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## CHAPTER 1105 BOARD OF ACCOUNTANCY LICENSURE AND REGULATION OF ACCOUNTANTS

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### 1105.0100 DEFINITIONS.

*[For text of subs 1 to 3, see MR]*

Subp. 4. **Applicant.** "Applicant" means a person applying to take the Uniform Certified Public Accountant Examination. An "applicant" is also referred to as a "candidate." The term "applicant" also includes persons who have passed the examination but have not yet received their CPA certificates.

*[For text of subs 5 to 16, see MR]*

Subp 17 **Report.** "Report," as defined in Minnesota Statutes, section 326A.01, subdivision 15, and as used in this chapter and Minnesota Statutes, section 326A.10, paragraph (a), includes forms of language contained in a report that refers to financial statements, when the forms of language express or deny any assurance as to the reliability of the financial statements to which it refers. Among the possible sources of such forms of language are pronouncements by authoritative bodies describing the work that should be performed and/or the responsibilities that should be assumed for specified kinds of professional engagements, and in addition, prescribing the form of report, which should be issued upon completion of such engagements. A form of report prescribed by such a pronouncement will ordinarily constitute a form of language, which is conventionally understood as implying assurance and expertise. For this reason, as provided in Minnesota Statutes, section 326A.10, report includes the issuance of reports using the forms of language set out in the AICPA's Statement on Standards for Accounting and Review Services No. 1 (SSARS 1), for reports with respect to "reviews" of financial statements and compilations of financial statements, as well as the forms of language for "special reports" set out in the AICPA's Statement on Auditing Standards No. 62 and forms of language for reports set out in the AICPA's Statements on Standards for Attestation Engagements or successor pronouncements. These AICPA statements are contained in AICPA Professional Standards and are incorporated by reference.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

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## 1105.0250 LICENSURE AND REGULATION OF ACCOUNTANTS

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### 1105.0250 INCORPORATION BY REFERENCE.

A. For purposes of this chapter, the documents dated June 1, 2005, in item B, the documents dated June 1, 2005, in item C; the document copyrighted 2005 in item D; and the 2003 revision, as further amended through May 2005, of the document in item E are incorporated by reference to the extent other provisions of this chapter and Minnesota Statutes do not modify or conflict with the provisions of the documents, in which case the provisions of this chapter and Minnesota Statutes shall prevail. They can be found at the state law library and are subject to frequent change.

B. The following documents are published by and available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036:

- (1) AICPA Code of Professional Conduct;
- (2) Statements on Quality Control Standards;
- (3) Statements for Performing and Reporting on Peer Reviews, and
- (4) Statement on Standards for Continuing Professional Education (CPE)

Programs

The Code of Professional Conduct and the statements identified above are published in the document identified in item C, subitem (2).

C. The following documents are published by and available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036:

- (1) AICPA Professional Standards, Volume 1; and
- (2) AICPA Professional Standards, Volume 2.

D. The following document is published by and available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036: PCAOB Standards and Related Rules, copyright 2005.

E. The following document is published by and available from the United States General Accounting Office, Washington, DC 20548. Government Auditing Standards: 2003 revision.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.0500 DUTIES OF OFFICERS.

A. The chair or, in the event of the chair's absence or inability to act, the vice-chair shall preside at and prepare an agenda for all meetings of the board. The chair shall make committee appointments and shall supervise the activities of the executive secretary in accordance with board directives and policy. The board shall determine other duties of the officers.

B. The chair or vice-chair of the board may be removed as an officer of the board by the affirmative vote of five board members at any regular board meeting or at any special board meeting called for that purpose. Not less than 15 days written notice must be given to each board member of the intent to call for a vote to remove the chair or vice-chair from their office.

C. Except as may be specifically authorized by the board, by Minnesota Statutes, chapter 326A, or by this chapter, actions of any committee appointed by the chair may be rejected by the board.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.0600 FEES.

The following fees apply

- A. initial issuance of certificate, \$50;
- B. renewal of certificate with an active status, \$45;

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- C initial CPA firm permits, except for sole practitioners, \$100;
- D. renewal of CPA firm permits, except for sole practitioners, \$35,
- E initial issuance and renewal of CPA firm permits for sole practitioners, \$35,
- F annual delinquency fee for permit, certificate, or registration renewal applications, \$50;
- G. copies of records, per page, 25 cents,
- H registration of noncertificate holders, nonlicensees, and nonregistrants in connection with renewal of firm permits, \$45;
- I applications for reinstatement, \$20,
- J. initial registration of a registered accounting practitioner, \$50;
- K. initial registered accounting practitioner firm permits, \$100,
- L renewal of registered accounting practitioner firm permits, except for sole practitioners, \$35,
- M renewal of registered accounting practitioner firm permits for sole practitioners, \$35;
- N. computer-based CPA examination application, \$40;
- O. computer-based CPA examination, fee determined by third-party examination administrator;
- P Minnesota Statutes, section 326A 14, practice privilege application, \$45, and
- Q renewal of certificates with an inactive status, \$10

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.0700 REFUNDING FEES.

Fees must be refunded if an application is rejected prior to processing. Once an application for examination or reexamination has been processed or approved by the board or third-party administrator on behalf of the board, the fee specified in part 1105.0600, item N, may not be refunded. The fee may be applied to a subsequent examination within six months, after which the fee is forfeited. The fee specified in part 1105.0600, item O, is refundable based on the refund policy of the third-party administrator.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.1400 SEMESTER HOUR; ACCREDITED COLLEGES, UNIVERSITIES, SCHOOLS, AND PROGRAMS; CREDIT FOR COURSES.

*[For text of subps 1 to 6, see MR]*

Subp 7 **Advanced subjects.** The advanced subjects completed to qualify under subpart 6, item B, subitem (2), shall not be used to satisfy the requirements of subpart 8

Subp. 8. **Accounting and business concentration.** The accounting and business concentration or equivalent described in Minnesota Statutes, section 326A.03, subdivision 3, must consist of the semester hours specified in part 1105.1500, subpart 1. No more than six hours may be recognized for internships or life experience

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.1500 EDUCATION REQUIREMENTS.

Subpart 1 **Education requirements on or after July 1, 2006.** On or after July 1, 2006, for purposes of Minnesota Statutes, section 326A.03, subdivision 3, an applicant is considered to have met the education requirement if the applicant has met any one of the following conditions

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[For text of item A, see MR]

B. earned a graduate degree from a business school or college of business that is accredited (level two accreditation) by an accrediting agency recognized by the board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination thereof, including coverage of, but not necessarily separate courses in, the subject of financial accounting, auditing, taxation, and management accounting,

C. earned a baccalaureate degree from a business school or college of business that is accredited (level two accreditation) by an accrediting agency listed with the United States Department of Education and completed at least 24 semester hours in accounting at the undergraduate or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting, and completed at least an additional 24 semester hours in business-related or accounting courses at the undergraduate or graduate level, or

D. earned a baccalaureate or higher degree from an accredited educational institution (level one accreditation) that included or is supplemented by at least 24 semester hours of accounting at the upper division or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting that is earned at an accredited educational institution. Upper division is normally defined as junior or senior level. In accounting, this would be all courses taken beyond the elementary level. Graduate level is defined as courses that apply towards an advanced degree offered by an accredited educational institution offering bachelor's and graduate degrees in business or accounting

[For text of subp 2, see MR]

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.1900 DETERMINING AND REPORTING EXAMINATION GRADES.

An applicant is required to pass all sections of the examination provided for in Minnesota Statutes, section 326A.03, subdivision 4, in order to qualify for a certificate. The board or examination administrator shall report to the applicant the results, as determined by the examination administrator, of each examination section. The board shall review and approve examination grades as determined by the examination administrator and make a final determination as to the official results of all sections of the examination upon application for a certificate by the applicant. The applicant must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.2200 CHEATING.

[For text of subpart 1, see M.R.]

Subp 2. **Actions constituting cheating.** For purposes of this part, the following actions or attempted activities, among others, may be considered cheating:

A falsifying or misrepresenting educational credentials or other information required by the board to sit for the examination;

B communication between candidates inside or outside the test site about the examination or copying another candidate's answers,

C communication with others inside or outside the test site about the examination while the candidate is taking the examination,

D substitution of another person to sit in the test site in the place of a candidate, and

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E reference to crib sheets, textbooks, or other material, other than that provided to the candidate by the examination administrator as part of the examination while the candidate is taking the examination

*[For text of subps 3 and 4, see MR]*

Subp 5. **Penalties.** In any case in which the board or its representative permits a candidate to continue taking the examination, it shall, depending on the circumstances, take one or more of the following actions

*[For text of items A to C, see MR]*

D notify the examination administrator of the circumstances, furnishing the candidate's identifying information, so that the candidate is more closely monitored in future examination sessions.

*[For text of subps 6 and 7, see MR]*

Subp. 8 **Disclosure of examination questions.** The board may impose disciplinary action, as provided for in Minnesota Statutes, section 326A.08, subdivision 5, against an applicant, licensee, or certificate holder who discloses examination questions to any other entity or person, with or without compensation.

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

### 1105.2400 EMERGENCY EXAMINATION PROCEDURES.

When circumstances exist making it impossible for the board or examination administrator to conduct the examination at the time, date, or place scheduled or make it impossible for a majority of examination candidates to attend the examination at the time, date, or place scheduled, the board shall waive certain rules to avoid hardship on examination candidates affected. These rules are parts 1105.0600, items N and O; 1105.1600, subpart 3, and 1105.1700. The circumstances include notice to the board of the unavailability of the examination site with insufficient time to give notice to examination candidates; weather emergencies as declared by the governor, the governor's designees, or those state officials empowered to close public highways; civil disturbances; natural disasters, and other causes that affect the board's or examination administrator's ability to fairly administer the examination

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

### 1105.2500 APPLICATIONS FOR CERTIFICATES.

A. Applications for initial certificates and for renewal of certificates pursuant to the act must be made on a form provided by the board and, in the case of applications for renewal, must be filed no later than the expiration date set by the act or this chapter. Applications are not considered filed until the applicable fee prescribed in this chapter is received. If an application for renewal is filed late, it must also be accompanied by the delinquency fee prescribed in this chapter. In addition, the reinstatement fee prescribed in this chapter must be paid if the renewal is filed more than two years late.

*[For text of items B to D, see MR.]*

E. The 60-day period in item D starts on the date the applicant or licensee has:

(1) received notification from the board or examination administrator that all sections of the Uniform Certified Public Accountant Examination have been successfully passed,

(2) met the education and experience requirements for the issuance of a certificate; and

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(3) become an owner or employee of a firm issued a permit or an employee in the Office of Legislative Auditor or State Auditor.

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

## 1105.2600 EXPERIENCE REQUIRED FOR INITIAL CERTIFICATE ON OR AFTER JULY 1, 2006.

The experience required to be demonstrated for issuance of an initial certificate pursuant to Minnesota Statutes, section 326A.03, subdivision 6, must comply with items A to E

*[For text of items A to C, see MR ]*

D One year of experience consists of full- or part-time employment that extends over a period of no less than one year and no more than three years and includes no fewer than 2,000 hours of performance of services described in item A; and may be obtained at any time prior to or after July 1, 2006.

*[For text of item E, see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.2900 EDUCATION REQUIRED FOR INITIAL CERTIFICATION ON OR AFTER JULY 1, 2006.

*[For text of item A, see MR ]*

B. Applicants who meet the requirements of part 1105.1500, subpart 1, item D, and have in total at least 150 semester hours from an accredited educational institution are presumed to have completed the educational requirements of Minnesota Statutes, section 326A 03, subdivision 6, if the 150 hours completed include at least the following:

Subject Matter.	Semester Hours
Upper division or graduate-level courses in financial accounting, auditing, taxation, and management accounting	24
Undergraduate or graduate-level courses in business-related subjects or accounting (not including elementary-level accounting courses or courses used to satisfy the previous 24-hour requirement in this item)	24

C No more than six hours may be recognized for internships or life experience.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.3000 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS FOR RENEWAL OF CERTIFICATE.

The requirements of continuing professional education in items A to K apply to the renewal of certificates pursuant to Minnesota Statutes, section 326A 04, subdivision 4

A. A licensee seeking renewal of a certificate with an active status shall show the completion of at least 120 hours of continuing professional education complying with this chapter during the three-year period preceding renewal, with a minimum of

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20 hours in each year. No carryforward of CPE hours from a one- or three-year CPE period ended on June 30 to another CPE period is allowed. As further explained in part 1105.3100, a licensee seeking renewal of a certificate shall demonstrate participation in a program of learning meeting the applicable standards set forth in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by NASBA and AICPA, which is incorporated by reference. At least eight hours of the 120 hours shall be in accounting or business ethics.

B. A licensee who does not currently hold an active certificate but previously held such a certificate and who elects or is required to have an active certificate shall complete at least 120 hours of CPE complying with this chapter during the three-year period preceding application for an active certificate. Such licensee shall identify and complete a program of learning designed to demonstrate the currency of the licensee's competencies directly related to the licensee's area of service. A licensee who elected to be exempt from certificate renewal pursuant to part 1105.3700 shall comply with the continuing professional education requirements in part 1105.3700, item C, before applying to obtain an active certificate.

*[For text of items C to F, see MR.]*

G. Failure to report CPE, reporting of an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary action as specified in Minnesota Statutes, section 326A.08. A licensee not in compliance with this part on June 30 of each year shall be assessed a fee of \$50 for the first month, or partial month, of noncompliance and \$25 per month, or partial month, of noncompliance thereafter until the date the licensee can demonstrate to the satisfaction of the board that the licensee was in compliance with this part.

H. A licensee may use CPE hours taken subsequent to the end of a CPE period ended on June 30 to satisfy the requirements of item A related to a period ended on June 30 provided the fee specified in item G is paid. Such hours must not be counted in two different reporting periods.

*[For text of items I to K, see MR.]*

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

### 1105.3100 PROGRAMS QUALIFYING FOR CONTINUING PROFESSIONAL EDUCATION CREDIT.

Subpart 1. **Regular qualifications.** A program qualifies as acceptable continuing professional education for purposes of this chapter and Minnesota Statutes, section 326A.04, subdivision 4, if it is a program of learning that contributes to the growth in the professional knowledge and professional competence of a licensee. The program must meet the minimum standards of quality of development, presentation, measurement, and reporting of credits in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by NASBA and AICPA or such other standards acceptable to the board. Except to the extent permitted in subpart 2, beginning July 1, 2004, program sponsors qualifying under this chapter must be members of NASBA's CPE registry and, in the case of self-study programs, members of NASBA's Quality Assurance Service program. Exceptions to this registry requirement are seminar or lecture programs sponsored or presented by:

A. the Office of the Legislative Auditor or State Auditor provided a quality review similar in scope to a system review level quality review conducted on a CPA firm has been completed in the last three years and an unmodified report on such review filed with the board;

B. CPA firms who have had a system review level quality review completed in the last three years and an unmodified report on such review has been filed with the board;

C. colleges and universities whose academic programs qualify an applicant to sit for the CPA examination; and

D. CPE programs sponsored by professional organizations recognized by the board as report acceptance bodies pursuant to part 1105.5300

Subp. 2. **Other qualifications.** The board shall accept programs that, in the determination of the board, contribute to the growth of the professional knowledge and competence of the licensee even if the programs do not meet the specific requirements of subpart 1 or part 1105.3000, item A, if the licensee shows that such programs contribute to the licensee's professional knowledge and professional competence and provided the aggregate hours of the programs do not exceed 40 percent of the hours required for the three-year period. All self-study program sponsors must be members of NASBA's Quality Assurance Service Program as required by subpart 1 and the program must comply with part 1105.3000, item A

*[For text of subp 3, see MR]*

Subp. 4 **CPE hour limitations.** On and after June 30, 2007, the following hour limitations apply during the three-year period preceding renewal

A no more than 50 percent of the hours required can be obtained from instructor preparation or presentation;

B. no more than 50 percent of the hours required can be obtained from the writing of articles, books, or CPE courses for publication,

C no more than 80 percent of the hours required can be obtained from self-study programs; and

D. no more than 24 hours can be obtained from programs in the subject area of personal development as defined in the Statement on Standards for Continuing Professional Education (CPE) Programs.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

#### 1105.3200 CONTINUING PROFESSIONAL EDUCATION RECORDS.

A Persons seeking renewal of certificates with an active status pursuant to the act shall file with their applications a signed statement indicating they have met the requirements for participation in a program of continuous learning as set forth in this chapter and indicate the number of hours claimed for each of the three preceding years ending on June 30. The licensee shall report the hours claimed, separately identifying those programs meeting the registry requirements under part 1105.3100, subpart 1, and those programs not meeting the registry requirement under part 1105.3100, subpart 2. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the licensee who must retain such documentation for five years following completion of each learning activity. Further, the documentation of participation in the program of learning must consist of a certificate of attendance that contains the registry number of the program sponsor if such registry participation meets the requirements of this chapter and must consist of the following for those programs that do not meet the registry requirements of this chapter.

(1) a certificate of attendance from the program sponsor containing the name and contact information of the sponsor, the title and description of the content of the program, the date of the program, the location of the program, and the number of CPE hours for which the licensee attended,

(2) a copy of the detailed timed agenda for the program;

(3) a biography of the program developer and program presenter; and

(4) a statement by the licensee describing how the program contributes to the licensee's professional knowledge and competence.

B The board shall verify on a test basis, through inspection of documentation supplied by the licensee, information regarding hours of CPE attendance submitted by licensees in connection with the renewal of their certificates. In cases where the board determines that the hour information supplied by the licensee is not supported by the documentation supplied by the licensee or such hours do not meet the requirements of



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this chapter, the board may grant an additional period of time in which the deficiencies can be cured or the board may take disciplinary action. Fraudulent reporting is a basis for disciplinary action.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.3300 EXCEPTION TO CONTINUING PROFESSIONAL EDUCATION REQUIREMENT.

*[For text of item A, see MR ]*

B. The board may in particular cases make exceptions to the requirements in parts 1105.3000, item A, and 1105 3100, subpart 1, for reasons of individual hardship including health, military service, foreign residence, or other good cause.

*[For text of items C and D, see M.R.]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.3800 INITIAL ISSUANCE OF CERTIFICATE ON OR AFTER JANUARY 1, 2003.

A certificate shall be issued to a person who has

*[For text of items A to E, see MR ]*

F. for initial certificate applications received on or after July 1, 2006

(1) until January 1, 2009, for those whose initial sitting for any part of the examination required by Minnesota Statutes, section 326A.03, was before July 1, 2006.

*[For text of units (a) and (b), see M.R.]*

(2) for those whose initial sitting for any part of the examination required by Minnesota Statutes, section 326A 03, was on or after July 1, 2006, and for all initial applications received after December 31, 2008.

*[For text of units (a) and (b), see MR ]*

*[For text of item G, see M.R.]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.4000 APPLICATION FOR FIRM PERMIT.

A. Applications by firms for initial issuance and for renewal of permits pursuant to Minnesota Statutes, section 326A.05, must be made on a form provided by the board and, in the case of applications for renewal, must be filed no later than December 31. Applications are not considered filed until the applicable fee and all required documents prescribed in this chapter are received. If an application for permit renewal is filed late, it must also be accompanied by the delinquency fee prescribed in part 1105 0600. In addition, the reinstatement fee prescribed in this chapter shall be paid if the renewal is filed more than two years late.

*[For text of items B to I, see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.4100 NOTIFICATION OF CHANGES BY FIRMS.

A. A firm granted a permit pursuant to Minnesota Statutes, section 326A.05, shall file with the board a written notification of any of the following events concerning the practice of public accountancy within this state within 30 days after its occurrence:

(1) formation of a new firm,

(2) addition of a partner, member, manager, or shareholder who resides or practices in this state,

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(3) retirement, withdrawal, or death of a partner, member, manager, or shareholder who resides or practices in this state,

*[For text of subitems (4) to (8), see MR ]*

*[For text of item B, see M.R ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.4200 APPLICATIONS FOR INITIAL ISSUANCE AND FOR RENEWAL OF PERMITS.

A. The application for initial issuance and for renewal of permits must specify that

(1) all individual employees of the firm who hold certificates and reside or practice in this state and those persons specified in part 1105 4000, item D, who are responsible for supervising attest or compilation services or who sign or authorize someone to sign an accountant's report on financial statements have met the competency requirements set out in professional standards; and

*[For text of subitem (2), see MR ]*

*[For text of item B, see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.4300 QUALITY REVIEW AS CONDITION FOR RENEWAL OF PERMIT.

*[For text of item A, see MR ]*

B A quality review oversight committee shall be appointed by the board to monitor the report acceptance bodies designated by the board in part 1105 5300 and report to the board whether their programs meet the requirements in this chapter and the act The oversight committee must be constituted and act according to subitems (1) to (6).

*[For text of subitems (1) to (2), see MR ]*

(3) It must annually provide the board by December 31 with an assessment of the effectiveness of the report acceptance bodies designated in part 1105 5300, item B, and the quality review process In addition, the committee must provide to the board the names of those licensees and firms that the committee obtained in part 1105.5300, item D Further, the committee shall annually provide the board by August 1 with the report it obtained in part 1105.5300, item D, relating to continuing professional education sponsored by the report acceptance bodies and its evaluation of the report

*[For text of subitems (4) to (6), see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.4700 QUALITY REVIEW STANDARDS.

A. For purposes of parts 1105.4600 to 1105.5500, Standards for Performing and Reporting on Peer Reviews (Standards) and Statements on Quality Control Standards (Statements) that are contained in AICPA Professional Standards, Volume 2, are incorporated by reference.

*[For text of items B and C, see MR.]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.4800 QUALITY REVIEW REQUIREMENTS.

*[For text of item A, see MR.]*

B To the extent that inspections conducted under Section 104 of the Sarbanes-Oxley Act of 2002, Public Law 107-204, cover only an inspection of a firm's

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public company attest client practice, an additional quality review of the firm's nonpublic company attest and compilation client practice is required

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.5300 QUALIFICATIONS OF REPORT ACCEPTANCE BODIES.

A The AICPA and the Public Company Accounting Oversight Board are approved report acceptance bodies

B. The Minnesota Association of Public Accountants, the Minnesota Society of Certified Public Accountants, other state accountancy boards, and any other organization able to demonstrate that it will fulfill its responsibilities in accordance with recognized review standards may apply to the board to be considered a report acceptance body. The board shall approve applications to be considered a report acceptance body if the applicant demonstrates that it has or will fulfill its responsibilities in accordance with recognized standards specified in part 1105.4700. Approval must be withdrawn if a report acceptance body fails to fulfill its responsibilities.

C The report acceptance bodies specified in item B shall not make membership a condition of acting as a report acceptance body for any firm.

D. The report acceptance bodies specified in item B shall provide to the Quality Review Oversight Committee established in part 1105.4300, item B, or to the board if so requested, by December 31 of each year the names of the licensees, who have undergone a quality review as required by part 1105.3600, and firms that have undergone a quality review during the year ending December 15 and had the letter specified in part 1105.5400, item A, subitem (2), issued by the report acceptance body. In addition, the report acceptance bodies specified in item B shall provide to the committee by June 30 of each year a written report of the procedures it uses to ensure that the continuing professional education it sponsors meets the applicable standards set forth in the Statement on Standards for Continuing Professional Education (CPE) Programs

E. The report acceptance bodies specified in item B shall allow the Quality Review Oversight Committee established in part 1105.4300, item B, access to the quality review process that is subject to oversight consistent with Minnesota Statutes, section 326A.05, subdivision 8, paragraph (e). The Quality Review Oversight Committee shall treat all information to which it has access as confidential and shall not communicate to the board information that would divulge the identity of a licensee, registrant, or firm. Such information shall be used solely for the purpose of evaluating the effectiveness of report acceptance bodies designated by the board in item B.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.5400 REPORT TO BOARD.

A. Within 30 days of receipt of the letter described in subitem (2), but no later than the date specified in part 1105.5000, each firm shall submit the following material to the board

(1) a copy of the report issued by the reviewer, including any letters of comment and responses,

(2) the final letter from the report acceptance body, and

(3) any agreements to correct deficiencies that have been entered into between the firm and the report acceptance body

The board shall review and consider this material in its decision to issue a permit to the firm.

Failure to file the required material by the required date is cause for discipline against the firm's permit

In the case where the report acceptance body and the firm have entered into an agreement to correct deficiencies, failure by the firm to abide by that agreement is grounds for discipline against the firm's permit and the certificates of the managers in charge of the firm's offices maintained in this state.

Except as specified in part 1105.4800, item B, a written report, including any responses by the firm attached to the report, on inspections conducted by the Public Company Accounting Oversight Board submitted to the board shall meet the requirements of this part. Nothing in this part requires a firm to submit the Public Company Accounting Oversight Board inspections report to the board, providing a quality review encompassing the firm's public company attest client practice has been conducted and submitted to the board in accordance with parts 1105.4600 to 1105.5500 or in accordance with standards adopted by the AICPA or the Public Company Accounting Oversight Board within the previous three years. Prior to January 1, 2008, the board may waive the requirement for a report on the firm's public company attest client practice if a report on the review of such practice is not received by the firm from the Public Company Accounting Oversight Board.

*[For text of item B, see MR]*

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

#### 1105.5600 GROUNDS FOR ENFORCEMENT ACTION.

The grounds for revocation and suspension of certificates, registrations, and permits, and other disciplinary action against licensees, certificate holders, applicants, and individuals with privileges under Minnesota Statutes, section 326A.14, are set out in Minnesota Statutes, section 326A.08. In addition, the grounds include the following particular grounds for disciplinary action:

*[For text of items A to C, see MR]*

D conduct reflecting adversely upon the licensee's fitness to perform services, within the meaning of Minnesota Statutes, section 326A.08, subdivision 5, paragraph (a), clauses (2) and (10), includes

- (1) adjudication as mentally incompetent,
- (2) fiscal dishonesty of any kind,
- (3) presenting as one's own a certificate, registration, or permit issued to another;
- (4) concealment of information regarding violations by other licensees of the act or this chapter when questioned or requested by the board; and
- (5) willfully failing to file a report or record required by state or federal law; willfully impeding or obstructing the filing of a report or record, or inducing another person to impede or obstruct a filing by another, and the making or filing of a report or record which one knows to be false.

A licensee, applicant, certificate holder, registrant, or person specified in Minnesota Statutes, section 326A.05, subdivision 3, paragraph (c), who is subject to the actions, or has engaged in activities, described in Minnesota Statutes, section 326A.08, subdivision 5, paragraph (a), clause (6) or (7) or has been convicted of, has pled guilty or nolo contendere to, or has been sentenced as a result of the commission of a felony or crime, an element of which is dishonesty or fraud, shall, within 30 days of being subject to or engaging in such actions or activities, notify the board in writing and provide the details of the activities. The notification may be used as a basis for initiating an investigation against the licensee, applicant, certificate holder, registrant, or person specified in Minnesota Statutes, section 326A.05, subdivision 3, paragraph (c), the results of which could result in disciplinary action specified in Minnesota Statutes, section 326A.08.

**Statutory Authority:** *MS s 326A.02*

**History:** *30 SR 422*

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## LICENSURE AND REGULATION OF ACCOUNTANTS 1105.7450

### 1105.6300 MISLEADING CPA FIRM NAMES.

A CPA firm name is misleading with the meaning of Minnesota Statutes, section 326A 10, paragraph (h), if, among other things, the CPA firm name:

A implies the existence of a legal entity when the firm does not exist in that form,

B includes the name of a person who is neither a present nor a past partner, member, or shareholder of the firm, or

C includes the name of a person who is not a CPA if the title "CPAs" is included in the firm name

The firm name shall not include the name of a person who was a past partner, member, or shareholder of the firm if the person withdraws consent to the use or if the person becomes a partner, member, shareholder, or owner of a firm established under Minnesota Statutes, section 326A 05.

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.7000 RENEWAL OF REGISTRATION.

A The registration of a registered accounting practitioner expires on December 31 each year and must be renewed annually before December 31 on a form provided by the board for such purpose. The fee specified in part 1105.0600 must be paid. If an application for renewal is filed late, it shall also be accompanied by the delinquency fee prescribed in part 1105.0600. In addition, the reinstatement fee prescribed in this chapter must be paid if the renewal is filed more than two years late.

*[For text of items B and C, see MR]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.7100 RAP FIRM APPLICATION.

A. Applications by RAP firms for initial issuance and for renewal of RAP firm permit must be made on a form provided by the board and, in the case of applications for renewal, shall be filed no later than December 31. Applications are not considered filed until the applicable fee and all required documents prescribed in this chapter are received. If an application for permit renewal is filed late, it must also be accompanied by the delinquency fee prescribed in part 1105.0600. In addition, the reinstatement fee prescribed in this chapter shall be paid if the renewal is filed more than two years late.

*[For text of items B to H, see MR]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

### 1105.7450 MISLEADING RAP FIRM NAMES AND FICTITIOUS RAP FIRM NAMES.

*[For text of item A, see MR]*

B A RAP firm name is misleading if, among other things, the RAP firm name:

(1) implies the existence of a legal entity when the firm does not exist in that form;

(2) includes the name of a person who is neither a present nor a past partner, member, or shareholder of the firm; or

(3) includes the name of a person who is not a RAP if the title "RAP" is included in the firm name.

The firm name shall not include the name of a person who was a past partner, member, shareholder, or owner of the firm if the person withdraws consent to the

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## 1105.7450 LICENSURE AND REGULATION OF ACCOUNTANTS

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inclusion or if the person becomes a partner, member, shareholder, or owner of a firm established under part 1105 7100.

*[For text of item C, see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.7800 CODE OF PROFESSIONAL CONDUCT.

A The AICPA Code of Professional Conduct is incorporated by reference

*[For text of items B to E, see MR ]*

F Persons and firms performing audit or attest services in accordance with government auditing standards issued by the Comptroller General of the United States or auditing or related professional practice standards issued by the Public Company Accounting Oversight Board, which documents are incorporated by reference, shall comply with those standards Failure to do so is an act discreditable to the profession and is basis for disciplinary action specified in Minnesota Statutes, section 326A.08.

*[For text of items G and H, see MR ]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.7850 RETENTION AND CONTENT OF AUDIT DOCUMENTATION.

A Firms granted permits under Minnesota Statutes, section 326A.05, shall prepare, in accordance with professional standards contained in AICPA Professional Standards, Volume 1, and retain for a period of not less than six years from the report date audit documentation in sufficient detail to support the conclusions reached in any report issued by the firm on the financial statements audited

B The professional standards referred to in item A are incorporated by reference.

C. Failure to comply with this part, or with all professional standards applicable to particular engagements, including, but not limited to, standards adopted by the Public Company Accounting Oversight Board or the Comptroller General of the United States, which are incorporated by reference in part 1105.0250, items D and E, respectively, is an act discreditable to the profession and is basis for disciplinary action specified in Minnesota Statutes, section 326A.08 The documentation and retention requirements set out in this part do not apply to engagements that are subject to the jurisdiction of the Public Company Accounting Oversight Board or the Comptroller General of the United States. Unless otherwise stated in this part, firms shall comply with the documentation and retention requirements set out in this part in any other audit engagement performed in this state.

*[For text of items D to H, see MR.]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*

## 1105.7900 SUBSTANTIAL EQUIVALENCY.

A. In accordance with Minnesota Statutes, section 326A.04, subdivision 3, paragraph (b), an individual rendering professional services in this state whose principal place of business will be in this state is required to have a certificate issued under Minnesota Statutes, section 326A 04

B In accordance with Minnesota Statutes, section 326A 14, subdivision 1, an individual rendering professional services in this state whose principal place of business is not in this state is required to notify the board as specified in this part.

*[For text of item C, see MR ]*

D The application must be received by the board within 15 days after the individual knowingly becomes subject to the laws of this state by

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(1) accepting an engagement or assignment to render professional services in this state; or

(2) rendering professional services in this state

*[For text of items E and F, see MR]*

G. Nonresident individuals are not considered to have entered this state for purposes of Minnesota Statutes, section 326A 14, and notice is not required under Minnesota Statutes, section 326A 14, if the individual's contact with this state is limited to any of the following activities:

(1) teaching either a college or continuing professional education course;

(2) delivering a lecture,

(3) moderating a panel discussion; or

(4) rendering professional services to the individual's employer or firm or to persons employed by the individual's employer or firm, including affiliated, parent, or subsidiary entities, provided the services are not rendered for the employer's or firm's clients

*[For text of items H and I, see MR]*

**Statutory Authority:** *MS s 326A 02*

**History:** *30 SR 422*