

1 IN THE HOUSE

BY BOYER AND BOUCHER

2

HOUSE BILL NO. 353

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to public accountancy; and providing
7 for an effective date."

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. AS 08.04 is amended by adding a new section to read:

10

Sec. 08.04.005. PURPOSE. It is the policy of the state, and the
11 purpose of this chapter, to promote the reliability of information
12 that is used for guidance in financial transactions or for accounting
13 for or assessing the financial status or performance of commercial,
14 noncommercial, and governmental enterprises. The public interest
15 requires that

16

(1) persons professing special competence in accountancy or
17 offering assurance as to the reliability or fairness of presentation
18 of financial information should demonstrate their qualifications to do
19 so, and that persons who have not demonstrated and maintained adequate
20 qualifications should not be permitted to hold themselves out as
21 having special competence or to offer assurance about their actions;

22

(2) the professional conduct of persons licensed as having
23 special competence in accountancy should be regulated in all aspects
24 of the practice of public accountancy;

25

(3) a public authority competent to prescribe and assess
26 the qualifications and to regulate the professional conduct of practi-
27 tioners of public accountancy should be established; and

28

(4) the use of titles relating to the practice of public
29 accountancy that are likely to mislead the public as to the status or

1 competence of the persons using these titles should be prohibited.

2 * Sec. 2. AS 08.04 is amended by adding a new section to read:

3 Sec. 08.04.025. MEETINGS OF BOARD. The board shall hold a
4 minimum of four meetings a year.

5 * Sec. 3. AS 08.04.120 is repealed and reenacted to read:

6 Sec. 08.04.120. EDUCATIONAL AND EXPERIENCE REQUIREMENTS. The
7 education and experience requirements for an applicant are as follows:

8 (1) a baccalaureate degree or its equivalent conferred by a
9 college or university acceptable to the board, with an accounting
10 concentration or equivalent as determined by the board by regulation
11 to be appropriate, and two years of experience satisfactory to the
12 board; or

13 (2) a baccalaureate degree or its equivalent conferred by a
14 college or university acceptable to the board, and three years of
15 accounting experience satisfactory to the board.

16 * Sec. 4. AS 08.04.120 is repealed and reenacted to read:

17 Sec. 08.04.120. EDUCATIONAL AND EXPERIENCE REQUIREMENTS. The
18 education and experience requirements for an applicant are as follows:

19 (1) a baccalaureate degree or its equivalent conferred by a
20 college or university acceptable to the board, and not less than 30
21 semester hours of additional study, the total educational program to
22 include an accounting concentration or equivalent as determined by the
23 board by regulation to be appropriate, and two years of accounting
24 experience satisfactory to the board; or

25 (2) a baccalaureate degree or its equivalent conferred by a
26 college or university acceptable to the board, and not less than 30
27 semester hours of additional study, and three years of accounting
28 experience satisfactory to the board.

29 * Sec. 5. AS 08.04.150 is amended to read:

1 Sec. 08.04.150. EXPERIENCE PREREQUISITE FOR CERTIFICATE. An
2 applicant who is within 18 semester hours of meeting [MEETS] the
3 educational requirements of AS 08.04.120 may take the examination
4 whether or not the applicant has met the experience requirements of
5 that section. However an applicant shall meet the experience require-
6 ments of AS 08.04.120 before the applicant is entitled to receive a
7 certificate.

8 * Sec. 6. AS 08.04.160 is amended to read:

9 Sec. 08.04.160. REEXAMINATION. An applicant who fails an exam-
10 ination may take as many examinations as the applicant chooses. An
11 applicant who receives a passing grade in accounting practice or in at
12 least two of the other subjects has the right to be reexamined in only
13 the remaining subjects at succeeding examinations within five years
14 after the first examination if the applicant takes an examination in
15 the remaining subjects at least once each calendar year unless excused
16 by the board for good cause. An applicant who receives a passing
17 grade in the remaining subjects has passed the entire examination. In
18 order to receive credit for passing additional parts in any subsequent
19 examination, the applicant must in the subsequent examination attain a
20 minimum grade of 50 on parts written but not previously passed.

21 * Sec. 7. AS 08.04.170 is amended by adding new subsections to read:

22 (b) A candidate must, at each examination taken, be examined or
23 reexamined in all subjects for which conditional credit has not been
24 given.

25 (c) The board may in particular cases waive or defer any of the
26 requirements of AS 08.04.160 - 08.04.170 regarding the circumstances
27 in which the various parts of the examination must be passed upon a
28 showing that, by reason of circumstances beyond the applicant's con-
29 trol, the applicant was unable to meet the requirement.

1 (d) The applicant must attain a minimum grade of 50 on each part
2 not passed at that examination sitting to receive credit for passing
3 subjects on which a grade of at least 75 was attained at that sitting.

4 * Sec. 8. AS 08.04 is amended by adding a new section to read:

5 Sec. 08.04.426. QUALITY REVIEW. (a) The board may by regula-
6 tion require, on either a uniform or a random basis, as a condition to
7 issuance and renewal of permits under this section, that applicants
8 undergo and pass quality reviews conducted in a manner the board may
9 specify. The regulations must

10 (1) be adopted reasonably in advance of the time when they
11 are first required to be met; and

12 (2) include a reasonable provision that allows an applicant
13 to show that the applicant has satisfied the requirement of this
14 section by undergoing a satisfactory quality review performed for
15 other purposes that was substantially equivalent to quality reviews
16 generally required under this section.

17 (b) The board may by regulation establish criteria for deter-
18 mining when the results of a quality review under this section are
19 satisfactory to the board.

20 * Sec. 9. AS 08.04.450 is amended to read:

21 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, LI-
22 CENSE, REGISTRATION OR PERMIT. The board may revoke or suspend a
23 certificate or license, or may revoke, suspend, or refuse to renew any
24 permit, or may censure any certificate holder, licensee, registrant,
25 or permit holder for

26 (1) fraud or deceit in obtaining any certificate, license,
27 registration, or permit required by this chapter;

28 (2) dishonesty or gross negligence in the practice of
29 public accounting, or other acts discreditable to the accounting

- 1 profession;
- 2 (3) violation of any provision of AS 08.04.500 - 08.04.610;
- 3 (4) violation of a rule of professional conduct or other
4 regulation adopted by the board;
- 5 (5) conviction of a felony under the laws of any state or
6 of the United States;
- 7 (6) conviction of any crime, an essential element of which
8 is dishonesty or fraud, under the laws of any state or of the United
9 States;
- 10 (7) cancellation, revocation, suspension, or refusal to
11 renew authority to practice as a certified public accountant or public
12 accountant in any other state for any cause other than failure to pay
13 an annual registration fee;
- 14 (8) suspension or revocation of the right to practice
15 before any state or federal agency; [OR]
- 16 (9) [REPEALED
- 17 (10)] failure of a certified public accountant to satisfy
18 the continuing education requirements prescribed by the board under
19 AS 08.04.425, except as conditioned, relaxed or suspended by the board
20 under AS 08.04.425(c) and (d); or
- 21 (10) failure of a certified public accountant to satisfac-
22 torily pass a quality review under AS 08.04.426.

23 * Sec. 10. AS 08.04 is amended by adding a new section to read:

- 24 Sec. 08.04.505. ISSUANCE OF REPORTS. (a) A person or firm that
25 does not hold a valid permit issued under this chapter may not issue a
26 report on financial statements of another person, firm, organization,
27 or governmental unit. This prohibition does not apply to
- 28 (1) an officer, partner, or employee of a firm or organiza-
29 tion affixing that person's signature to a statement or report in

1 reference to the financial affairs of the firm or organization with
2 wording designating the position, title, or office that the person
3 holds in the firm or organization;

4 (2) an act of a public official or employee in the perfor-
5 mance of official duties;

6 (3) the performance by persons of other services involving
7 the use of accounting skills, including the preparation of tax re-
8 turns, management advisory services, and the preparation of financial
9 statements without the issuance of reports on them.

10 (b) The prohibition in (a) of this section is applicable to
11 issuance, by a person or firm not holding a valid permit, of a report
12 using the form of language conventionally used by licensees with
13 respect to a

14 (1) review of financial statements; or

15 (2) compilation of financial statements.

16 * Sec. 11. AS 08.04 is amended by adding a new section to read:

17 Sec. 08.04.662. CONFIDENTIAL COMMUNICATIONS. Except by permis-
18 sion of the client engaging a licensee under this chapter, or the
19 heirs, successors, or personal representatives of the client, a li-
20 censee or a partner, officer, shareholder, or employee of a licensee
21 may not voluntarily disclose information communicated to the licensee
22 by the client relating to and in connection with services rendered to
23 the client by the licensee in the practice of public accountancy.
24 This information is confidential. However, this section may not be
25 construed as prohibiting the disclosure of information required to be
26 disclosed by the standards of the public accounting profession in
27 reporting on the examination of financial statements or as prohibiting
28 disclosures in court proceedings, in administrative investigations or
29 proceedings, in ethical investigations conducted by private

1 professional organizations, or in the course of a quality review under
2 AS 08.04.426.

3 * Sec. 12. AS 08.04.680 is amended by adding new subsections to read:

4 (5) "quality review" means a study, appraisal, or review of
5 one or more aspects of the professional work of a person or firm in
6 the practice of public accountancy, by a person or persons who hold
7 certificates and who are not affiliated with the person or firm being
8 reviewed;

9 (6) "report," when used with reference to financial state-
10 ments, means an opinion, report, or other form of language that states
11 or implies assurance as to the reliability of financial statements and
12 that also includes or is accompanied by a statement or implication
13 that the person or firm issuing it has special knowledge or competency
14 in accounting or auditing; a statement or implication of special
15 knowledge or competence may arise from use by the issuer of the report
16 of names or titles indicating that the issuer is an accountant or
17 auditor, or from the language of the report itself; "report" includes
18 any form of language that disclaims an opinion when the form of the
19 language is conventionally understood to imply a positive assurance as
20 to the reliability of the financial statements referred to or special
21 competence on the part of the person or firm issuing the language; and
22 "report" includes any other form of language that is conventionally
23 understood to imply such assurance or such special knowledge or compe-
24 tence.

25 * Sec. 13. Section 3 of this Act takes effect April 26, 1991.

26 * Sec. 14. Section 4 of this Act takes effect April 26, 2004.

27 * Sec. 15. Section 6 of this Act and AS 08.04.170(d), enacted by sec. 7
28 of this Act, takes effect April 26, 1994.