.

24
25 (b) An applicant whose certificate or registration has lapsed shall complete no less than
26 120 hours of CPE complying with these rules during the three-year period
27 preceding the date of reapplication. An applicant whose certificate or registration
28 has lapsed shall be required to identify and complete a program of learning
29 designed to demonstrate the currency of the licensee's competencies directly related
30 to his or her area of service.

31
32 (c) A licensee granted an exception from the competency requirement by the Board
33 may discontinue use of the word "inactive" in association with their CPA or PA title
34 upon showing that they have completed no less than 120 hours of continuing
35 professional education complying with these Rules during the three-year period
36 preceding their request to discontinue use of the word "inactive", with a minimum
37 of 20 hours in each year.

38
39 **Rule 6-5 - Programs qualifying for continuing professional education credit.**

40
41 (a) Standards -- A program qualifies as acceptable continuing professional education
42 for purposes of Section 6(d) of the Act and these Rules if it is a program of learning
43 which contributes to the growth in the professional knowledge and professional
44 competence of a licensee. The program must meet the minimum standards of
45 quality of development, presentation, measurement, and reporting of credits set
46 forth in the Statement on Standards for Continuing Professional Education
47 Programs jointly approved by NASBA and AICPA or such other standards

1 acceptable to the Board.

2
3 (b) Subject Areas -- The Board will accept programs meeting the standards set forth in
4 the Statement on Standards for Continuing Professional Education Programs
5 jointly approved by NASBA and AICPA or standards deemed by the Board to be
6 comparable thereto.

7
8 (c) A non-resident licensee seeking renewal of a certificate in this state shall be
9 determined to have met the CPE requirement (including the requirements of Rule
10 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in
11 the state in which the licensee's principal office is located.

12
13 (1) Non-resident applicants for renewal shall demonstrate compliance with the
14 CPE renewal requirements of the state in which the licensee's principal office
15 is located by signing a statement to that effect on the renewal application of
16 this state. (2) If a non-resident licensee's principal office state has no
17 CPE requirements for renewal of a certificate, the non-resident licensee must
18 comply with all CPE requirements for renewal of a certificate in this state.

19
20 **Comments:** Continuing education on ethics may include credit for state-specific statutes
21 and rules, but state-specific statutes and rules course requirements should be primarily
22 required of licensees whose principal place of business is in the state requiring continuing
23 education credits in state-specific statutes and rules. Otherwise, multistate practice could
24 be greatly constrained and the other objectives of continuing education (such as continuing
25 technical competence) could be displaced by an inordinate concentration on the local
26 accountancy rules of numerous jurisdictions.

27
28 **Rule 6-6 - Continuing professional education records.**

29
30 (a) Applicants for renewal of certificates or registrations pursuant to the Act shall file
31 with their applications a signed statement indicating they have met the
32 requirements for participation in a program of continuous learning as set forth by
33 the Board or contained in the Statement on Standards for Continuing Professional
34 Education (CPE) Programs jointly approved by the NASBA and the AICPA.
35 Responsibility for documenting the acceptability of the program and the validity of
36 the credits rests with the applicant who should retain such documentation for a
37 period of five years following completion of each learning activity.

38
39 (b) The Board will verify on a test basis information submitted by applicants for
40 renewal of certificates or registrations. In cases where the Board determines that
41 the requirement is not met, the Board may grant an additional period of time in
42 which the deficiencies can be cured. Fraudulent reporting is a basis for disciplinary
43 action.

44
45 **Rule 6-7 - Exceptions.**

46
47 (1) The Board may make an exception to the requirement set out in Rule 6-4(a) for

1 a licensee who is retired or who does not perform or offer to perform for the
2 public one or more kinds of services involving the use of accounting or
3 auditing skills, including the issuance of reports on financial statements or
4 other compilation communication, or of one or more kinds of management
5 advisory, financial advisory or consulting services, or the preparation of tax
6 returns or the furnishing of advice on tax matters.
7

8 (2) The Board may in particular cases make exceptions to the requirements set out
9 in Rule 6-4(a) for reasons of individual hardship including health, military
10 service, foreign residence, or other good cause.

11 (3) Licensees granted such an exception by the Board must place the word
12 “inactive” adjacent to their CPA title or PA title on any business card,
13 letterhead or any other document or device, with the exception of their CPA
14 certificate or PA registration, on which their CPA or PA title appears.
15

16 (4) Licensees granted an exception by the Board must comply with a re-entry
17 competency requirement defined by the Board as set out in Rule 6-4(c) before
18 they may discontinue use of the word “inactive” in association with their CPA
19 or PA title.
20

21 Rule 6-8 - Interstate practice. 22

23 (a) These regulations provide two distinct routes for an individual already licensed in
24 another state to be authorized to practice in this state. The applicable route depends upon
25 whether the individual will establish a principal place of business in this state. Individuals
26 establishing a principal place of business in this state may qualify for a reciprocal license
27 either by substantial equivalence (see UAA Section 6(c)(2) and Section 23(a) (for
28 substantially equivalent states) or Section 23(b)(for substantially equivalent individual
29 qualifications)), or by experience (see UAA Section 6(c)(1) and Rule 6-8(b) below).
30 Individuals with a principal place of business in another state may offer or render services
31 in this state either pursuant to substantial equivalence (see UAA Section 23(a) or (b)), or
32 pursuant to experience (see Rule 6-8(c) below).
33

34 (b) Regarding an individual establishing a principal place of business in this State, if the
35 substantial equivalency standard set out in Section 23 is not applicable, the Board shall
36 issue a reciprocal certificate to the holder of a certificate issued by another state provided
37 that the applicant meets each of the following requirements:
38

39 (1) Has successfully completed the CPA examination. Successful completion of
40 the examination means that the applicant passed the examination in
41 accordance with the rules of the other state at the time it granted the
42 applicant’s initial certificate.
43

44 (2) Has, in addition to meeting the requirements of subsection (a), satisfied the 4-
45 in-10 experience requirement set out in Section 6(c)(1)(B) of the Act.
46

1 (3) Has experience of the type required under the Act and these Rules for
2 issuance of the initial certificate.

3
4 (4) Has met the CPE requirement pursuant to Section 6(c)(1)(C) if applicable.
5

6 (c) Regarding an individual whose principal place of business is and remains outside this
7 state, the Board may authorize the individual to exercise practice privileges in this state
8 provided the individual meets each of the following requirements:
9

10 (1) The individual has an active CPA license in good standing issued by another
11 state;

12
13 (2) The individual has met the 4 in 10 experience requirement specified in Section
14 6(c)(1)(B) of the Act;

15
16 (3) The individual provides Notice to the Board in the same manner and on
17 comparable forms as required for substantially equivalent practitioners under
18 Section 23 of the Act and rules promulgated thereunder; and,

19
20 (4) The individual consents to each of the terms and conditions pertaining to the
21 use of practice privileges as specified in Section 23 (a)(3) as well as rules
22 promulgated thereunder.
23
24

25 **Rule 6-9 - International reciprocity.**
26

27 (a) The Board may designate a professional accounting credential or professional
28 registration issued in a foreign country as substantially equivalent to a CPA license.
29

30 (1) The Board may rely on the International Qualifications Appraisal Board for
31 evaluation of foreign credential equivalency and may presume that an
32 applicant with a foreign accounting credential that is covered by a currently
33 valid Mutual Recognition Agreement (MRA) is substantially equivalent
34 (subject to other qualifying requirements as provided in the MRA);
35

36 (2) The Board may accept a foreign accounting credential in partial satisfaction of
37 its domestic credentialing requirements if:

38
39 (A) the holder of the foreign accounting credential met the issuing body's
40 education requirement and passed the issuing body's examination used to
41 qualify its own domestic candidates; and

42 (B) the foreign credential is valid and in good standing at the time of
43 application for a domestic credential.

44 (b) The Board may satisfy itself through qualifying examination(s) that the holder of a
45 foreign credential deemed by the Board to be substantially equivalent to a CPA

1 certificate possesses adequate knowledge of U.S. practice standards [and the
2 Board's regulations]. The Board may rely on the National Association of State
3 Boards of Accountancy, the American Institute of Certified Public Accountants, or
4 other professional bodies to develop, administer, and grade such qualifying
5 examination(s). The Board will specify the qualifying examination(s) and process
6 by resolution.
7

8 (c) An applicant for renewal of a CPA certificate originally issued in reliance on a
9 foreign accounting credential shall:

10
11 (1) Make application for renewal at the time and in the manner prescribed by the
12 Board for all other certificate renewals;

13
14 (2) Pay such fees as are prescribed for all other certificate renewals;

15
16 (3) If the applicant has a foreign credential in effect at the time of the application
17 for renewal of the CPA certification, present documentation from the foreign
18 accounting credential issuing body that the applicant's foreign credential has
19 not been suspended or revoked and the applicant is not the subject of a current
20 investigation. If the applicant for renewal no longer has a foreign credential,
21 the applicant must present proof from the foreign credentialing body that the
22 applicant for renewal was not the subject of any disciplinary proceedings or
23 investigations at the time that the foreign credential lapsed; and
24

25 (4) Either show completion of continuing professional education substantially
26 equivalent to that required under Rule 6-4 within the three year period
27 preceding renewal application, or petition the Board for complete or partial
28 waiver of the CPE requirement based on the ratio of foreign practice to
29 practice in this State.
30

31 (d) The holder of a license or practice privilege issued or granted by this Board in
32 reliance on a foreign accounting credential or license shall report any investigations
33 undertaken, or sanctions imposed, by a foreign credentialing or licensing body
34 against the CPA's foreign credential or license, or any discipline ordered by any
35 other regulatory authority having jurisdiction over the holder's conduct in the
36 practice of accountancy.
37

38 (e) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting
39 credential by the foreign credentialing body may be evidence of conduct reflecting
40 adversely upon the CPA's fitness to retain the certificate and may be a prima facie
41 basis for Board action, subject to the following.
42

43 (f) The Board may presume procedural due process and fairness if the foreign
44 jurisdiction is a party to a current MRA that NASBA [this State has] and the
45 AICPA have adopted.
46

47 (g) Conviction of a felony or any crime involving dishonesty or fraud under the laws of

1 a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to
2 retain the certificate and is a basis for Board action.

3
4 (h) The Board shall notify the appropriate foreign credentialing authorities of any
5 sanctions imposed against a CPA.

6 (i)
7 The Board may participate in joint investigations with foreign credentialing bodies and
8 may rely on evidence supplied by such bodies in disciplinary hearings.

9
10 **Rule 6-10 Peer review for certificate holders who do not practice in a licensed firm.**

11
12 A certificate holder who issues compilation reports as defined in this Act other than
13 through a CPA firm that holds a permit under Section 7 of this Act must undergo a peer
14 review as required under Rules 7-3 and 7-4.

15
16 **Comments: If your state separately ratifies MRAs, you should add "and this State has
17 adopted" to subsection (f).**
18
19

**ARTICLE 7
PERMITS TO PRACTICE -- FIRMS**

Rule 7-1 - Applications.

- (a) Applications by firms for initial issuance and for renewal of permits pursuant to Section 7 of the Act shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than [____] months and no later than [____] months prior to the expiration date. Applications will not be considered filed until the applicable fee and all required documents prescribed in these Rules are received. If an application for permit renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in these Rules.
- (b) A sole proprietor may apply simultaneously for a certificate or a renewal of a registration or a certificate and a firm permit.
- (c) Applications shall include the firm name, addresses and telephone numbers of the main office and of any branch offices of the firm in this State, the name of the person in charge of each such branch office, and the names of the partners, shareholders, members, managers, directors and officers practicing in this State.

Rule 7-2 - Notification of changes by firms.

- (a) A firm registered pursuant to Section 7 of the Act shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within this State within thirty (30) days after its occurrence:
- (1) Formation of a new firm;
 - (2) Addition of a partner, member, manager or shareholder;
 - (3) Retirement, withdrawal or death of a partner, member, manager or shareholder;
 - (4) Any change in the name of the firm;
 - (5) Termination of the firm;
 - (6) Change in the management of any branch office in this State;
 - (7) Establishment of a new branch office or the closing or change of address of a branch office in this State; and
 - (8) Issuance of the firm's first issued financial statements and accountant's reports for each level of service described in Rule 7-3; or
 - (9) The occurrence of any event or events which would cause such firm not to be

1 in conformity with the provisions of the Act or these Rules.

- 2 (b) In the event of any change in legal form of a firm, such new firm shall within thirty
3 (30) days of the change file an application for an initial permit in accordance with
4 these Rules and pay the fee required by these Rules.
5

6 **Rule 7-3 Successful completion of an approved Compliance Assurance Program as a**
7 **condition for renewal of permit.**
8

- 9 (a) In furtherance of its duty to protect the public regarding attest services, the Board
10 requires all CPA firms offering or rendering such services to be enrolled in and
11 undergo a transparent compliance assurance program approved by the Board and
12 to comply with the applicable compliance assurance standards of that program. As
13 used herein, the term “Compliance Assurance Program” includes, but is not limited
14 to, “peer review” programs or other comparable programs which have been
15 approved by the Board in accordance with the requirements set forth below.
16

- 17 (b) The Compliance Assurance functions may be performed by a committee established
18 by the Board, qualified contractors approved by the Board or substantially
19 equivalent programs [such as the peer review program administered by the AICPA]
20 acceptable to the Board.
21

22 **The Board may establish procedures to perform the following functions:**
23

- 24 (1) Review of financial statements and the reports of licensees thereon, to assess
25 their compliance with applicable professional standards;
26
27 (2) Improvement of reporting practices of licensees through education and
28 remediation;
29
30 (3) Referrals to the Board of cases requiring further investigation by the Board or
31 its designees;
32
33 (4) Verification that individuals in the firm responsible for supervising
34 compilation or attest services and signing the accountants’ report on financial
35 statements on behalf of the firm meet the competency requirement set out in
36 applicable professional standards;
37
38 (5) Verification that a certificate holder who issues compilation reports for the
39 public other than through a CPA firm, who supervises such services and/or
40 signs the compilation report on such financial statements, meets the
41 competency requirements set out in applicable professional standards; and
42
43 (6) Such other functions as the Board may assign to its designees.
44
45 (c) On and after _____, each applicant for renewal of a certificate under Section 6 of

1 the Act in the case of a certificate holder who issues compilation reports to the
2 public other than through a CPA firm and each applicant for renewal of a firm
3 permit to practice under Section 7 of the Act shall furnish in connection with
4 their application, with respect to each office maintained by the applicant in this
5 State, one copy of each of the following kinds of reports, together with their
6 accompanying financial statements, issued by the certificate holder or office
7 during the twelve month period next preceding the date of application, if any
8 report of such kind was issued during such period:
9

10 (1) A compilation report;

11
12 (2) A review report;

13
14 (3) An audit report;

15
16 (4) A report of the examination of prospective financial information.

17 (d) The Board may also solicit for review reports of licensees and related financial
18 statements from clients, public agencies, banks, and other users of financial
19 statements.
20

21 (e) Any documents submitted in accordance with subsection (b) may have the name of
22 the client, the client's address and other identifying facts omitted, provided that the
23 omission does not render the type or nature of the enterprise undeterminable. The
24 identities of the sources of financial statements and reports received by the Board
25 from other than the licensees who issued the reports shall be preserved in
26 confidence. Reports submitted to the Board pursuant to subsection (b), and
27 comments of reviewers and of the Board on such reports or workpapers relating
28 thereto, also shall be preserved in confidence except that they may be communicated
29 by the Board to the licensees who issued the reports.
30

31 (f) The review of financial statements and reports of the licensees thereon shall be
32 directed toward the following:
33

34 (1) Presentation of financial statements in conformity with generally accepted
35 accounting principles;

36
37 (2) Compliance by licensees with generally accepted auditing standards;

38
39 (3) Compliance by licensees with other professional standards; and

40
41 (4) Compliance by licensees with the Rules of the Board and other regulations
42 relating to the performance of compilation and attest services as herein
43 defined.
44

45 (g) The reviews of the financial statements and the reports of the licensees shall be
46 conducted as follows:

- 1 (1) **Compilation level services will be subject to a desk review**
- 2 (2) **Review level services will be subject to a field review in the offices of the**
- 3 **licensee**
- 4 (3) **Audit level services and reports of examination of prospective financial**
- 5 **information will be subject to a field review in the offices of the licensee**
- 6 (4) **Additional reports and financial statements may be selected during the**
- 7 **performance of a desk review or an on-premise field review based upon the**
- 8 **size and complexity of the reviewed firm as judged by the Board or its designee**
- 9 **to adequately assess the quality of the reviewed firm's professional attest**
- 10 **practice.**

11

12 **(h) A firm's review shall result in one of three findings:**

- 13 (1) **Pass**
- 14 (2) **Pass with deficiencies**
- 15 (3) **Fail.**

16

17 **(i) In any instance where the Board finds a deficiency in the professional work of a**

18 **licensee, it shall advise the licensee in writing of the deficiency. The Board may**

19 **request the licensee to meet with it to discuss deficiencies. If the Board determines**

20 **that a report is substandard or seriously questionable, the Board may direct that a**

21 **review of the workpapers be conducted by an independent reviewer other than the**

22 **person who performed the review of the report. The findings of any such review of**

23 **the workpapers shall be transmitted by the reviewer to the Board.**

24 **(j) In gathering information about the professional work of licensees, the Board may**

25 **make use of investigators, either paid or unpaid, who are not members of the Board.**

26

27 **(k) The results of the reviews will be transmitted to the Board's office within 45 days**

28 **after completion of any review report.**

29

30 **Rule 7-4 - Equivalent reviews as a condition for renewal of a permit.**

31

32 **(a) The requirements of Rule 7-3 shall not apply with respect to any firm or certificate**

33 **holder which within the three years immediately preceding the application had been**

34 **subjected to a comprehensive and appropriately administered compliance assurance**

35 **program as determined and approved by the Board.**

36 **(b) An oversight committee shall be appointed by the Board to monitor the compliance**

37 **assurance programs and report to the Board that the programs meet the**

38 **requirements set out in the Act and these Rules. The oversight committee shall:**

- 39 (1) **only include individuals who are not members of the Board;**
- 40
- 41
- 42 (2) **have full access to the peer review process which is subject to oversight and**
- 43 **may be required to sign a confidentiality agreement to have this access;**
- 44
- 45 (3) **provide the Board with the names of those certificate holders and firms which**
- 46 **have undergone and have had accepted an equivalent review as well as**

1 whether such certificate holders and firms are meeting the terms, conditions,
2 and remedial actions, if any, required by the reviewing organization;

3
4 (4) establish, as directed by the Board, procedures designed to ensure
5 confidentiality of documents furnished or generated in the course of the
6 review;

7
8 (5) coordinate oversight functions conducted within the state with national
9 oversight objectives and procedures adopted by the NASBA Compliance
10 Assurance Review Board (CARB).

11
12 (c) The Board shall establish procedures and take all action necessary to ensure that
13 the above materials remain privileged as to any third parties, except those materials
14 subject to public disclosure as provided herein.

15
16 **Rule 7-5 – Submission of compliance assurance reports to the Board.**

17
18 (a) Firms qualifying for exemption from compliance assurance review as provided by
19 the provisions of Rule 7-4 shall notify and affirmatively request the administering
20 entity performing the qualifying satisfactorily equivalent compliance assurance
21 reviews [such as those conducted by AICPA peer review programs and the entities
22 administering those reviews] to provide Board access to the reports within 45 days
23 after the administering entity's acceptance of any review report.

24
25 (b) Regarding any report required to be submitted to the Board pursuant to this rule,
26 the reviewed firm must retain, for a period of seven (7) years from the date of the
27 report acceptance, all of the following: compliance assurance report [or "peer
28 review report"], letter of comments, letter of response, acceptance letter signed by
29 the reviewed firm agreeing to take corrective actions and letter of completion
30 indicating that the firm's compliance assurance review is complete. Upon request
31 of the Board, the reviewed firm or individual shall timely submit such
32 documentation to the Board;

33
34 (c) The objective of this reporting rule is primarily to reinforce the Board's efforts to
35 ensure that only appropriately qualified CPA firms are engaged in the offering and
36 rendering of services subject to compliance assurance. Based upon its review of the
37 reports submitted pursuant to this rule, the Board may consider, pursuant to
38 hearing or by consent, additional corrective actions such as probation, practice
39 limits, additional continuing education, pre-issuance reviews, more frequent peer
40 reviews, and other measures, including, in severe cases, discipline against the
41 reviewed firm and any individual licensees employed or contracted by the reviewed
42 firm.

43
44 (d) For good cause shown the Board may grant or renew applications for a reasonable
45 period of time pending completion.

1 **Rule 7-6 Internet practice**
2

3 **A CPA firm offering or rendering professional services via a Web site shall provide**
4 **in the Web site's homepage, a name, an address, and principal state of licensure as a**
5 **means for regulators and the public to contact a responsible licensee in charge at the**
6 **firm regarding complaints, questions, or regulatory compliance.**

7 **Rule 7-7 - Attest documentation and retention.**
8

9 **(a) Licensees shall comply with all professional standards for attest documentation**
10 **applicable to particular engagements, including, but not limited to standards**
11 **adopted by recognized standards setting bodies such as the Public Company**
12 **Accounting Oversight Board (PCAOB), the Comptroller General of the United**
13 **States, and the Auditing Standards Board.**

14
15
16 **(b) If the applicable standards do not otherwise specify, the retention period for attest**
17 **documentation shall be five (5) years and shall be measured from the report date.**

18
19 **(c) If attest documentation is required to be kept for longer than provided in the**
20 **applicable standards or Rule 7-7(b) because of a pending Board investigation or**
21 **disciplinary action, attest documentation shall not be destroyed until the licensee**
22 **has been notified in writing by the Board of the closure of a Board investigation or**
23 **disciplinary proceeding.**
24

**ARTICLE 10
ENFORCEMENT ACTIONS AGAINST LICENSEES**

Rule 10-1 - Grounds for enforcement actions against licensees.

The grounds for revocation and suspension of certificates, registrations and permits, and other disciplinary action against licensees and individuals with privileges under Section 23, are set out in Section 10 of the Act in both specific and general terms. The general terms of that provision of the Act include the following particular grounds for such disciplinary action:

- (a) Dishonesty, fraud, or deceit in obtaining a certificate, registration or permit, within the meaning of Section 10(a)(1) of the Act, includes the submission to the Board of any knowingly false or forged evidence in, or in support of, an application for a certificate, registration or permit, and cheating on an examination as defined in these Rules.**
- (b) Dishonesty, fraud, deceit or gross negligence, within the meaning of Section 10(a)(5) of the Act, include knowingly, or through gross negligence, making misleading, deceptive or untrue representations in the performance of services.**
- (c) Violations of the Act or of Rules promulgated under the Act, within the meaning of Section 10(a)(6) of the Act, include--**
 - (1) Using the CPA title or providing attest or compilation services in this State without a certificate, registration or permit to practice issued under Sections 6 and 7 or without properly qualifying to practice across state lines under the substantial equivalency provision of the Act.**
 - (2) Using or attempting to use a certificate, registration or permit which has been suspended or revoked;**
 - (3) Making any false, misleading, or deceptive statement, in support of an application for a license filed by another;**
 - (4) Failure of a licensee to provide any explanation requested by the Board regarding evidence submitted by the licensee in support of an application filed by another, or regarding a failure or refusal to submit such evidence; and failure by a licensee to furnish for inspection upon request by the Board or its representative documentation relating to any evidence submitted by the licensee in support of such an application;**
 - (5) Failure to satisfy the continuing professional education requirements set out in Section 6(d) of the Act and/or failure to comply with the continuing education requirements of these Rules;**
 - (6) Failure to comply with professional standards as to the attest and/or**

1 compilation competency requirement for those who supervise attest and/or
2 compilation engagements and sign reports on financial statements or other
3 compilation communications with respect to financial statements; or
4

5 (7) Failure to comply with the applicable peer review requirements set out in
6 Section 6(j) and Section 7(h) of the Act and these Rules.
7

8 (d) Conduct reflecting adversely upon the licensee's fitness to perform services, within
9 the meaning of Section 10(a)(10) of the Act, includes:
10

11 (1) Adjudication as mentally incompetent;
12

13 (2) Incompetence, including but not limited to:
14

15 a. Gross negligence, recklessness, or repeated acts of negligence in the
16 licensee's record of professional practice; or

17 b. Any condition, whether physical or mental, that endangers the public by
18 impairing skill and care in providing professional services.
19

20 (3) Presenting as one's own a license issued to another;
21

22 (4) Concealment of information regarding violations by other licensees of the Act
23 or the Rules thereunder when questioned or requested by the Board; and
24

25 (5) Willfully failing to file a report or record required by state or federal law;
26 willfully impeding or obstructing the filing of such a report or record, or
27 inducing another person to impede or obstruct such filing by another; and the
28 making or filing of such a report or record which one knows to be false. A
29 finding, adjudication, consent order or conviction by a federal or state court,
30 agency or regulatory authority or the PCAOB that a licensee has willfully
31 failed to file a required report or record shall be prima facie evidence of a
32 violation of this rule.

33 **Rule 10-2 - Return of certificate, registration or permit to practice.**
34

35 Any licensee whose certificate or permit issued by the Board is subsequently suspended or
36 revoked shall promptly return such certificate, registration or permit to the Board.
37

38 **Rule 10-3 - Applicable standards**
39

40 A licensee shall follow the standards, as applicable under the circumstances and at the time
41 of the services, set forth in this section in providing professional services. In addition to the
42 applicable standards set forth below, a licensee shall follow standards issued by other
43 professional or governmental bodies including international standards setting bodies with
44 which a licensee is required by law, regulation or the terms of engagement to comply. A
45 licensee shall comply with all applicable standards, including but not limited to the
46 following:
47

- 1 (a) A licensee shall not render services subject to the authority of the SEC or PCAOB
2 unless the licensee has complied with the applicable standards and rules adopted
3 and approved by the PCAOB and SEC.
4
- 5 (b) A licensee shall not render auditing services unless the licensee has complied with
6 the applicable generally accepted auditing standards.
7
- 8 (c) A licensee shall not render accounting and review services unless the licensee has
9 complied with the standards for accounting and review services issued by the
10 AICPA, including subsequent amendments and editions.
11
- 12 (d) A licensee shall not permit the licensee's name to be associated with governmental
13 financial statements for a client unless the licensee has complied with the standards
14 for governmental accounting issued by the GASB, including subsequent
15 amendments and editions.
16
- 17 (e) A licensee shall not render attestation services unless the licensee has complied with
18 the Statements on Standards for Attestation Engagements issued by the AICPA,
19 including subsequent amendments and editions.
20
- 21 (f) A licensee shall not render management consulting services unless the licensee has
22 complied with the standards for management consulting services (including the
23 definition of such services) issued by the AICPA, including subsequent amendments
24 and editions.
25
- 26 (g) A licensee shall not render services in the area of taxation unless the licensee has
27 complied with the standards for tax services issued by the AICPA, including
28 subsequent amendments and editions.
29
- 30 (h) A licensee shall not permit the licensee's name to be used in conjunction with any
31 forecast of future transactions in a manner which may lead to the belief that the
32 licensee vouches for the achievability of the forecast, and shall not render services
33 associated with prospective financial statements unless the licensee has complied
34 with the standards for accountants' services on prospective financial information
35 issued by the AICPA, including subsequent amendments and editions.
36
- 37 (i) A licensee shall not express an opinion on financial statements unless the licensee
38 complies with the Statements of Financial Accounting Standards, together with
39 those Accounting Research Bulletins and Accounting Principles Board Opinions
40 which are not superseded by action of the FASB, including subsequent amendments
41 and editions.
42

43 Rule 10-4 – Model Code of Conduct 44

45 A licensee shall comply with the principles contained in the appended Model Code of
46 Conduct. All changes in the NASBA Model Code of Conduct shall automatically be made a
47 part of these rules unless specifically rejected by the Board.

1
2
3 **NASBA Model Code of Conduct**
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5

6 **PREAMBLE**
7

8 **The public places trust and confidence in the profession and the services it provides;**
9 **consequently, licensees have a duty to conduct themselves in a manner that will be**
10 **beneficial to the public and which fosters such trust and confidence. This Model Code of**
11 **Conduct identifies seven fundamental principles of conduct, six of which are intended to**
12 **govern licensees' professional performance whether they are in public practice, industry,**
13 **not-for-profit organizations, government, education or other professional endeavors. The**
14 **seventh principle, independence, applies only to those professional services where it is**
15 **required by professional standards. This Model Code of Conduct defines the conduct that**
16 **the public has a right to expect of the licensee, as well as all persons or entities the licensee**
17 **has the authority or capacity to control.**
18

19 **With the exception of independence, these principles are universal and apply to all services**
20 **and activities performed by the licensee in all aspects of his or her professional conduct.**
21 **Independence, however, is a unique principle that applies only to those professional**
22 **services where it is required in accordance with professional standards. This Model Code**
23 **of Conduct is not intended to replace professional standards applicable to specific**
24 **engagements. In applying any of the principles of this Model Code of Conduct to**
25 **deliberations in disciplinary or other proceedings, the Board may consider as persuasive,**
26 **but not necessarily conclusive, and/or adopt by reference applicable interpretations and**
27 **rulings of the Code of Professional Conduct adopted by the American Institute of Certified**
28 **Public Accountants, as well as similarly applicable interpretations and rulings issued by**
29 **other authorities such as the Securities and Exchange Commission, the Government**
30 **Accountability Office and the Public Company Accounting Oversight Board.**
31

32 **Users of the licensee's services draw confidence from the knowledge that the profession is**
33 **bound to a framework which requires continued dedication to professional excellence and**
34 **commitment to ethical behavior that will not be subordinated to personal gain.**
35
36

37 **I. PRINCIPLE: PUBLIC INTEREST**
38

39 **The grant of a license indicates that an individual has met the criteria established by state**
40 **boards of accountancy to perform services in a manner that protects the public interest.**
41 **The licensee must, therefore, have a keen consciousness of the public interest. The public**
42 **consists of clients, credit grantors, governments, employers, investors, the business and**
43 **financial community, and others who use the services of licensees. Services provided by**
44 **licensees support and facilitate many societal needs, including the orderly functioning of**
45 **commerce and the capital markets.**
46

47 **Because the licensee is seen as a representative of the profession by the public who retains**

1 or employs him or her or uses his or her services, the licensee should avoid conduct that
2 might conflict with the public interest or erode public respect for, and confidence in, the
3 profession.
4

6 **II. PRINCIPLE: INTEGRITY**

7
8 **Integrity is a character trait demonstrated by acting honestly, candidly, and not knowingly**
9 **misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting**
10 **with integrity is essential to maintaining credibility and public trust. It incorporates both**
11 **the spirit and substance in the application of the ethical and technical standards that**
12 **govern the profession, or in the absence thereof, what is just and right.**

13
14 **A licensee should act with integrity in the performance of all professional activities in**
15 **whatever capacity performed.**
16

17 18 **III. PRINCIPLE: OBJECTIVITY**

19
20 **Objectivity is a distinguishing feature of the accounting profession and is critical to**
21 **maintaining the public's trust and confidence. It is a state of mind that imposes the**
22 **obligation to be impartial and free of bias that may result from conflicts of interest or**
23 **subordination of judgment. Objectivity requires a licensee to exercise an appropriate level**
24 **of professional skepticism in carrying out all professional activities.**
25

26 **Although a licensee may serve multiple interests in many different capacities, objectivity**
27 **must be maintained. This requires a careful assessment of the effects on objectivity of all**
28 **professional relationships and activities.**
29

30 **A licensee should maintain objectivity in the performance of all professional activities in**
31 **whatever capacity performed.**
32

33 34 **IV. PRINCIPLE: DUE CARE**

35
36 **Due care imposes the obligation to perform professional activities with concern for the best**
37 **interest of those for whom the activities are performed and consistent with the profession's**
38 **responsibility to the public. It is essential to preserving the public's trust and confidence.**
39 **Due care requires the licensee to discharge professional responsibilities with reasonable**
40 **care and diligence and to adequately plan and supervise all professional activities for which**
41 **he or she is responsible.**
42

43 **A licensee should act with due care in the performance of all professional activities in**
44 **whatever capacity performed.**
45

46 47 **V. PRINCIPLE: COMPETENCE**

1
2 **Competence is derived from a combination of education and experience. It begins with a**
3 **mastery of the common body of knowledge, skills, and abilities, and requires a commitment**
4 **to lifelong learning and professional improvement. A licensee should possess a level of**
5 **competence, sound professional judgment, and proficiency to ensure that the quality of his**
6 **or her activities meets the high level of professionalism required by these Principles. A**
7 **licensee is responsible for assessing his or her own competence, which includes evaluating**
8 **whether education, experience, and judgment are adequate for the responsibility assumed.**
9

10 **A licensee should be competent in the performance of all professional activities, in**
11 **whatever capacity performed, and comply with applicable professional standards.**
12
13

14 **VI. PRINCIPLE: CONFIDENTIALITY**

15

16 **A licensee has an obligation to maintain and respect the confidentiality of information**
17 **obtained in the performance of all professional activities. Maintaining such confidentiality**
18 **is vital to the proper performance of the licensee’s professional activities.**
19

20 **A licensee shall not use or disclose, or permit others within the licensee’s control to use or**
21 **disclose, any confidential client or employer information without the consent of the client**
22 **or employer. This obligation continues after the termination of the relationship between**
23 **the licensee and the client or employer and extends to information obtained by the licensee**
24 **in professional relationships with prospective clients and employers.**
25

26 **This principle shall not be construed to prohibit a licensee from disclosing information as**
27 **required to meet professional, regulatory or other legal obligations.**
28
29

30 **VII. PRINCIPLE: INDEPENDENCE**

31

32 **Independence, where required by professional standards, is essential to establishing and**
33 **maintaining the public’s faith and confidence in, and reliance on, the information reported**
34 **on by the licensee.**
35

36 **A licensee in the practice of public accounting should be independent in fact and**
37 **appearance when engaged to provide services where independence is required by**
38 **professional standards. Independence in fact is the state of mind that permits a licensee to**
39 **perform an attest service without being affected by influences that compromise**
40 **professional judgment, thereby allowing the licensee to act with integrity and exercise**
41 **objectivity and professional skepticism. Independence in appearance is the avoidance of**
42 **circumstances that would cause a reasonable and informed third party, having knowledge**
43 **of all relevant information, to reasonably conclude that the integrity, objectivity or**
44 **professional skepticism of a licensee had been compromised.**
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ARTICLE 11
ENFORCEMENT PROCEDURES -- INVESTIGATIONS

Rule 11-1 - Review of professional work product.

The Board may solicit and receive publicly available reports of licensees and individuals with privileges under Section 23 of this Act and related financial statements from clients, public agencies, banks, and other users of financial statements on a general and random basis without regard to whether an application for renewal of the particular licensee is then pending or whether there is any formal complaint or suspicion of impropriety on the part of any particular licensee or an individual with privileges under Section 23 of this Act; and it may review such reports and otherwise proceed with respect to the results of any such review in the fashion prescribed in Rule 7-3.

Rule 11-2 – Reporting convictions, Judgments, and administrative proceedings.

(a) Subject to UAA §4(j), Licensees shall notify the Board, on a form and in the manner prescribed by the Board, within thirty (30) days of:

(1) Receipt of an adverse peer review or a PCAOB firm inspection report containing criticisms of or identifying potential defects in the quality control systems.

(2) Receipt of a second consecutive peer review report that is adverse or modified, including a report review report that contains significant comments; or

(3) Imposition upon the licensee of discipline, including, but not limited to, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license, certificate, permit or practice rights by:

(i) the Securities and Exchange Commission (SEC), PCAOB, Internal Revenue Service (IRS) (actions by the Director of Practice), or

(ii) another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; or

(iii) any other federal or state agency regarding the licensee’s conduct while rendering professional services, or

(iv) any foreign authority or credentialing body that regulates the practice of accountancy.

(4) Occurrence of any matter reportable that must be reported by the licensee to

1 the PCAOB pursuant to Sarbanes-Oxley Section 102(b)(2)(f) and PCAOB
2 Rules and forms adopted pursuant thereto;

3
4 (5) Notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another
5 state board of accountancy, or a federal or state taxing, insurance or
6 securities regulatory authority, or foreign authority or credentialing body
7 that regulates the practice of accountancy;

8
9 (6) Any judgment, award or settlement of a civil action or arbitration
10 proceeding of \$150,000 or more in which the licensee was a party if the
11 matter included allegations of gross negligence, violation of specific
12 standards of practice, fraud, or misappropriation of funds in the practice of
13 accounting; provided, however, licensed firms shall only notify the Board
14 regarding civil judgments, settlements or arbitration awards directly
15 involving the firm's practice of public accounting in this state; or

16
17 (7) Criminal charges, deferred prosecution or conviction or plea of no contest to
18 which the licensee is a defendant if the crime is:

19
20 (i) any felony under the laws of the United States or of any state of the
21 United States or any foreign jurisdiction; or

22
23 (ii) a misdemeanor if an essential element of the offense is dishonesty,
24 deceit, or fraud.

25
26 (b) The licensee designated by each CPA firm pursuant to UAA Section 7(c)(2)(A) (as
27 responsible for the proper registration of the firm) shall report any matter
28 reportable under this rule to which a non-licensee owner with a principal place of
29 business in this state is a party.

30
31 (c) Reports of pending matters or reports of private litigation resolved by settlement or
32 arbitration shall be deemed confidential records not subject to public disclosure (to
33 the extent permitted by this State's law on Public Records) unless and until the
34 pending matters are concluded or the Board commences a contested case
35 proceeding based upon the subject matter of such reports.

36
37 (d) During the pendency of a reported matter, the reporting licensee may submit a
38 written explanatory statement to be included in the licensee's record. If reported
39 charges or allegations are subsequently concluded in the licensee's favor or
40 otherwise closed without disciplinary action by this Board, upon the reporting
41 licensee's request, documents received pursuant to said report shall be expunged
42 from the Board's records.

43
44 **Comments:** States should consider reducing or dropping a reporting requirement for
45 pending matters or reports of private litigation/arbitration if complying with the request
46 requires the disclosure of otherwise confidential information, and their state laws require
47 such reports to be treated as public records since the potential for abuse might outweigh

1 **the regulatory interest in such information. Boards adopting this rule should also consider**
2 **expunging any self-reported records of charges or allegations that are dropped or**
3 **otherwise resolved in favor of the reporting licensee and which are maintained by the**
4 **Board as public records. In the alternative, States should defer implementation of self-**
5 **reporting of such matters until the State has adopted Section 4(j) of the UAA Statute. See**
6 **also the reporting requirements set out in Rule 4-5.**

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**ARTICLE 13
REINSTATEMENT**

Rule 13-1 - Applications for relief from disciplinary penalties.

- (a) A person whose certificate or registration has been revoked or suspended or an individual whose privileges under Section 23 have been revoked or limited, or a firm whose permit to practice has been revoked or suspended or a person or firm that has been put on probation pursuant to Section 10 of the Act may apply to the Board for modification of the suspension, revocation or probation after completion of all requirements contained in the Board's original order.
- (b) The application shall be in writing; shall set out and, as appropriate, substantiate the reasons constituting good cause for the relief sought, and shall be accompanied by at least two supporting recommendations, under oath, from licensees who have personal knowledge of the activities of the applicant since the suspension or revocation was imposed.

Rule 13-2 - Action by the Board.

- (a) An application pursuant to Rule 13-1 will ordinarily be processed by the Board upon the basis of the materials submitted in support thereof, supplemented by such additional inquiries as the Board may require. At the Board's discretion a hearing may be held on an application, following procedures the Board may find suitable for the particular case.
- (b) The Board may impose appropriate terms and conditions for reinstatement of a certificate, registration, permit or privileges under Section 23 or modification of a suspension, revocation or probation.
- (c) In considering an application under Rule 13-1, the Board may consider all activities of the applicant since the disciplinary penalty from which relief is sought was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the certificate, registration, privileges under Section 23 or permit was in good standing, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity.
- (d) No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court-imposed probation or parole.

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**ARTICLE 14
UNLAWFUL ACTS**

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Rule 14-1 - Misleading CPA firm names.

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A CPA firm name is misleading within the meaning of Section 14(i) of the Act if, among other things:

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39
- (a) The CPA firm name implies the existence of a corporation when the firm is not a corporation;**
 - (b) The CPA firm name implies existence of a partnership when there is not a partnership (as in “Smith & Jones, C.P.A.s”);**
 - (c) The CPA firm name includes the name of a person who is neither a present nor a past partner, member or shareholder of the firm; or**
 - (d) The CPA firm name includes the name of a person who is not a CPA if the title “CPAs” is included in the firm name.**

Rule 14-2 - Fictitious firm names.

A fictitious CPA firm name (that is, one not consisting of the names or initials of one or more present or former partners, members or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Board as not being false or misleading.

Rule 14-3 - Safe harbor language.

Non-licensees may use the following disclaimer language in connection with financial statements to not be in violation of the Act:

“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).

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.

**ARTICLE 23
SUBSTANTIAL EQUIVLANCEY**

Rule 23-1- NOTIFICATION AND INTERNET PRACTICE

- (a) A qualified individual seeking practice privileges in this state pursuant to UAA Section 23(a) or (b) shall comply with the notice requirement as follows:**
- (1) Notice may be given electronically or in writing on forms established by this Board;**
 - (2) Notice is immediately due and shall be received by the Board within 30 days after the individual knowingly avails him/herself of the laws of this State by:
(A) Accepting an engagement or an assignment to render professional services in this State, or
(B) Offering to render professional services through direct solicitation or marketing targeted to persons in this State.**
 - (3) In lieu of the procedure set out in paragraph (a)(2), at anytime prior to entering this State, an individual, directly or through the individual's firm, may be included in a master notice to all participating substantially equivalent jurisdictions including this Board by giving notice to the NASBA National Qualification Appraisal Service [or other comparable service designated by the Board]; and, provided the firm accepts responsibility for each such individual's compliance with the accountancy laws and rules of this State for so long as the individual is included in the firm's master notice, keeps the master notice reasonably current and renews the notice annually. In any event, the individual seeking practice privileges is responsible for complying with the requirement that the notification required under Section 23 has been made.**
- (b) Notice shall be renewed on the same cycle as the Board requires for license renewals, for so long as the individual intends to use UAA Section 23 privileges in this State.**
- (c) Notice shall be amended within 30 days after the individual changes his principal place of business or within 30 days after the license has been denied, revoked, or suspended in any jurisdiction.**
- (d) A non-resident individual shall not be deemed to have entered this State for purposes of Section 23 and notice is not required under Section 23 if the individual's contact with this State is limited to any of the following activities:**
- 1) teaching either a college or continuing professional education course,**
 - 2) delivering a lecture,**
 - 3) moderating a panel discussion,**
 - 4) rendering professional services to the individual's employer or to persons**

employed by the individual's employer, including affiliated, parent, or subsidiary entities, provided such services are not rendered for the employer's clients.

- (e) An individual entering into an engagement to provide professional services via a Web site pursuant to Section 23 shall disclose, via any such Web site, the individual's principal state of licensure, license number and an address as a means for regulators and the public to contact the individual regarding complaints, questions or regulatory compliance.**

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