



Susan L. Somers, Executive Director

Board of Accountancy

Sam Brownback, Governor

**STATE OF KANSAS  
BOARD OF ACCOUNTANCY  
NOTICE OF HEARING ON PROPOSED ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted at 10:00 AM, Friday, January 15, 2016, Room 509 of the Landon State Office Building, 900 SW Jackson, Topeka, KS, to consider the adoption of proposed changes in existing rules and regulations of the Board of Accountancy.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Executive Director of the Board of Accountancy, Landon State Office Building, 900 SW Jackson, Ste. 556, Topeka, KS 66612. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulations during the hearing. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Judy Jenks, at (785) 296-8148, or by e-mail at [info@ksboa.ks.gov](mailto:info@ksboa.ks.gov). Handicapped parking is located on the south end of Landon State Office Building, and the north entrance to the building is accessible to individuals with disabilities.

These regulations are proposed for adoption on a permanent basis. A summary of proposed regulations and their economic impact follows:

**K.A.R. 74-1-3. Retaking the examination and granting of credits.** Amendments to this regulation allow for additional testing time, if offered, for CPA exam candidates during an examination window.

**K.A.R. 74-1-4. Transfer of examination credit.** Amendments to this regulation allow for a candidate to transfer their scores after passing just one section of the CPA exam, to coincide with the provisions of the computerized exam.

**K.A.R. 74-2-7. Concentration in accounting.** Amendments to this regulation expand the restriction on credits earned for CPA exam review courses to include courses under business and general education and communications.

**K.A.R. 74-4-8. Continuing professional education programs; requirements.** Amendments to this regulation expand the requirements that a course sponsor must include in the certificate of attendance in accordance with the continuing professional education standards.

**K.A.R. 74-4-9. Continuing professional education controls and reporting.** Amendments to this regulation mirror the requirements found in K.A.R. 74-4-8 regarding a course sponsor's requirements for the issuance of the certificates of attendance/completion for CPE courses.

**K.A.R. 74-5-2. Definitions.** Amendments to this regulation update materials adopted by reference and specifies excluded sections.

**K.A.R. 74-5-2a. Definitions of terms in the AICPA code of professional conduct.** Amendments to this regulation update sections adopted by reference of the code of professional conduct and define the term "member" as used in the code of professional conduct.

**K.A.R. 74-5-2b. Applicability of AICPA professional standards.** This is a new regulation which sets forth the applicability of the professional standards to individual CPAs, CPA firms, and licensed municipal public accountants.

**K.A.R. 74-5-101. Independence.** Amendments to this regulation update materials adopted by reference.

**K.A.R. 74-5-102. Integrity and objectivity.** This regulation is expanded to include firms in compliance with the code of professional conduct relating to integrity and objectivity.

**K.A.R. 74-5-103. Commissions and referral fees.** This regulation is expanded to include firms in compliance with the code of professional conduct relating to commissions and referral fees.

**K.A.R. 74-5-104. Contingent fees.** This regulation is expanded to include firms in compliance with the code of professional conduct relating to contingent fees.

**K.A.R. 74-5-201. General standards.** This regulation is expanded to include firms in compliance with the code of professional conduct relating to general standards.

**K.A.R. 74-5-202. Compliance with standards.** Amendments to this regulation update materials adopted by reference.

**K.A.R. 74-5-203. Accounting principles.** This regulation is expanded to include firms in compliance with the code of professional conduct relating to accounting principles.

**K.A.R. 74-5-301. Confidential client information.** This regulation is expanded to include firms and licensed municipal public accountants in dealing with confidential client information.

**K.A.R. 74-5-401. Acts discreditable.** This regulation is expanded to include firms in the commission of an act discreditable.

**K.A.R. 74-5-403. Advertising.** This regulation is expanded to include firms relating to false misleading or deceptive advertising.

**K.A.R. 74-5-405a. Certified public accountants who own a separate business.**

Amendments to this regulation update materials adopted by reference.

**K.A.R. 74-5-406. Firm or professional names.** Amendments to this regulation clarify the definition of a fictitious firm or professional name.

**K.A.R. 74-5-407. Cooperation with the board.** Amendments to this regulation eliminate the requirement for the Board to send communications by certified mail. KAPA does not require communications to be sent by certified mail.

**K.A.R. 74-11-6. Definitions.** Amendments to this regulation update materials adopted by reference.

**K.A.R. 74-11-7. Renewal of a firm's registration.** Amendments to this regulation requires a firm to produce peer review information only when applicable.

**K.A.R. 74-15-1. Adoption of the uniform accountancy act.** Amendments to this regulation update materials adopted by reference.

Copies of the regulations and the economic impact statement may be obtained from the Board of Accountancy, Landon State Office Building, 900 SW Jackson, Ste. 556, Topeka, KS 66612 (785) 296-2162, or on the Board's website at [www.ksboa.org](http://www.ksboa.org)

The Board does not anticipate any economic impact upon itself, to governmental agencies, private businesses, or individuals, in the adoption of these revisions to its regulations.

Susan L. Somers  
Executive Director

**74-1-3. Retaking the examination and granting of credits.** (a) Each testing candidate shall be deemed to have passed the examination if the candidate obtains credit for passing each of the four test sections. Credit for passing a test section shall be valid from the date of the examination regardless of the date on which the testing candidate receives actual notice of the passing grade.

(b) A testing candidate may take the test sections individually and in any order. Credit for passing any test section shall be valid for 18 months from the date of testing regardless of the number of sections taken or the scores on any failed sections.

(c) Each testing candidate shall pass all four test sections within a rolling 18-month period that begins on the date the first test section passed is taken. If all four test sections are not passed within this 18-month period, credit for any test section passed outside the 18-month period shall expire.

(d) A testing candidate shall not retake a failed section within the same examination window. ~~An examination window shall be a consecutive three-month period comprised of two months in which the examination is offered and one month when the examination is not offered.~~ An examination window shall be equal to a calendar quarter (Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec). Eligible candidates will be permitted to test no less than two (2) months out of each examination window.

(e) Each testing candidate shall retain credit for any test section passed in another state if the credit would have been given if the testing candidate had taken the examination in Kansas.

(f) Notwithstanding subsections (a), (b), and (c), the period of time in which to pass all sections of the examination may be extended by the board upon a showing that the credit was lost by reason of circumstances beyond the testing candidate's control. (Authorized by K.S.A. 1-202 and K.S.A. ~~2006~~ 2015 Supp. 1-304, ~~as amended by L. 2007, ch. 97, § 2;~~ implementing K.S.A. ~~2006~~ 2015 Supp. 1-304, ~~as amended by L. 2007, ch. 97, § 2;~~ effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended Jan. 12, 1996; amended Nov. 14, 2003; amended January 11, 2008; amended P-  
\_\_\_\_\_.)

APPROVED

ATTORNEY GENERAL

NOV 02 2015

NOV 02 2015

DEPT. OF ADMINISTRATION

APPROVED BY 

**74-1-4. Transfer of examination credit.** An applicant for the certificate of certified public accountant who has passed ~~two~~ one or more sections of the uniform certified public accountant examination under the jurisdiction of another state shall be given conditional credit by the board for passing those subjects if the applicant meets the following requirements:

(a) Has established residence in Kansas;

(b) has passed ~~two~~ one or more sections of the uniform certified public accountant examination in accordance with K.A.R. 74-1-3, with the grades determined by the advisory grading service of the board of examiners of the American institute of certified public accountants;

(c) meets the education requirement prescribed by K.S.A. 1-302a, and amendments thereto; and

(d) at the time of applying to transfer the credit earned in another state, is still eligible to be reexamined in that state except for reason of change of residence. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-302; effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 25, 2012; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sf*

APPROVED

JUL 16 2015

DEPT. OF ADMINISTRATION

**74-2-7. Concentration in accounting.** (a) The "concentration in accounting" courses required to qualify for admission to the certified public accountant examination shall be as follows:

(1) At least 42 semester credit hours in business and general education courses, including the following:

(A) A macroeconomics course, a microeconomics course, and one upper-division economics course;

(B) at least two courses in the legal aspects of business or business law;

(C) college algebra or higher-level math course;

(D) statistics and probability theory course;

(E) computer systems and applications course;

(F) finance course;

(G) management and administration course;

(H) marketing course; and

(I) production, operations research, or applications of quantitative techniques to business problems course;

(2) at least 11 semester credit hours in courses in written and oral communications; and

(3) at least 30 semester credit hours in courses in accounting theory and practice, including the following:

(A) Financial accounting and reporting for business organizations course, which may include any of the following:

(i) Intermediate accounting course;

(ii) advanced accounting course; or

(iii) accounting theory course;

(B) managerial accounting beyond an introductory course;

(C) auditing course concentrating on auditing standards generally accepted in the United States as issued by the AICPA auditing standards board or the PCAOB, or both;

(D) income tax course; and

(E) accounting systems beyond an introductory computer course.

(b) The following types of credits awarded by a college or university approved by the board shall be accepted by the board for purposes of determining compliance with subsection (a), if the credits are related to those areas specified in subsection (a):

(1) Credit for advanced placement;

(2) credit by examination;

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *SF*

APPROVED

JUL 22 2015

DEPT. OF ADMINISTRATION

- (3) credit for military education; and
- (4) credit for competency gained through experience.

Credits recognized by the board pursuant to this subsection shall not exceed a total of six semester hours.

- (c) Credit shall not be allowed for any course that is only audited.
- (d) Credit shall not be allowed for any course for which credit has already been received.
- (e) Any credits earned for an accounting internship may count toward the overall 150-hour education requirement, but these credits shall not be acceptable in satisfaction of the required concentration in accounting courses.

(f) Credits earned for CPA exam review courses shall not be acceptable in satisfaction of the required ~~30 hours of accounting theory and practice~~ concentration in accounting courses. However, these credits may be used toward the overall 150-hour education requirement.

(g) Not to exceed a total of six hours, up to three hours of course requirements specified in paragraph (a)(1), (a)(2), or (a)(3) may be waived by the board, upon the applicant's demonstration of compelling circumstances and upon receipt of satisfactory verification that the applicant has otherwise met the requirements. (Authorized by K.S.A. 1-202 and K.S.A. 2013 2014 Supp. 1-302a; implementing K.S.A. 2013 2014 Supp. 1-302a; effective Jan. 1, 1973; amended Feb. 15, 1977; amended May 1, 1978; amended May 1, 1979; amended July 22, 1991; amended Sept. 25, 1998; amended Jan. 11, 2008; amended May 25, 2012; amended March 21, 2014; amended P-\_\_\_\_\_.)

 APPROVED

JUL 22 2015

DEPT. OF ADMINISTRATION

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

**74-4-8. Continuing professional education programs; requirements.** (a) A program designed to allow a participant to learn a given subject through interaction with an instructor and other participants in a classroom or conference setting, or intrafirm program using the internet, may be approved for continuing professional education credit under K.A.R. 74-4-7 if the program meets the following conditions:

(1) It is a formal program of learning that maintains or improves the professional competence of a certified public accountant and requires attendance.

(2) Participants are informed in advance of the learning objectives, prerequisites, program level, program content, any requirements for advance preparation, instructional delivery methods, recommended CPE credit, and course registration requirements.

(3) The program is at least 50 minutes in length.

(4) The program is conducted by a person qualified in the subject area.

(5) The program sponsor issues to each participant a certificate of attendance that reflects the name of the program sponsor, title and description of content, date and location of the program, delivery method of the course, name of the participant, signature of a representative of the program sponsor, and number of CPE contact hours.

(6) A record of registration and attendance is retained for five years by the program sponsor.

(b) The following types of programs addressing the subjects of accounting, auditing, consulting services, specialized knowledge and applications, taxation, management of a practice, ethics, or personal development may qualify as acceptable continuing professional education if the programs meet the requirements of subsection (a):

(1) Programs of the American institute of certified public accountants, state societies and local chapters of certified public accountants, and providers of continuing education courses;

(2) technical sessions at meetings of the American institute of certified public accountants, and of state societies and local chapters of certified public accountants;

(3) university or college credit courses. Each semester hour of credit shall equal 15 hours of continuing education credit. Each quarter hour of credit shall equal 10 hours of continuing education credit;

(4) university or college non-credit courses. These courses shall qualify for continuing professional education credit that equals the number of actual, full 50-minute class hours attended; and

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 22 2015

DEPT. OF ADMINISTRATION

(5) formal, organized, in-firm or interfirm educational programs.

(c) Hours from personal development courses shall not exceed 30 percent of the total number of continuing education hours required for permit renewal. Personal development courses, which shall be defined as courses dealing with self-management and self-improvement both inside and outside of the business environment, shall be limited to courses on communication, leadership, character development, dealing effectively with others, interviewing, counseling, career planning, emotional growth and learning, and social interactions and relationships.

(d) Any author of a published article or book and any writer of a continuing professional education program may receive continuing professional education credit for the actual research and writing time if all of the following conditions are met:

(1) The board determines that the research and writing maintain or improve the professional competence of the author or writer.

(2) The number of credit hours claimed is consistent with the quality and scope of the article, book, or program.

(3) The article or book has been published or the program was created during the biennial period for which credit is claimed.

(e)(1) Group internet-based programs and individual self-study programs that allow a participant to learn a particular subject without the major involvement of an instructor may be eligible for continuing education credit if all of the following requirements are met:

(A) The program sponsor shall meet one of the following requirements:

(i) Has been approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service;

(ii) is sponsored through the American institute of certified public accountants; or

(iii) is sponsored through a state society of certified public accountants.

(B) The program shall require registration.

(C) The sponsor shall provide a certificate of satisfactory completion.

(2) In addition to meeting the requirements specified in paragraph (e)(1), each individual self-study program shall meet the following requirements:

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sc*

APPROVED

JUL 22 2015

DEPT. OF ADMINISTRATION

(A) The program shall include a final examination.

(B) Each participant shall be required to score at least 70 percent on the final examination.

(f) The amount of credit for group internet-based programs and self-study programs shall be determined by the board, as follows:

(1) Programs may be approved for one hour of continuing professional education credit for each 50 minutes of participation and one-half credit for each 25-minute period of participation after the first hour of credit has been earned.

(2) The amount of credit shall not exceed the number of recommended hours assigned by the program sponsor.

(g) Independent study programs that are designed to allow a participant to learn a given subject under the guidance of a continuing professional education program sponsor may be eligible for continuing professional education credit if all of the following conditions are met:

(1) The program meets one of the following requirements:

(A) Has been approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service;

(B) is sponsored through the American institute of certified public accountants; or

(C) is sponsored through a state society of certified public accountants.

(2) The participant has a written learning contract with a program sponsor that contains a recommendation of the number of credit hours to be awarded upon successful completion of the program.

(3) The program sponsor reviews and signs a report indicating that all of the requirements of the independent study program, as outlined in the learning contract, are satisfied.

(4) The program is completed in 15 weeks or less.

(h) A participant in an independent study program may receive up to one hour of credit for each 50 minutes of participation and one-half hour of credit for each 25-minute period of participation after the first hour of credit has been earned.

(Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. 2010 2014 Supp. 1-310, and K.S.A. 75-1119; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Feb. 14, 1994; amended Sept.

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

25, 1998; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19,  
2006; amended May 23, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended P-  
\_\_\_\_\_.)

ATTORNEY GENERAL

**OCT 21 2015**

APPROVED BY 

APPROVED

**JUL 23 2015**

DEPT. OF ADMINISTRATION

**74-4-9. Continuing professional education controls and reporting.** (a) ~~At the time of~~ When applying for renewal of the permit to practice, each applicant shall sign a statement indicating the applicant's compliance with the requirements in K.A.R. 74-4-7 and 74-4-8, unless the applicant qualifies for the exemption outlined in K.S.A. 1-310, and amendments thereto.

(b)(1) Any applicant may be required by the board to verify the number of CPE hours claimed in subsection (a), on a form provided by the board, which shall include the following information:

- (A) The name of the organization, school, firm, or other sponsor conducting the program or course;
- (B) the location of the program or course attended;
- (C) the title of the program or course, or a brief description;
- (D) the dates attended or the date the program or course was completed; and
- (E) the number of continuing professional education credits that the applicant received for participating in a program or course.

(2) Each applicant specified in paragraph (b)(1) shall provide the board with a certificate of completion or attendance for all attended, group, independent, and self-study program CPE hours claimed. Each certificate of completion or attendance shall include the name of the sponsor, title and description of content, date and location of the program or course attended, and number of CPE contact hours. following:

- (A) The name of the organization, school, firm or other sponsor conducting the program or course;
- (B) the location of the program or course attended;
- (C) the title of the program or course, or a brief description;
- (D) the dates attended or the date the program or course was completed;
- (E) the delivery method of the course;
- (F) the name of the participant;
- (G) the signature of a representative of the program sponsor; and
- (H) the number of continuing professional education credits that the applicant received for participating in a program or course.

(3) For instruction credit, each applicant shall provide the board with a certificate or other verification supplied by the CPE program sponsor.

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *EF*

APPROVED

AUG 11 2015

DEPT. OF ADMINISTRATION

(4) For a university or college course that is successfully completed for credit, each applicant shall provide the board with an official transcript of the grade that the participant received.

(5) For a university or college non-credit course, each applicant shall provide the board with a certificate of attendance issued by a representative of the university or college.

(c) Each applicant shall retain documentation of completion or attendance for any continuing professional education program or course for five years from the end of the year in which the program or course was completed.

(d) Each applicant required to verify the number of CPE hours claimed shall respond to the board's request for verification within 30 days. (Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. ~~2013~~ 2014 Supp. 1-310, and K.S.A. 75-1119; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998; amended Nov. 22, 2002; amended Nov. 14, 2003; amended May 23, 2008; amended Nov. 29, 2010; amended March 21, 2014; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

AUG 11 2015

DEPT. OF ADMINISTRATION

**74-5-2. Definitions.** Each of the following terms, wherever used in this article, shall have the meaning specified in this regulation:

(a) "AICPA" means American institute of certified public accountants.

(b) "AICPA professional standards" means the standards specified in this subsection, including definitions and interpretations, in "~~AICPA professional standards,~~" volumes 1, 2, and 3, published by the AICPA, ~~as in effect on June 1, 2013,~~ which are hereby adopted by reference, ~~except for the following portions.~~ As used in the following AICPA professional standards, "member" shall mean a person or firm subject to the board's regulation:

(1) In volume 1, pages iii-xxiii, preface material "clarified statements on auditing standards" in "AICPA professional standards," volume 1, pages 31-1214, as in effect on June 1, 2014;

(2) "statements on standards for attestation engagements" in "AICPA professional standards," volume 1, pages 1253-1583, as in effect on June 1, 2014;

(3) "standards for accounting and review services" in "AICPA professional standards," volume 2, the following: pages 1621-1807, as in effect on June 1, 2014;

~~(A) Pages 1567-1592, preface material; and~~

~~(B) pages 2497-2574, appendixes and topical index; and~~

~~(3) in volume 3, the following:~~

~~(A) Pages 2575-2593, table of contents;~~

~~(B) pages 3003-3010, appendixes;~~

~~(C) pages 3033 through 3195, bylaws of the AICPA;~~

~~(D) pages 3569 through 3592, continuing professional education;~~

~~(E) pages 2913 through 2932, section 191 under rules 101 and 102;~~

~~(F) pages 2987 through 3002, section 591 under rules 501, 502, and 503;~~

~~(G) pages 3009 through 3010, council resolution concerning rule 505;~~

~~(H) pages 2953 through 2960, section 391 under rules 301 and 302;~~

~~(I) page 2937, section 202; and~~

~~(J) pages 2943 through 2945, section 291 under rules 201, 202, and 203.~~

(4) statement on standards for accounting and review services (SSARS) no. 21, "statements on standards for accounting and review services: clarification and recodification," including the appendices and exhibits, as in effect on December 15, 2015;

ATTORNEY GENERAL

OCT 22 2015

APPROVED BY *CP*

APPROVED

OCT 22 2015

DEPT. OF ADMINISTRATION

(5) "code of professional conduct" in "AICPA professional standards," volume 2, pages 1833-2294 except for pages 2027-2032 and 2043-2056, as in effect on June 1, 2014, except for the following:

(A) Part 1, Section 1.800, "form of organization and name";

(B) section 1.810.020, "partner designation";

(C) section 1.810.030, "a member's responsibility for nonmember practitioners";

(D) section 1.810.040, "attest engagement performed with a former partner";

(E) section 1.810.050, "alternative practice structures"; and

(F) section 1.820.040, "use of a common brand name in firm name";

(6) "statements on standards for valuation services" in "AICPA professional standards," volume 2, pages 2461-2512, as in effect on June 1, 2014;

(7) "consulting services" in "AICPA professional standards," volume 2, pages 2513-2518, as in effect on June 1, 2014;

(8) "quality control" in "AICPA professional standards," volume 2, pages 2521-2554, as in effect on June 1, 2014;

(9) "standards for performing and reporting on peer reviews" in "AICPA professional standards," volume 2, pages 2555-2731, as in effect on June 1, 2014;

(10) "tax services" in "AICPA professional standards," volume 2, pages 2739-2774, as in effect on June 1, 2014; and

(11) "personal financial planning" in "AICPA professional standards," volume 2, pages 2787-2798, as in effect on June 1, 2014.

All definitions included in the standards adopted in this subsection shall apply only to the documents adopted by reference.

(c) "Audit" means an independent examination of financial information or assertions of any entity, regardless of profit orientation, size, and legal form, if the examination is conducted to express an opinion thereon.

(d) "Board" means Kansas state board of accountancy.

(e) "Certified public accountant" and "CPA" mean any of the following:

(1) A holder of a Kansas certificate;

ATTORNEY GENERAL

OCT 22 2015

APPROVED BY CP

APPROVED

OCT 22 2015

DEPT. OF ADMINISTRATION

(2) a person practicing certified public accountancy under the authorization to practice ~~by notification~~ as provided in K.S.A. 1-322 and amendments thereto; or

(3) a firm.

(f) "Compilation" shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(g) "Firm" shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(h) "Generally accepted accounting principles" and "GAAP" mean the following standards, as applicable, in effect as specified and hereby adopted by reference:

(1) "Federal accounting standards," issued by the federal accounting standards advisory board (FASAB) as follows:

(A) "FASAB handbook of federal accounting standards and other pronouncements, as amended," as in effect on June 30, ~~2012~~ 2014, except for the following portions: the forward, the preamble, and appendixes A-E, ~~all sections titled "basis of conclusions," and all sections titled "basis of the board's conclusions" A-E;~~

(B) statement of federal financial accounting standards ~~44-46~~, "accounting for impairment of general property, plant, and equipment remaining in use deferral of the transition to basic information for long-term projections," dated ~~January 3, 2013~~ October 17, 2014, except ~~pages 4-7 and appendix A;~~ and

(C) statement of federal financial accounting standards ~~45~~ 47, "deferral of the transition to basic information for long term projections reporting entity," dated ~~July 8, 2013~~ December 23, 2014, except appendix appendices A-E;

(2) "FASB accounting standards codification," including accounting standards updates, as contained in volumes 1 through 4, published by the financial accounting standards board (FASB), as in effect on October 31, ~~2012~~, ~~except pages 36-42 in volume 1 and the topical index in volume 4~~ 2014;

(3) "codification of governmental accounting and financial reporting standards," except for pages ~~viii~~ ix through xvii, ~~appendices A, B, and C, and pages T-1 through T-127,~~ issued by the governmental accounting standards board, as in effect on June 30, ~~2012~~ 2014; and

(4) "international financial reporting standards®" (IFRSs®), ~~parts part A and B,~~ issued by the international accounting standards board, as in effect on January 1, ~~2013~~ 2014, except the following:

~~(A) In part A, pages A-3 A1 through A-8 and the index; A19.~~

~~(B) in part B, pages B-2071 through B-2121; and~~

ATTORNEY GENERAL

APPROVED

OCT 22 2015

OCT 22 2015

APPROVED BY CP

DEPT. OF ADMINISTRATION

~~(C) all sections titled "basis for conclusions."~~

(i) "Government auditing standards" means the "government auditing standards" issued by the United States government accountability office, 2011 revision, revised on January 20, 2012, which is hereby adopted by reference, except pages 1-3, and appendixes I and 3, and the index III.

(j) "Licensed municipal public accountant" and "LMPA" mean a holder of a permit issued under the laws of Kansas to practice as a municipal public accountant.

(k) "PCAOB" means the public company accounting oversight board created by the Sarbanes-Oxley act of 2002.

(l) "Practice of certified public accountancy" means performing or offering to perform attest or nonattest services for the public while using the designation "certified public accountant" or "CPA" in conjunction with these services. "Attest" and "nonattest" services shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(m) "Standards of the PCAOB" means the following, which are hereby adopted by reference:

(1) ~~The following standards and related rules~~ In "bylaws and rules of the public company accounting oversight board" as in effect on August 25, 2014;

~~(A) Auditing standards numbers 1, 3, 4, 5, 6, and 7;~~

~~(B) conforming amendments to PCAOB interim standards; and~~

~~(C) rules, May 19, 2014, section 3, "auditing and related professional practice standards," part 1, "general requirements," and part 5, "ethics and independence"; and~~

(2) "auditing standards," "attestation standards," and "interim standards" numbers 8, 9, 10, 11, 12, 13, 14, 15, and 16, as in effect on June 30, 2013 as contained in the "PCAOB standards and related rules," published by the AICPA and dated January 2014.

(n) "Staff accountant" means a certified public accountant who meets the following requirements:

(1) Holds both a Kansas certificate and a Kansas permit;

(2) is employed by a firm that is the certified public accountant's primary employer; and

(3) works at least 1,040 hours for the firm during a calendar year. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1974; amended May 1, 1978; amended May 1, 1979; amended May 1, 1985; amended July 22, 1991; amended July 13,

ATTORNEY GENERAL APPROVED

OCT 22 2015

JUL 31 2015

APPROVED BY  DEPT. OF ADMINISTRATION

1992; amended April 5, 1993; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Jan. 8, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended P-  
\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 22 2015

APPROVED BY *CR*

APPROVED

JUL 31 2015

DEPT. OF ADMINISTRATION

**74-5-2a. Definitions of terms in the AICPA professional standards code of professional conduct.** (a) The definitions of the terms in ~~section 92~~ ET 0.400 of the "AICPA professional standards code of professional conduct," as adopted by reference in K.A.R. 74-5-2, shall be applicable wherever these terms are used in this article, including any document adopted by reference in this article.

(b) The term "member," as used in the AICPA "code of professional conduct," shall mean any certified public accountant, firm, or licensed municipal public accountant. (Authorized by and implementing K.S.A. 1-202; effective May 29, 2009; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 54

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-2b. Applicability of AICPA professional standards.** The AICPA professional standards shall apply to each certified public accountant, firm, and licensed municipal public accountant as defined in K.A.R. 74-5-2, whether the person or entity is a member of the AICPA. (Authorized by and implementing K.S.A. 1-202; effective P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-101. Independence.** (a) Each certified public accountant, firm, and each licensed municipal public accountant ~~who performs shall be independent in the performance of professional services requiring independence shall comply with as required by the~~ following standards, as applicable:

(1) ~~Rule 101 of the AICPA "code of professional conduct,"~~ including the interpretations ~~under rule 101,~~ as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5);

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2;

(3) regulation S-X codified at 17 C.F.R. Part 210, as in effect on September 3, 2013, which is hereby adopted by reference; and

(4) PCAOB rules, section 3, "professional standards," part 5, "ethics," as adopted by reference in K.A.R. 74-5-2.

(b) In determining whether a certified public accountant's, a firm's, or a licensed municipal public accountant's independence is impaired, any other circumstances, relationship, or activity that the board determines could impair independence may be considered by the board. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended P- \_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY SF

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-5-102. Integrity and objectivity.** (a) In the performance of professional services, each certified public accountant ~~and each, firm, and~~ licensed municipal public accountant shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts to others or subordinate the accountant's or firm's judgment to another's judgment. In tax practice, any certified public accountant, firm, or licensed municipal public accountant may resolve doubt in favor of the client if there is reasonable support for that position.

(b) Each certified public accountant, firm, and ~~each~~ licensed municipal public accountant shall comply with the following applicable standards:

(1) ~~Rule 102 of the AICPA~~ "code of professional conduct," including the interpretations ~~under rule 102~~, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5), which shall be used in determining whether integrity and objectivity have been maintained;

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2; and

(3) PCAOB rules, section 3, "professional standards," part 5, "ethics," as adopted by reference in K.A.R. 74-5-2.

(Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006; amended May 29, 2009; amended P-\_\_\_\_\_.)

APPROVED

JUL 24 2015

ATTORNEY GENERAL

OCT 21 2015

DEPT. OF ADMINISTRATION

APPROVED BY 

**74-5-103. Commissions and referral fees.** Each certified public accountant or firm shall comply with ~~rule 503~~ of the AICPA "code of professional conduct" regarding commissions and referral fees, including the interpretations ~~under rule 503~~, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended July 13, 1992; amended Jan. 12, 1996; amended Jan. 8, 1999; amended Sept. 10, 1999; amended May 27, 2005; amended May 29, 2009; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sf*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-5-104. Contingent fees.** Each certified public accountant or firm shall comply with ~~rule 302~~ of the AICPA "code of professional conduct" regarding contingent fees, including the definitions and interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended July 13, 1992; amended Jan. 8, 1999; amended Sept. 10, 1999; amended May 27, 2005; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sf*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-5-201. General standards.** (a) Each certified public accountant, firm, or licensed municipal public accountant shall ~~comply with rule 201 of~~ meet the following requirements:

(1) Undertake only those professional services that the CPA, firm, or licensed municipal public accountant can reasonably expect to be completed with professional competence;

(2) exercise due professional care in the performance of professional services;

(3) adequately plan and supervise the performance of professional services; and

(4) obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(b) The AICPA "code of professional conduct" regarding general standards, including the interpretations ~~under rule 201,~~ as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2, shall be used in determining whether there is compliance with the general standards. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended May 27, 2005; amended Jan. 11, 2008; amended May 29, 2009; amended P-\_\_\_\_\_.)

APPROVED

ATTORNEY GENERAL

JUL 24 2015

OCT 21 2015

DEPT. OF ADMINISTRATION

APPROVED BY 

**74-5-202. Compliance with standards.** (a) Each certified public accountant ~~who~~ or firm that performs auditing, attestation, review, compilation, management consulting, tax, or other professional services shall comply with the applicable professional standards promulgated by the following entities, which are adopted by reference in K.A.R. 74-5-2 and this regulation:

- (1) The federal accounting standards advisory board;
- (2) the financial accounting standards board;
- (3) the governmental accounting standards board;
- (4) the PCAOB;
- (5) the international accounting standards board;
- (6) the municipal services team of the office of the chief financial officer, Kansas department of administration;
- (7) the AICPA accounting and review services committee;
- (8) the AICPA auditing standards board;
- (9) the AICPA management consulting services executive committee;
- (10) the AICPA tax executive committee;
- (11) the AICPA forensic and valuation services executive committee;
- (12) the AICPA professional ethics executive committee; and
- (13) the AICPA personal financial planning executive committee; and
- (14) the AICPA peer review board.

(b) Each licensed municipal public accountant shall comply with applicable, generally accepted auditing standards in the ~~2013~~ 2015 revised "Kansas municipal audit and accounting guide," including appendices A through N, prescribed by the division of accounts and reports, department of administration, and hereby adopted by reference. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *EF*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-5-203. Accounting principles.** Each certified public accountant, firm, or licensed municipal public accountant shall comply with ~~rule 203~~ of the AICPA "code of professional conduct" regarding accounting principles, including the interpretations ~~under rule 203~~, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended May 27, 2005; amended May 19, 2006; amended Nov. 29, 2010; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sf*

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-301. Confidential client information.** (a) A certified public accountant, firm, or licensed municipal public accountant shall not disclose any confidential client information without the consent of the client.

(b) ~~Rule 301 of~~ The AICPA "code of professional conduct," including the interpretations ~~under rule 301 of~~ as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2**(b)(5)**, shall be used by the board in determining compliance with subsection (a). (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended Sept. 25, 1998; amended May 27, 2005; amended May 29, 2009; amended P-  
\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-401. Acts discreditable.** (a) A certified public accountant or firm shall not commit any act discreditable to the profession.

(b) ~~Rule 501 of~~ The AICPA "code of professional conduct," including the ~~terminology and interpretations under rule 501 of~~ the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). ~~Rule 501, including the interpretations,~~ shall be used by the board in determining whether a certified public accountant or firm has committed an act discreditable to the profession. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended Nov. 15, 2002; amended May 27, 2005; amended May 29, 2009; amended P-  
\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-403. Advertising.** (a) A certified public accountant or firm shall not advertise in a manner that is false, misleading, or deceptive.

(b) The use of any non-CPA's name or the name of any ~~entity~~ firm not registered with the board as a CPA firm, pursuant to K.S.A. 1-308 and K.S.A. 1-316 and amendments thereto, in any advertisement or publication in any medium or under any heading used for certified public accountants shall be prohibited.

(c) ~~Rule 502 of The AICPA~~ "code of professional conduct," including the interpretations ~~under rule 502~~ as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2**(b)(5)**, shall be used by the board in determining whether a certified public accountant has violated subsection (a). (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended May 1, 1985; amended July 22, 1991; amended May 27, 2005; amended Feb. 16, 2007; amended May 29, 2009; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

**74-5-405a. Certified public accountants who own a separate business.** Each certified public accountant in the practice of certified public accountancy who owns an interest in a separate business shall comply with ~~interpretation 505-2~~ ET section 1.810.010, titled "ownership of separate business," of the AICPA "code of professional conduct," as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. ~~2007~~ 2014 Supp. 1-311; effective Jan. 11, 2008; amended May 29, 2009; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *sf*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-5-406. Firm or professional names.** (a) A certified public accountant or firm shall not practice certified public accountancy under a firm or professional name or advertise a firm or professional name that includes descriptive words relating to the quality of services offered or that is misleading concerning the legal form or the persons who are owners, partners, officers, members, managers, or shareholders of the firm.

(b) A firm or professional name shall not be considered to be misleading solely because it contains words describing the geographical area in which the services are offered or words describing the type of services actually being performed by the certified public accountants who are owners, partners, officers, members, managers, or shareholders of the firm.

(c) A firm or professional name or designation shall be considered to be misleading in any of the following instances:

(1) The name contains a misrepresentation of facts.

(2) The name is intended or is likely to create false or unjustified expectations of favorable results.

(3) The name implies education, professional attainment, or licensing recognition of its owners, partners, officers, members, managers, or shareholders that is not supported by facts.

(4) The name of a Kansas professional corporation or association, limited liability company, limited liability partnership, or general corporation does not include its full legal name as registered with the board each time the firm or professional name is used.

(5) The terms term "& Company," "& Associate," or "Group" are is used, but the entity does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(6) The plural term "& Associates" is used, but the entity does not include, in addition to the named partner, shareholder, owner, or member, at least two other unnamed partners, shareholders, owners, members, or staff accountants holding both a Kansas certificate and a Kansas permit to practice.

(7) The name contains the name or names of one or more former partners, shareholders, or owners without their written consent.

(d) A fictitious firm or professional name shall be defined as a name that ~~does not contain~~ contains anything other than the name or names of one or more present or former owners, partners, members, or shareholders or the term "certified public accountant" or "CPA," or the plural form of either of these two terms. A fictitious firm or professional name may be used if the name is registered with the board and is not false or misleading as determined by the board. Each firm shall utilize its full name as registered with the board each time the name is used.

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *ST*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

(e) A fictitious firm or professional name that includes the terms term "& Company," "& Associate," or "Group" shall be considered misleading if the firm has only one partner, shareholder, owner, or member and no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(f) A fictitious firm or professional name that includes the term "& Associates" shall be considered misleading if the firm or professional name has only one partner, shareholder, owner, or member and only one or no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(g) Each certified public accountant or firm that falls out of compliance with this regulation due to any change in ownership or personnel shall notify the board within 30 days after the change. A reasonable period of time may be granted by the board for a firm or certified public accountant to take corrective action.

(h) If a firm does not have an office in Kansas but is required to register with the board pursuant to K.S.A. 1-308 and amendments thereto, the name shall not be considered misleading even if the name meets the criteria for being "misleading" as specified in paragraph (c)(5) or (6) or subsection (e) or (f) of this regulation. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. ~~2013~~ 2014 Supp. 1-308; effective May 1, 1978; amended Oct. 8, 1990; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 15, 2002; amended Jan. 11, 2008; amended May 29, 2009; amended March 21, 2014; amended P-\_\_\_\_\_.)

APPROVED

ATTORNEY GENERAL

JUL 23 2015

OCT 21 2015

DEPT. OF ADMINISTRATION

APPROVED BY *gf*

**74-5-407. Cooperation with the board.** Each certified public accountant, firm, or licensed municipal public accountant shall cooperate in a timely manner with the board in its investigation of complaints or possible violations of the accounting statutes or the regulations of the board. Cooperation shall include responding to written communications from the board, and providing information and documentation as requested by the board, sent by certified mail, ~~return receipt requested~~, to the last known preferred mailing address on file with the board, within a reasonable time frame specified by the board or appearing before the board, or ~~one or more~~ any of its members, upon request. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119(a); effective May 1, 1978; amended May 1, 1979; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998; amended March 21, 2014; amended P- \_\_\_\_\_.)

ATTORNEY GENERAL

OCT 22 2015

APPROVED BY cP

APPROVED

OCT 22 2015

DEPT. OF ADMINISTRATION

**74-11-6. Definitions.** Each of the following terms, wherever used in this article, shall have the meaning specified in this regulation:

(a) "AICPA" means American institute of certified public accountants.

(b) "AICPA professional standards" means the standards adopted by reference in K.A.R. 74-5-2 that are contained in the "AICPA professional standards," volumes 1, and 2, and 3, published by the AICPA, as in effect on June 1, 2013, which are adopted by reference in K.A.R. 74-5-2 2014.

(c) "Firm" shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(d) "Peer review" means a review of a firm's accounting and auditing practice in accordance with the standards for performing and reporting on peer reviews.

(e) "Peer review team" means persons or organizations participating in the peer review program required by this article. This term shall specifically include the team captain, team members, review captain, the report acceptance committee, and the oversight body, but shall not include the board.

(f) "Standards for performing and reporting on peer reviews" means the AICPA "standards for performing and reporting on peer reviews" contained in volume ~~three~~ two of the AICPA professional standards, as adopted by reference in K.A.R. 74-5-2(b)(9).

(g)(1) "Substantially similar program" means a peer review program that meets the following requirements:

(A) The peer review team shall be approved by a nationally recognized accounting organization as having the qualifications, training, and experience to perform the peer review function required by this regulation.

(B)(i) The peer review shall be conducted pursuant to peer review standards as issued by a nationally recognized peer review program that has received prior approval by the board; or

(ii) the peer review shall be conducted pursuant to a written submission detailing the qualifications of the peer review team to conduct the peer review and providing a written plan for the peer review illustrating the means of compliance with this regulation with the prior specific approval of the board.

(2) Each inspection performed by the PCAOB of areas of a firm's practice related to audits of issuers, as defined by the public company accounting oversight board, shall be deemed to satisfy the peer review requirements related to this element of the firm's practice.

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY 

APPROVED

JUL 24 2015

DEPT. OF ADMINISTRATION

(h) For peer reviews commencing on and after January 1, 2009, "modified peer review report" shall mean a peer review report with a peer review rating of "pass with deficiencies," as defined in the AICPA "standards for performing and reporting on peer reviews."

(i) For peer reviews commencing on and after January 1, 2009, "adverse peer review report" shall mean a peer review report with a peer review rating of "fail," as defined in the AICPA "standards for performing and reporting on peer reviews."

(Authorized by and implementing K.S.A. 1-202, K.S.A. ~~2013~~ 2014 Supp. 1-312, and K.S.A. ~~2013~~ 2014 Supp. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended May 29, 2009; amended May 25, 2012; amended March 21, 2014; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *ST*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-11-7. Renewal of a firm's registration.** (a) Each application for renewal of a firm's registration shall include one of the following, if applicable:

(1) A letter issued by the administering entity stating that a peer review has been completed and including a due date for the next peer review;

(2) a letter issued by the administering entity stating that the peer review is in process; or

(3) a completed form titled "peer review form," which shall be provided by the board and completed by the firm.

(b) For the purpose of this regulation, for a peer review to be "in process" shall mean that the peer review report has been issued to the firm and the report and, if applicable, the letter of response have been submitted to the administering entity.

However, the letter stating that the peer review has been completed and signifying a due date for the next peer review has not been issued.

(c) If a firm has received a waiver pursuant to K.S.A. 1-501 and amendments thereto, before commencement of any attestation engagement, the firm shall have in place a system of internal quality control and shall notify the board. The firm shall provide a letter of completion to the board within 18 months after the date on which the report subject to peer review was issued.

(d) The letter of completion shall be valid until the due date for the next peer review specified in the letter of completion.

(Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. 2013 2014 Supp. 1-501; effective Feb. 14, 1994; amended Sept. 25, 1998; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 19, 2006; amended Nov. 29, 2010; amended March 21, 2014; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 21 2015

APPROVED BY *SF*

APPROVED

JUL 23 2015

DEPT. OF ADMINISTRATION

**74-15-1. Adoption of the uniform accountancy act.** For purposes of determining substantial equivalency, the board hereby adopts by reference sections 5(c), 5(d), and 5(f) of the "uniform accountancy act ~~and uniform accountancy act rules,~~ third fifth edition, ~~revised November 1999, in effect on July 1, 2000~~ July 2007. In section 5(c), all references to "the effective date of this act" shall be stricken and replaced with "January 1, 2007." (Authorized by K.S.A. 1999 Supp. 1-202, ~~as amended by L. 2000, Ch. 81, §4, and L. 2000, § Ch. 81, § 4;~~ implementing L. 2000, Ch. 81, §§1 and 2 K.S.A. 2015 Supp. 1-321 and 1-322; amended Nov. 17, 2000; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

OCT 22 2015

APPROVED BY CP

APPROVED

OCT 22 2015

DEPT. OF ADMINISTRATION

**BOARD OF ACCOUNTANCY  
ECONOMIC IMPACT STATEMENT**

**K.A.R. 74-1-3; 74-1-4; 74-2-7; 74-4-8; 74-4-9; 74-5-2; 74-5-2a; 74-5-2b; 74-5-101; 74-5-102; 74-5-103; 74-5-104; 74-5-201; 74-5-202; 74-5-203; 74-5-301; 74-5-401; 74-5-403; 74-5-405a; 74-5-406; 74-5-407; 74-11-6; 74-11-7; 74-15-1**

**I. SUMMARY OF PROPOSED REGULATIONS, INCLUDING THEIR PURPOSE:**

K.A.R. 74-1-3 sets out the definition of an examination window, and when allowed by the AICPA, will extend the window for eligible candidates.

K.A.R. 74-1-4 allows for a candidate to transfer their scores after passing one section of the exam.

K.A.R. 74-2-7 expands the restriction on credits for CPA exam review courses to include courses under business and general education, in addition to accounting courses.

K.A.R. 74-4-8 expands the requirements that a course sponsor must meet in the issuance of certificates of attendance in accordance with the continuing professional education standards.

K.A.R. 74-4-9 sets forth the requirements of a person chosen for audit of their continuing professional education and specifies the requirements of the course sponsor for the issuance of a certificate of attendance/completion to mirror K.A.R. 74-4-8.

K.A.R. 74-5-2 updates materials adopted by reference.

K.A.R. 74-5-2a updates sections adopted by reference found in the code of professional conduct, and defines the term "member" as used in the code.

K.A. R. 74-5-2b is a new regulation which sets for the applicability of the professional standards to individual CPAs, CPA firms and licensed municipal public accountants.

K.A.R. 74-5-101 updates materials adopted by reference.

K.A.R. 74-5-102 is expanded to include firms in compliance with the code of professional conduct relating to integrity and objectivity.

K.A.R. 74-5-103 is expanded to include firms in compliance with the code of professional conduct relating to commissions and referral fees.

K.A.R. 74-5-104 is expanded to include firms in compliance with the code of professional conduct relating to contingent fees.

K.A.R. 74-5-201 is expanded to include firms in compliance with the code of professional conduct relating to general standards.

K.A.R. 74-5-202 updates materials adopted by reference.

K.A.R. 74-5-203 is expanded to include firms in compliance with the code of professional conduct relating to accounting principles.

K.A.R. 74-5-301 is expanded to include firms and licensed municipal public accountants in dealing with confidential client information.

K.A.R. 74-5-401 is expanded to include firms in the commission of an act discreditable.

K.A.R. 74-5-403 is expanded to include firms relating to false, misleading or deceptive advertising.

K.A.R. 74-5-405a updates materials adopted by reference.

K.A.R. 74-5-406 clarify the definition of fictitious firm or professional names.

K.A.R. 74-5-407 eliminates the requirement to send communications by certified mail. KAPA does not require that communications be sent by certified mail.

K.A.R. 74-11-6 updates materials adopted by reference.

K.A.R. 74-11-7 requires a firm to provide peer review information, only when applicable.

K.A.R. 74-15-1 updates materials adopted by reference.

## **II. REASON OR REASONS THE PROPOSED REGULATION IS REQUIRED, INCLUDING WHETHER OR NOT THE REGULATIONS ARE MANDATED BY FEDERAL LAW.**

The purpose for these amendments is for clarification purposes and to update materials adopted by reference.

## **III. ANTICIPATED ECONOMIC IMPACT UPON THE KANSAS STATE BOARD OF ACCOUNTANCY.**

The Board does not anticipate any economic impact upon itself in the adoption of these revisions to its regulations.

## **IV. ANTICIPATED FINANCIAL IMPACT UPON OTHER GOVERNMENTAL AGENCIES AND UPON PRIVATE BUSINESSES OR INDIVIDUALS.**

There is no anticipated financial impact on governmental agencies or upon private business or individuals.

## **V. ANTICIPATED ECONOMIC IMPACT UPON LICENSEES.**

There is no anticipated financial impact upon licensees.

## **VI. LESS COSTLY OR INTRUSIVE METHODS THAT WERE CONSIDERED, BUT REJECTED, AND THE REASON FOR REJECTION.**

No less costly or intrusive methods were identified.

Susan Somers  
Executive Director