



LAWS OF ALASKA

1991

Source

SCS CSHB 13(FIN)

Chapter No.

62

AN ACT

Relating to public accountancy; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: June 18, 1991

Actual Effective Date: Section 5 takes effect January 1, 1992; section 10 and AS 08.04.170(d), enacted by sec. 11, take effect January 1, 1994; section 6 takes effect September 1, 1997, remainder of Act takes effect September 16, 1991

AN ACT

1 Relating to public accountancy; and providing for an effective date.
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5 * Section 1. AS 08.03.010(c)(17) is amended to read:

6 (17) Board of Public Accountancy (AS 08.04.010) - June 30, 1993 [1992];

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

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

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

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

19 (3) a public authority competent to prescribe and assess the qualifications and to
20 regulate the professional conduct of practitioners of public accountancy should be established;
21 and

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1 (4) the use of titles relating to the practice of public accountancy that are likely
2 to mislead the public as to the status or competence of the persons using these titles should be
3 prohibited.

4 * Sec. 3. AS 08.04.020 is amended to read:

5 Sec. 08.04.020. APPOINTMENT AND QUALIFICATIONS OF BOARD. (a) The board
6 consists of seven members appointed by the governor. Each member shall be a resident of this
7 state for at least one year. Five members shall be certified public accountants or public
8 accountants and two members shall be public members [IN ACCORDANCE WITH
9 AS 08.01.025].

10 (b) Except for public members, no one may be appointed who does not hold a current
11 certificate or license and who is not eligible to receive permits under this chapter. Public
12 members may not be employed by a person licensed under this chapter or by a business entity
13 holding a permit under this chapter. Notwithstanding AS 08.01.025, an accountant who is not
14 certified or licensed under this chapter and is not engaged in the practice of public
15 accountancy in violation of this chapter is eligible for appointment as a public member
16 under this section.

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

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

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

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

23 (1) a baccalaureate degree or its equivalent conferred by a college or university
24 acceptable to the board, with an accounting concentration or equivalent as determined by the
25 board by regulation to be appropriate, and two years of accounting experience satisfactory to the
26 board; or

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

29 * Sec. 6. AS 08.04.120 is repealed and reenacted to read:

30 Sec. 08.04.120. EDUCATIONAL AND EXPERIENCE REQUIREMENTS. The

1 education and experience requirements for an applicant are as follows:

2 (1) a baccalaureate degree or its equivalent conferred by a college or university
3 acceptable to the board and additional semester hours of post-baccalaureate study so that the total
4 educational program includes at least 150 hours, with an accounting concentration or equivalent
5 as determined by the board by regulation to be appropriate, and two years of accounting
6 experience satisfactory to the board; or

7 (2) a baccalaureate degree or its equivalent conferred by a college or university
8 acceptable to the board and additional semester hours of post-baccalaureate study so that the total
9 educational program includes at least 150 hours, and three years of accounting experience
10 satisfactory to the board.

11 * Sec. 7. AS 08.04.130 is amended to read:

12 Sec. 08.04.130. EXAMINATION. An applicant shall pass a written examination in
13 accounting and reporting, in auditing, and in other related subjects that [THEORY OF
14 ACCOUNTS, IN ACCOUNTING PRACTICE, IN AUDITING AND IN OTHER RELATED
15 SUBJECTS WHICH] the board determines appropriate. The examination shall be designated in
16 advance by the board as an examination for the certificate of certified public accountant. The
17 board shall use the uniform certified public accountant [ACCOUNTANTS'] examination and
18 advisory grading service, if available.

19 * Sec. 8. AS 08.04.150 is amended to read:

20 Sec. 08.04.150. [EXPERIENCE] PREREQUISITE FOR CERTIFICATE. An applicant
21 who is within 18 semester hours of meeting or has met [MEETS] the
22 undergraduate educational requirements of AS 08.04.120 may take the examination whether or
23 not the applicant has met the other [EXPERIENCE] requirements of that section. However an
24 applicant shall meet the other [EXPERIENCE] requirements of AS 08.04.120 before the
25 applicant is entitled to receive a certificate.

26 * Sec. 9. AS 08.04.160 is amended to read:

27 Sec. 08.04.160. REEXAMINATION. An applicant who fails an examination may take
28 as many examinations as the applicant chooses. An applicant who receives a passing grade in
29 at least two subjects or who has received a passing grade in accounting practice before
30 May 1, 1994, [OR IN AT LEAST TWO OF THE OTHER SUBJECTS] has the right to be

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1 reexamined in only the remaining subjects at succeeding examinations within five years after the
2 first examination if the applicant takes an examination in the remaining subjects at least once
3 each calendar year unless excused by the board for good cause. An applicant who receives a
4 passing grade in the remaining subjects has passed the entire examination. An applicant must
5 attain a minimum grade of 50 percent on each subject required to be written but not passed
6 at an examination sitting to receive credit for passing subjects on which a grade of at least
7 75 percent was attained at that sitting.

8 * Sec. 10. AS 08.04.170 is amended to read:

9 Sec. 08.04.170. EXAMINATION STANDARDS. An applicant passes the examination
10 by attaining a grade of at least 75 percent in each subject in which the applicant is examined.
11 The board may give credit to an applicant who has passed all or part of the examination in
12 another state if the board determines that the standards under which the examination was held
13 are as high as the standards established for the examination in this state.

14 * Sec. 11. AS 08.04.170 is amended by adding new subsections to read:

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

17 (c) The board may in particular cases waive or defer any of the requirements of
18 AS 08.04.160 - 08.04.170 regarding the circumstances in which the various subjects of the
19 examination must be passed upon a showing that, by reason of circumstances beyond the
20 applicant's control, the applicant was unable to meet the requirement.

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

24 * Sec. 12. AS 08.04 is amended by adding a new section to read:

25 Sec. 08.04.426. QUALITY REVIEW. (a) The board may by regulation require, on
26 either a uniform or a random basis, as a condition to issuance and renewal of permits under this
27 chapter, that applicants undergo a quality review conducted in a manner the board may specify.
28 The regulations must

29 (1) be adopted reasonably in advance of the time when they are first required to
30 be met;

1 (2) provide that the cost of a quality review is borne by the applicant;

2 (3) include a provision that allows an applicant to show that the applicant has
3 satisfied the requirement of this section by undergoing a satisfactory quality review performed
4 for other purposes that was substantially equivalent to quality reviews generally required under
5 this section; the board may not require that a copy of the review report for a review found to be
6 substantially equivalent under this paragraph be submitted to the board if the organization that
7 administered the review requires termination of the person's firm from its quality review program
8 if the firm refuses to cooperate with required remedial or corrective actions, fails to correct
9 material deficiencies, or is found to be so seriously deficient in its performance that education
10 and remedial corrective actions are not adequate; the board shall by regulation require an
11 organization that performs reviews that are substantially equivalent under this paragraph to report
12 to the board concerning which firms are in its quality review program, their most recent report
13 dates, and whether they have been terminated from the program.

14 (b) The board may by regulation establish criteria for determining when the results of
15 a quality review under this section are satisfactory to the board. The board may renew a permit
16 to practice when the results of a quality review under this section are unsatisfactory to the board
17 if the applicant agrees to follow a particular education or remedial program prescribed by the
18 board.

19 (c) Failure by an applicant for renewal of a permit to practice to undergo a quality review
20 under this section constitutes grounds for revocation, suspension, or refusal to renew the permit
21 under AS 08.04.450 unless the board determines that failure to have been due to reasonable cause
22 or excusable neglect.

23 (d) The board may relax or suspend the quality review requirement for applicants who
24 certify that they have not issued a report on audited or reviewed financial statements during the
25 two years immediately preceding the application.

26 (e) A report received by the board for a quality review under this section is confidential
27 and not subject to public inspection or copying under AS 09.25.110 - 09.25.120 unless the report
28 becomes part of the record of a disciplinary hearing.

29 * Sec. 13. AS 08.04.450 is amended to read:

30 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, LICENSE,

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1 REGISTRATION, OR PERMIT. In addition to its powers under AS 08.01.075, the [THE]
2 board may revoke or suspend a certificate or license, or may revoke, suspend, or refuse to renew
3 any permit, or may censure any certificate holder, licensee, registrant, or permit holder for

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

6 (2) dishonesty or gross negligence in the practice of public accounting, or other
7 acts discreditable to the accounting profession;

8 (3) violation of any provision of AS 08.04.500 - 08.04.610;

9 (4) violation of a rule of professional conduct or other regulation adopted by the
10 board;

11 (5) conviction of a felony under the laws of any state or of the United States;

12 (6) conviction of any crime, an essential element of which is dishonesty or fraud,
13 under the laws of any state or of the United States;

14 (7) cancellation, revocation, suspension, or refusal to renew authority to practice
15 as a certified public accountant or public accountant in any other state for any cause other than
16 failure to pay an annual registration fee;

17 (8) suspension or revocation of the right to practice before any state or federal
18 agency; [OR]

19 (9) [REPEALED

20 (10)] failure of a certified public accountant to satisfy the continuing education
21 requirements prescribed by the board under AS 08.04.425, except as conditioned, relaxed or
22 suspended by the board under AS 08.04.425(c) and (d); or

23 (10) failure of a certified public accountant to satisfactorily complete a quality
24 review under AS 08.04.426 except as conditioned, relaxed, or suspended by the board under
25 AS 08.04.426(b) - (d).

26 * Sec. 14. AS 08.04 is amended by adding a new section to read:

27 Sec. 08.04.505. ISSUANCE OF REPORTS. Only a person or firm that holds a valid
28 permit issued under this chapter may issue a report on financial statements of another person,
29 firm, organization, or governmental unit. This restriction does not apply to

30 (1) an officer, partner, or employee of a firm or organization affixing that person's

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

4 (2) an act of a public official or employee in the performance of official duties;

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

8 * Sec. 15. AS 08.04.580 is amended to read:

9 Sec. 08.04.580. PARTNERSHIP POSING AS ACCOUNTANTS OR AUDITORS. A
 10 person may not sign or affix a partnership name to any accounting or financial statement, or
 11 opinion or report on any accounting or financial statement with any wording indicating that
 12 it is a partnership composed of certified public accountants or public accountants or with
 13 any wording indicating that the [IT IS A] partnership has [COMPOSED OF ACCOUNTANTS
 14 OR AUDITORS OR PERSONS HAVING] expert knowledge in accounting or auditing [TO ANY
 15 ACCOUNTING OR FINANCIAL STATEMENT, OR TO ANY OPINION ON, REPORT ON,
 16 OR CERTIFICATE TO ANY ACCOUNTING OR FINANCIAL STATEMENT] unless the
 17 partnership holds a live permit, is practicing under its registered name, and its offices in this state
 18 for the practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

19 * Sec. 16. AS 08.04.590 is amended to read:

20 Sec. 08.04.590. USE OF TITLE WITH CORPORATE NAME. A person may not sign
 21 or affix a corporate name to any accounting or financial statement, or opinion or report on
 22 any accounting or financial statement with any wording indicating that it is a corporation
 23 composed of certified public accountants or public accountants or with any wording
 24 indicating that the [IT IS A] corporation has [PERFORMING SERVICES AS ACCOUNTANTS
 25 OR AUDITORS, OR COMPOSED OF ACCOUNTANTS OR AUDITORS OR PERSONS
 26 HAVING] expert knowledge in accounting or auditing [TO ANY ACCOUNTING OR
 27 FINANCIAL STATEMENT, OR TO ANY OPINION OR REPORT ON OR CERTIFICATE TO
 28 ANY ACCOUNTING OR FINANCIAL STATEMENT] unless the corporation holds a live
 29 permit, is practicing under its registered name, and its offices in this state for the practice of
 30 public accounting are maintained as required by AS 08.04.360 - 08.04.380.

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1 * Sec. 17. AS 08.04 is amended by adding a new section to read:

2 Sec. 08.04.662. CONFIDENTIAL COMMUNICATIONS. (a) A licensee, or a partner,
3 officer, shareholder, or employee of a licensee, may not reveal information communicated to the
4 licensee by a client about a matter concerning which the client has employed the licensee in a
5 professional capacity. This section does not apply to

6 (1) information required to be disclosed by the standards of the public
7 accountancy profession in reporting on the examination of financial statements;

8 (2) the release of information the client has authorized the licensee to reveal;

9 (3) information revealed as part of the discovery of evidence related to a court
10 or administrative proceeding or introduced in evidence in a court or administrative proceeding;

11 (4) information revealed in ethical investigations conducted by private professional
12 organizations; or

13 (5) information revealed in the course of a quality review under AS 08.04.426.

14 (b) Client information obtained by the board under (a)(3) - (5) of this section is
15 confidential and is not a public record for purposes of AS 09.25.110 - 09.25.140.

16 * Sec. 18. AS 08.04.680 is amended by adding new subsections to read:

17 (5) "quality review" means a study, appraisal, or review of one or more aspects
18 of the professional work of a person or firm in the practice of public accountancy, by a person
19 or persons who hold certificates and who are not affiliated with the person or firm being
20 reviewed, conducted as prescribed under AS 08.04.426;

21 (6) "report," when used with reference to financial statements, means an opinion,
22 report, or other form of language that states or implies assurance as to the reliability of financial
23 statements and that also includes or is accompanied by a statement or implication that the person
24 or firm issuing it has special knowledge or competency in accounting or auditing; a statement
25 or implication of special knowledge or competence may arise from use by the issuer of the report
26 of names or titles indicating that the issuer is a certified public accountant or auditor, or from the
27 language of the report itself; "report" includes any form of language that disclaims an opinion
28 when the form of the language is conventionally understood to imply a positive assurance as to
29 the reliability of the financial statements referred to or special competence on the part of the
30 person or firm issuing the language; and "report" includes any other form of language that is

1 conventionally understood to imply such assurance or such special knowledge or competence;
2 "report" does not include compilation of financial statement language that does not express or
3 imply assurance or special knowledge or competence.

4 * Sec. 19. Section 5 of this Act takes effect January 1, 1992.

5 * Sec. 20. Section 10 of this Act and AS 08.04.170(d), enacted by sec. 11 of this Act, take effect
6 January 1, 1994.

7 * Sec. 21. Section 6 of this Act takes effect September 1, 1997.