



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, Wednesday, February 19, 2014, Room 556A 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. 74-2-1. Applications for examination.** Amendments to this regulation require testing candidates to notify the board or its designee of any change of home or business address within 30 days of the change, which is a requirement for certificated and permitted CPAs.

**K.A.R. 74-2-7. Concentration in accounting.** Amendments to this regulation clarifies the specific course requirements for the CPA exam.

**K.A.R. 74-4-9. Continuing professional education controls and reporting.** Amendments to this regulation require those chosen for audit of their CPE hours to respond within a time frame specified by the Board, in conjunction with the amendment made to K.A.R. 74-5-407.

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

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

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

**K.A.R. 74-5-406. Firm or professional names.** Amendments to this regulation are for clarification and incorporate language found in K.S.A. 1-316 to include "professional names" to capture unincorporated sole practitioners and fictitious firm names.

**K.A.R. 74-5-407. Cooperation with the board.** Amendments to this regulation allow the Board leeway in determining how much response time is warranted to respond to inquiries and requests by the Board.

**K.A.R. 74-6-2. Management of an office.** Amendments to this regulation clarify the requirements for management of an office.

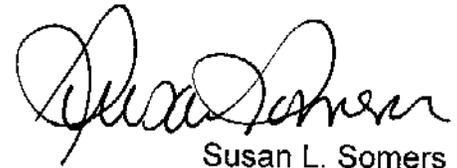
**K.A.R. 74-11-6. Definitions.** Amendments to this regulation update materials adopted by reference.

**K.A.R. 74-11-7. Renewal of a firm's registration.** Amendments to this regulation set forth a board policy that has been in effect for several years relative to what is required for proof of Peer Review at the time of firm renewal.

**K.A.R. 74-11-15. Peer Review Oversight.** Revoked.

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

**BOARD OF ACCOUNTANCY  
ECONOMIC IMPACT STATEMENT**

**K.A.R. 74-2-1; 74-2-7; 74-4-9; 74-5-2; 74-5-101; 74-5-202; 74-5-406; 74-5-407; 74-6-2; 74-11-6; 74-11-7; 74-11-15**

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

K.A.R. 74-2-1 requires testing candidates to notify the board or its designee of any change of home or business address within 30 days of the change, which is a requirement for certificated and permitted CPAs.

K.A.R. 74-2-7 clarifies the specific course requirements for the CPA exam.

K.A.R. 74-4-9 require those chosen for audit of their CPE hours to respond within a time frame specified by the Board, in conjunction with the amendment made to K.A.R. 74-5-407.

K.A.R. 74-5-2 updates materials adopted by reference and specifies excluded sections.

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

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

K.A.R. 74-5-406 clarify and incorporate language found in K.S.A. 1-316 to include "professional names" to capture unincorporated sole practitioners and fictitious firm names.

K.A.R. 74-5-407 amends the Regulation to allow the Board leeway in determining how much response time is warranted to respond to inquiries and requests by the Board.

K.A.R. 74-6-2 clarifies the requirements for management of an office.

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

K.A.R. 74-11-7 set forth a Board policy that has been in effect for several years relative to what is required for proof of Peer Review at the time of firm renewal.

K.A.R. 74-11-15 is revoked.

**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

**74-2-1. Applications for examination.** (a) Each application to take the certified public accountant examination shall be submitted on a form provided by the board or its designee and shall be filed by a date specified in the application.

(b) An application shall not be considered filed until the following conditions are satisfied:

(1) All information requested on the form is provided.

(2) All fees are included with the application.

(3) Official transcripts and any documents that establish that the applicant has satisfied the education requirements in K.A.R. 74-2-7 and K.S.A. 1-302a, and amendments thereto, are provided with the application.

(4) All supporting documents identified in the application form are received, including proof of identity as specified in the application form.

(c) Each testing candidate shall notify the board or its designee of any change of home or business address within 30 days of the change. (Authorized by K.S.A. 1-202 and K.S.A. 2013 Supp. 1-304, ~~as amended by 2003 HB 2241, § 3~~; implementing K.S.A. 2013 Supp. 1-304, ~~as amended by 2003 HB 2241, § 3~~; effective Jan. 1, 1966; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended July 18, 1997; amended Nov. 17, 2000; amended Nov. 14, 2003; amended P-\_\_\_\_\_.)

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**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) ~~Macro- and micro-economics plus~~ 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 and the PCAOB;

(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;

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- (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. 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, ~~for good cause~~ 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. 2010 2013 Supp. 1-302a; implementing K.S.A. 2010 2013 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 P-\_\_\_\_\_ .)

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**74-4-9. Continuing professional education controls and reporting.** (a) At the time of 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.

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

(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 within the time frame specified by the board. (Authorized by K.S.A. 1-202 and K.S.A. 75-1119; implementing K.S.A. 1-202, K.S.A. 2009 2013 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 P-

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**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 ~~the~~ American institute of certified public accountants.

(b) "AICPA professional standards" means the standards, including definitions and interpretations, in "AICPA professional standards," volumes 1, ~~and 2, and 3~~, published by the AICPA, as in effect on June 1, ~~2014~~ 2013, which are hereby adopted by reference, except for the following portions ~~of volume 2~~:

(1) in volume 1, pages iii-xxiii, preface material;

(2) in volume 2, the following:

(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;

~~(1)~~ (C) pages 1881 ~~3033~~ through 2034 ~~3195~~, bylaws of the AICPA;

~~(2)~~ (D) pages 2403 ~~3569~~ through 2427 ~~3592~~, continuing professional education;

~~(3)~~ (E) pages 1764 ~~2913~~ through 1783 ~~2932~~, section 191 under rules 101 and 102;

~~(4)~~ (F) pages 1834 ~~2987~~ through 1847 ~~3002~~, section 591 under rules 501, 502, and 503;

~~(5)~~ (G) pages 1855 ~~3009~~ through 1856 ~~3010~~, council resolution concerning rule 505;

~~(6)~~ (H) pages 1803 ~~2953~~ through 1809 ~~2960~~, section 391 under rules 301 and 302;

~~(7)~~ (I) page 1789 ~~2937~~, section 202; and

~~(8)~~ (J) pages 1793 ~~2943~~ through 1795 ~~2945~~, section 291 under rules 201, 202, and 203.

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 ~~the~~ Kansas state board of accountancy.

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

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(1) A holder of a Kansas certificate;

(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. ~~4-308~~ 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, ~~2014~~ 2012, except for the following portions: the forward, the preamble, appendixes A-E, all sections titled "basis of conclusions," and all sections titled "basis of the board's conclusions";

(B) statement of federal financial accounting standards 44 ~~44~~, "deferral of the effective date of SFFAS 38, accounting for federal oil and gas resources accounting for impairment of general property, plant, and equipment remaining in use," dated ~~July 6, 2014~~ January 3, 2013, except pages 4-7 and appendix A; and

(C) technical bulletin 2011-1, "accounting for federal natural resources other than oil and gas statement of federal financial accounting standards 45, "deferral of the transition to basic information for long-term projections," dated ~~July 6, 2014~~ 8, 2013, except appendix A;

(D) statement of federal financial accounting concepts 7, "measurement of the elements of accrual-basis financial statements in periods after initial recording," dated ~~August 16, 2011;~~

(E) technical bulletin 2011-2, "extended deferral of the effective date of technical bulletin 2006-1, recognition and measurement of asbestos-related cleanup costs," dated ~~September 22, 2011;~~ and

(F) technical release 14, "implementation guidance on the accounting for disposal of general property, plant, & equipment," dated ~~October 6, 2011;~~

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(2) "financial accounting standards board 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, ~~2010~~ 2012, except pages 36-42 in volume 1 and the topical index in volume 4;

(3) "codification of governmental accounting and financial reporting standards," except for pages vii ~~viii~~ through xv ~~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, ~~2011~~ 2012; and

(4) "international financial reporting standards®"(IFRSs®), parts A and B, issued by the international accounting standards board, as in effect on January 1, ~~2011~~ 2013, except the following:

(A) In part A, pages A-3 through A-8 and the index;

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

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

(i) "Government auditing standards" means ~~the following, which are hereby adopted by reference:~~

~~(1) the "government auditing standards" issued by the United States government accountability office, July 2007 2011 revision, except for appendix II for financial audits and attestation engagements for periods ending before December 15, 2012 and performance audits beginning before December 15, 2011; and~~

~~(2) "government auditing standards" issued by the United States government accountability office, August 2011, except for appendix III, for financial audits and attestation engagements for periods ending on or after December 15, 2012 and performance audits for audits beginning on or after December 15, 2011, as applicable revised on January 20, 2012, which is hereby adopted by reference, except pages 1-3, appendixes 1 and 3, and the index.~~

(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.

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(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 accounting oversight board" as in effect on August 25, 2011; which are hereby adopted by reference:

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

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

(3) (C) rules, section 3, "professional standards," part 1, "general requirements," and part 5, ~~ethics~~ "ethics"; and

(2) auditing standards numbers 8, 9, 10, 11, 12, 13, 14, 15, and 16, as in effect on June 30, 2013.

(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, 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 P-\_\_\_\_\_.)

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**74-5-101. Independence.** (a) Each certified public accountant and each licensed municipal public accountant who performs professional services requiring independence shall comply with the following standards, as applicable:

(1) Rule 101 of the 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;

(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 ~~December 2, 2011~~ 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 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 P-\_\_\_\_\_.)

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**74-5-202. Compliance with standards.** (a) Each certified public accountant who 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;
- ~~(5)~~ (8) the AICPA auditing standards board;
- ~~(6)~~ (9) the AICPA management consulting services executive committee;
- ~~(7)~~ (10) the AICPA tax executive committee;
- ~~(8)~~ (11) the AICPA forensic and valuation services executive committee;
- ~~(9)~~ (12) the AICPA professional ethics executive committee; and
- ~~(10)~~ the PCAOB;
- ~~(11)~~ the international accounting standards board; and
- ~~(12)~~ the municipal accounting section of the division of accounts and reports, department of administration.
- (13) the AICPA personal financial planning executive committee.

(b) Each licensed municipal public accountant shall comply with applicable, generally accepted auditing standards in the ~~2011~~ 2013 revised "Kansas municipal audit and accounting guide," including appendices A through L N, prescribed by the ~~municipal accounting section of 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;

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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 P-\_\_\_\_\_.)

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**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 firm that is a Kansas professional corporation or association, limited liability company, limited liability partnership, or general corporation does not include its full legal name each time the firm or professional name is used.

(5) The terms "& Company," "& Associate," or "Group" are used, but the firm name 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 firm 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 of the firm contains the name or names of one or more former partners, shareholders, or owners without their written consent.

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(d) A fictitious firm or professional name shall be defined as a name that does not contain the name or names of one or more present or former owners, partners, members, or shareholders. A fictitious firm or professional name may be used by a firm 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.

(e) A fictitious firm or professional name that uses includes the terms "& 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 uses 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 firm 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 as a firm with the board pursuant to K.S.A. 1-308(d) and amendments thereto, the name of that firm 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. 2007 2013 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 P- \_\_\_\_\_.)

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**74-5-407. Cooperation with the board.** Each certified public accountant 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 rules and regulations of the board. Cooperation shall include responding to written communications from the board sent by certified mail, return receipt requested, within ~~30 days of the date the communication was mailed~~ a time frame specified by the board or appearing before the board, or one or more of its members, upon request. (Authorized by and implementing K.S.A. 49-1-202 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 P-\_\_\_\_\_.)

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**74-6-2. Management of an office.** (a) Each firm or sole proprietorship with an office, as defined by K.A.R. 74-6-1, that is located in this state shall have one resident manager in charge of the office who is the holder of a current permit to practice as a certified public accountant issued by this state and who ~~devotes more than half of the resident manager's working time to the affairs of that office~~ is present for more than half of the hours the office is listed as being open.

(b) Any firm or sole proprietorship specified in subsection (a) may, however, have ~~one additional office that does not meet the resident manager requirement in subsection (a)~~ offices if the additional office ~~meets~~ or offices meet the following requirements:

(1) A certified public accountant who holds a current Kansas permit to practice shall supervise directly the each additional office as the resident manager and shall oversee the planning, administration, direction, and review of the services being performed in that office.

(2) The resident manager shall be present at least two-thirds of the hours ~~the~~ each office is listed as being open.

(3) The firm or sole proprietorship shall register ~~the~~ each additional office by providing a written statement to the board, listing the name of the resident manager and the days and hours ~~the~~ additional office will be advertised as being open.

(Authorized by K.S.A. 1-202; implementing K.S.A. ~~2009~~ 2013 Supp. 1-308; effective Jan. 1, 1972; amended May 1, 1980; amended May 1, 1982; amended Aug. 21, 1989; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Nov. 17, 2000; amended Nov. 29, 2010; amended P-\_\_\_\_\_.)

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**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 the American institute of certified public accountants.

(b) "AICPA professional standards" means the "AICPA professional standards," volumes 1, and 2, and 3, published by the AICPA, as in effect on June 1, 2014 ~~2011~~, which are adopted by reference in K.A.R. 74-5-2.

(c) "Firm" shall have the meaning specified in K.S.A. ~~4-308~~ 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 two three of the AICPA professional standards, as adopted by reference in K.A.R. 74-5-2.

(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 ~~public company accounting oversight board~~ 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.

(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.

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(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 Supp. 1-312, and K.S.A. 2013 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 P- \_\_\_\_\_.)

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**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:

(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; or

(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.

(e)(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. ~~2009~~ 2013 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 P-\_\_\_\_\_.)

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74-11-15. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 1-501; effective Nov. 2, 2001; amended May 27, 2005; revoked P-\_\_\_\_\_ )

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