

Office of the Revisor of Statutes

Administrative Rules



TITLE: Proposed Permanent Rules Regarding Fees, Peer Reviews, Education, and Housekeeping Updates

AGENCY: Board of Accountancy

MINNESOTA RULES: Chapter 1105

INCORPORATIONS BY REFERENCE: [See attached]

The attached rules are approved for
publication in the State Register

Sheree Speer
Sheree Speer
Assistant Deputy Revisor

INCORPORATIONS BY REFERENCE:

Part 1105.0250:

The following standards, published by and available from AICPA, 1211 Avenue of the Americas, New York, NY 10036; www.aicpa.org:

AICPA Code of Conduct published by the American Institute of Certified Public Accountants as "AICPA Professional Standards";

AICPA Code of Professional Conduct, effective December 15, 2014;

Statements on Quality Control Standards 8, copyright 2015;

Standards for Performing and Reporting on Peer Reviews, copyright 2015;

Statement on Standards for Continuing Professional Education (CPE) Programs, revised August 2016;

Statements on Auditing Standards, dated June 1, 2015;

Statements on Standards for Attestation Engagements, dated June 1, 2015;

Statement on Standards for Accounting and Review Services, issued October 2014;

Consulting Services Standards, revised January 2015;

Statements on Standards for Tax Services, dated November 2009; and

Statements on Standards for Valuation Services, copyright 2015.

NASBA Fields of Study, July 2016 revision published by the National Association of State Boards of Accountancy. Available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036.

PCAOB Standards and Related Rules, 2016 edition, published by and available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036.

Government Auditing Standards: December 2011 revision, published by and available from the United States Government Accountability Office, Washington, DC 20548.

FASB Accounting Standards Codification, dated October 31, 2015, published by the Financial Accounting Standards Board, Norwalk, CT.

Government Accounting Standards Board Codification, dated June 30, 2015, published by the Governmental Accounting Standards Board, Norwalk, CT.

Part 1105.3100:

NASBA Fields of Study, July 2016 revision published by the National Association of State Boards of Accountancy. Available from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036.

Part 1105.7500:

Statements on Standards for Accounting and Review Services, published and available from AICPA, 1211 Avenue of the Americas, New York, NY 10036; www.aicpa.org.

1.1 **Board of Accountancy**1.2 **Proposed Permanent Rules Regarding Fees, Peer Reviews, Education, and**
1.3 **Housekeeping Updates**1.4 **1105.0100 DEFINITIONS.**1.5 [For text of subps 1 to 4, see M.R.]1.6 Subp. 4a. **Asynchronous.** "Asynchronous" means a learning activity in which the
1.7 participant has control over time, place, or pace of learning.1.8 Subp. 4b. **Blended learning program.** "Blended learning program" means an
1.9 educational program incorporating multiple learning formats.1.10 [For text of subps 5 to 9, see M.R.]1.11 Subp. 9a. **Group Internet-based program.** "Group Internet-based program" means
1.12 an educational process designed to permit a participant to learn a given subject through
1.13 interaction with an instructor and other participants by using the Internet. individual
1.14 participation in synchronous learning with real-time interaction of an instructor or subject
1.15 matter expert and built-in process for attendance and interactivity.1.16 Subp. 9b. **Group live program.** "Group live program" means an educational
1.17 process designed to permit a participant to learn a given subject through interaction with
1.18 an instructor and other participants in a classroom or conference setting. synchronous
1.19 learning in a group environment with real-time interaction of an instructor or subject matter
1.20 expert that provides the required elements of attendance monitoring and engagement.1.21 [For text of subps 9c and 9d, see M.R.]1.22 Subp. 9e. [See repealer.]1.23 Subp. 9f. **Licensee.** In addition to the definition "Licensee" has the meaning given in
1.24 Minnesota Statutes, section 326A.01, subdivision 9, a "licensee" for purposes of parts
1.25 1105.1200, 1105.5600, 1105.5800, and 1105.7800, and Minnesota Statutes, sections

2.1 ~~326A.08, 326A.10, and 326A.13, can also be a person issued a certificate as a certified~~
2.2 ~~public accountant under the law of any other state who is rendering services in this state~~
2.3 ~~according to Minnesota Statutes, section 326A.04 or 326A.14, or an entity issued a permit~~
2.4 ~~as a CPA firm under the law of any other state who is rendering services in this state~~
2.5 ~~according to Minnesota Statutes, section 326A.05.~~

2.6 [For text of subp 10, see M.R.]

2.7 Subp. 10a. **Nano-learning program.** "Nano-learning program" means a tutorial
2.8 program designed to permit a participant to learn a given subject in a ten-minute time
2.9 frame through the use of electronic media and without interaction with a real time
2.10 instructor. A nano-learning program differs from a self-study program in that it is typically
2.11 focused on a single learning objective and is not paper-based. A nano-learning program
2.12 is not a group program. Nano-learning is not a substitute for comprehensive programs
2.13 addressing complex issues.

2.14 [For text of subps 11 to 11b, see M.R.]

2.15 ~~Subp. 12. **Peer review.** "Peer review" means an independent study, appraisal, or~~
2.16 ~~review of one or more aspects of the attest or compilation professional services of a licensee~~
2.17 ~~that issues attest or compilation reports, or the professional work of a person registered~~
2.18 ~~under Minnesota Statutes, section 326A.06, paragraph (b). The reviews must be conducted~~
2.19 ~~according to standards approved by the board as specified in this chapter by a person or~~
2.20 ~~persons who hold certificates with an active status and who are not affiliated with the~~
2.21 ~~licensee or CPA firm being reviewed or by reviewers approved by the board as specified in~~
2.22 ~~this chapter has the meaning given in Minnesota Statutes, section 326A.01, subdivision 12.~~

2.23 [For text of subps 13 to 16, see M.R.]

2.24 Subp. 16a. **Self-study program.** "Self-study program" means an educational process
2.25 designed to teach a participant a given subject without involvement of an instructor program
2.26 completed individually without the assistance or interaction of a real time instructor.

3.1 [For text of subp 17, see M.R.]

3.2 Subp. 18. Synchronous. "Synchronous" means a group program in which
3.3 participants simultaneously engage in learning activities.

3.4 **1105.0250 INCORPORATION BY REFERENCE.**

3.5 A. For purposes of this chapter, the documents dated ~~June 1, 2007, in item~~
3.6 ~~B; the documents dated June 1, 2007, in item C; the document as of December 2007~~
3.7 ~~and copyrighted 2008 in item D; the July 2007 revision of the document in item E; the~~
3.8 ~~document dated October 2006, in item F; the document dated June 1, 2007, in item G;~~
3.9 ~~and the document dated June 30, 2007, in item H; in items B to G~~ are incorporated by
3.10 reference to the extent other provisions of this chapter and Minnesota Statutes do not
3.11 modify or conflict with the provisions of the documents, in which case the provisions of
3.12 this chapter and Minnesota Statutes shall prevail. They can be found at the State Law
3.13 Library and are subject to frequent change.

3.14 B. ~~The following documents~~ AICPA Code of Conduct and other statements
3.15 and standards identified in this item are published by ~~and available from~~ the American
3.16 Institute of Certified Public Accountants as "AICPA Professional Standards." The
3.17 documents are available from AICPA, 1211 Avenue of the Americas, New York, NY
3.18 10036; www.aicpa.org:

3.19 (1) AICPA Code of Professional Conduct, effective December 15, 2014;

3.20 (2) Statements on Quality Control Standards 8, copyright 2015;

3.21 (3) Standards for Performing and Reporting on Peer Reviews, copyright
3.22 2015; and

3.23 (4) Statement on Standards for Continuing Professional Education (CPE)
3.24 Programs-, revised August 2016;

4.1 ~~The Code of Professional Conduct and the other statements and standards identified in this~~
4.2 ~~item are published in the document identified in item C, subitem (2).~~

4.3 (5) Statements on Auditing Standards, dated June 1, 2015;

4.4 (6) Statements on Standards for Attestation Engagements, dated June
4.5 1, 2015;

4.6 (7) Statement on Standards for Accounting and Review Services, issued
4.7 October 2014;

4.8 (8) Consulting Services Standards, revised January 2015;

4.9 (9) Statements on Standards for Tax Services, dated November 2009; and

4.10 (10) Statements on Standards for Valuation Services, copyright 2015.

4.11 ~~C. The following documents are published by and available from the American~~
4.12 ~~Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY~~
4.13 ~~10036:~~

4.14 ~~(1) AICPA Professional Standards, Volume 1; and~~

4.15 ~~(2) AICPA Professional Standards, Volume 2.~~

4.16 C. The following document is published by the National Association of State
4.17 Boards of Accountancy and is available from the American Institute of Certified Public
4.18 Accountants, 1211 Avenue of the Americas, New York, NY 10036: NASBA Fields of
4.19 Study, July 2016 revision.

4.20 D. The following document is published by and available from the American
4.21 Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY
4.22 10036: PCAOB Standards and Related Rules, 2016 edition.

5.1 E. The following document is published by and available from the United
 5.2 States ~~General Accounting~~ Government Accountability Office, Washington, DC 20548:
 5.3 Government Auditing Standards: July 2007 December 2011 revision.

5.4 ~~F. The following document is published by the National Association of State~~
 5.5 ~~Boards of Accountancy, Nashville, TN: NASBA Model Code of Conduct.~~

5.6 ~~G. F.~~ The following document is published by the Financial Accounting
 5.7 Standards Board, Norwalk, CT: ~~Accounting Standards Current Text, Volumes I and II~~
 5.8 FASB Accounting Standards Codification, dated October 31, 2015.

5.9 ~~H. G.~~ The following document is published by the Governmental Accounting
 5.10 Standards Board, Norwalk, CT: ~~Codification of Governmental Accounting and Financial~~
 5.11 ~~Reporting Standards~~ Government Accounting Standards Board Codification, dated June
 5.12 30, 2015.

5.13 **1105.0900 VERIFICATION AND TRANSFER OF GRADE FEES.**

5.14 Requests for verification of data on examinees, certificate holders, registrants, or
 5.15 licensees, and requests for transfer of grades, must be made in writing ~~and accompanied~~
 5.16 ~~by a \$20 administrative processing fee and a self-addressed stamped envelope.~~

5.17 **1105.1200 COMMUNICATIONS.**

5.18 An applicant, licensee, ~~or registrant,~~ or individual with practice privileges under
 5.19 Minnesota Statutes, section 326A.14, shall respond to communications from the board,
 5.20 committees of the board, or the attorney general on behalf of the board within 30 days
 5.21 of the mailing of communications, unless an earlier response is requested within the
 5.22 communications. An applicant, licensee, ~~or registrant,~~ or individual with practice
 5.23 privileges under Minnesota Statutes, section 326A.14, shall appear before the board,
 5.24 committees of the board, or the attorney general on behalf of the board when requested to
 5.25 do so and provide copies of all pertinent records, including handwriting samples, to assist
 5.26 the board in its deliberations. ~~Communications must be addressed to "Executive Director;~~

6.1 ~~Board of Accountancy.~~ An applicant, licensee, or registrant, or individual with practice
6.2 privileges under Minnesota Statutes, section 326A.14, shall sign an authorization letter
6.3 giving the board access to information relating to a board investigation that is held by any
6.4 federal, state, or other local government agency, or professional organization, the subject
6.5 matter of which pertains to conduct as described in Minnesota Statutes, section 326A.08,
6.6 subdivision 5, paragraph (a), clause (10), when requested to do so by the board or by the
6.7 attorney general on behalf of the board.

6.8 **1105.1400 SEMESTER HOUR; ACCREDITATION; CREDIT FOR COURSES.**

6.9 [For text of subp 1, see M.R.]

6.10 Subp. 2. **Definition; accreditation.** As used in this chapter, "accreditation" refers to
6.11 the process of quality control of the education process. There are three different levels
6.12 types of accreditation referred to in this chapter and the degree to which the board relies
6.13 on accreditation differs according to the level at which the degree-granting institution is
6.14 accredited type of accreditation. The three levels types of accreditation are described in
6.15 items A to C.

6.16 A. ~~Level one accreditation, the~~ An educational institution, ~~is granted to a~~
6.17 ~~four-year, degree-granting college or university that is~~ must be accredited by one or more
6.18 of the six recognized regional or national accrediting agencies or successor agencies listed
6.19 with the United States Department of Education. The recognized regional accrediting
6.20 agencies are: the Middle States Commission on Higher Education, the North Central
6.21 Association of Colleges and Schools, the Higher Learning Commission, the New England
6.22 Association of Schools and Colleges, Commission on Institutions of Higher Education,
6.23 the Northwest Commission on Colleges and Universities, the Southern Association of
6.24 Colleges and Schools, Commission on Colleges, and the Western Association of Schools
6.25 and Colleges, Senior Colleges and University Commission.

7.1 B. ~~Level two accreditation, The A business school, is granted to a business~~
7.2 ~~school or college of business that has been within an accredited educational institution~~
7.3 ~~must be accredited by a national accreditation agency listed with the United States~~
7.4 ~~Department of Education, such as the American Assembly of Collegiate Schools of~~
7.5 ~~Business the Association to Advance Collegiate Schools of Business (AACSB), following~~
7.6 ~~a specific and comprehensive review of its faculty, resources, and curricula. In evaluating~~
7.7 ~~a candidate's credentials, the board shall rely on this accreditation as evidence that the~~
7.8 ~~institution's business school has met minimum overall standards of quality for such~~
7.9 ~~schools or the Accreditation Council for Business Schools and Programs (ACBSP).~~

7.10 C. ~~Level three accreditation, The An accounting program or department, is~~
7.11 ~~granted to an accounting program or department that has been within an AACSB- or~~
7.12 ~~ACBSP-accredited business school must be accredited by a national accreditation agency~~
7.13 ~~listed with the United States Department of Education, such as the AACSB or ACBSP.~~
7.14 ~~Accounting programs or departments accredited in this manner have met standards~~
7.15 ~~substantially higher and much more specific than those required for level one or level two~~
7.16 ~~accreditation. For level three accreditation, the accounting program or department must~~
7.17 ~~meet a stringent set of standards that address faculty credentials, student quality, physical~~
7.18 ~~facilities, and curricula. Graduates who submit transcripts from accredited accounting~~
7.19 ~~programs shall be deemed to have met the board's specific accounting and business course~~
7.20 ~~requirements.~~

7.21 Subp. 3. **Institution accredited when degree is granted.** A candidate is considered
7.22 as graduating from an accredited educational institution if, at the time the educational
7.23 institution grants the applicant's baccalaureate or graduate degree, it is accredited at the
7.24 ~~appropriate level as outlined in according to this chapter.~~

7.25 Subp. 4. **Institution accredited when applicant files with board.** If an educational
7.26 institution was not accredited at the time an applicant's baccalaureate or graduate degree

8.1 was received, but is so accredited at the time the application is filed with the board, the
8.2 institution is considered to be accredited for the purpose of subpart 3, if it:

8.3 [For text of items A and B, see M.R.]

8.4 **Subp. 5. Degree includes courses taken at nonaccredited another institution.**

8.5 If an applicant's baccalaureate or graduate degree was received at an accredited
8.6 educational institution pursuant to subpart 3 or 4, but ~~the educational program that was~~
8.7 coursework used to qualify the applicant as an accounting major included courses taken
8.8 at ~~nonaccredited~~ other institutions, ~~either before or after graduation,~~ the courses are
8.9 considered to have been taken at the accredited institution from which the applicant's
8.10 degree was received, if the accredited institution either:

8.11 [For text of items A and B, see M.R.]

8.12 [For text of subps 6 to 8, see M.R.]

8.13 **1105.1500 EDUCATION REQUIREMENTS.**

8.14 Subpart 1. **Education requirements.** For purposes of Minnesota Statutes, section
8.15 326A.03, subdivision 3, an applicant is considered to have met the education requirement
8.16 if the applicant has met any one of the following conditions:

8.17 A. earned a graduate degree with a concentration in accounting from an
8.18 accounting program or department within an AACSB- or ACBSP-accredited business
8.19 school that is accredited (~~level three accreditation~~) by an accrediting agency listed with the
8.20 ~~United States Department of Education~~ AACSB or ACBSP;

8.21 B. earned a graduate degree from a business school or college of business
8.22 that is accredited (~~level two accreditation~~) by ~~an accrediting agency recognized by the~~
8.23 ~~board~~ AACSB or ACBSP and completed at least 24 semester hours in accounting at
8.24 the undergraduate level or 15 semester hours at the graduate level, or an equivalent
8.25 combination thereof, including ~~coverage of, but not necessarily separate courses in, the~~

9.1 ~~subject of the following required courses:~~ financial accounting, auditing, taxation, and
9.2 management accounting;

9.3 C. earned a baccalaureate degree from a business school or college of business
9.4 that is accredited (~~level two accreditation~~) by an ~~accrediting agency listed with the United~~
9.5 ~~States Department of Education~~ AACSB or ACBSP and completed at least 24 semester
9.6 hours in accounting at the undergraduate or graduate level, including ~~coverage of, but~~
9.7 ~~not necessarily separate courses in, the subjects of the following required courses:~~
9.8 financial accounting, auditing, taxation, and management accounting; and completed at
9.9 least an additional 24 semester hours in business-related or accounting courses at the
9.10 undergraduate or graduate level; or

9.11 D. earned a baccalaureate or higher degree from an accredited educational
9.12 institution (~~level one accreditation~~) accredited by one or more of the regional accrediting
9.13 agencies described in part 1105.1400, subpart 2, item A, that included or is supplemented
9.14 by at least 24 semester hours of accounting at the upper division or graduate intermediate
9.15 or advanced level, including coverage of, but not necessarily separate courses in, the
9.16 subjects of the following required courses: financial accounting, auditing, taxation, and
9.17 management accounting ~~that is earned at an accredited educational institution. Upper~~
9.18 ~~division is normally defined as junior or senior level. In accounting, this would be all~~
9.19 ~~courses taken beyond the elementary level. Graduate level is defined as courses that apply~~
9.20 ~~towards an advanced degree offered by an accredited educational institution offering~~
9.21 ~~bachelor's and graduate degrees in business or accounting. Intermediate or advanced level~~
9.22 coursework includes courses taken beyond the introductory level.

9.23 Subp. 2. [Repealed, 38 SR 1367]

9.24 **1105.2400 EMERGENCY EXAMINATION PROCEDURES.**

9.25 When circumstances exist making it impossible for the board or examination
9.26 administrator to conduct the examination at the time, date, or place scheduled or make it

10.1 impossible for a majority of examination candidates to attend the examination at the time,
10.2 date, or place scheduled, the board shall waive parts 1105.1600, subpart 3; 1105.1700; and
10.3 1105.2000, subpart 2; and Minnesota Statutes, section 326A.04, subdivision 5, paragraph
10.4 (b), clauses (14) and (15), to avoid hardship on examination candidates affected. The
10.5 circumstances include notice to the board of the unavailability of the examination site
10.6 with insufficient time to give notice to examination candidates; weather emergencies as
10.7 declared by the governor, the governor's designees, or those state officials empowered to
10.8 close public highways; civil disturbances; natural disasters; and other causes that affect
10.9 the board's or examination administrator's ability to fairly administer the examination.

10.10 **1105.2500 APPLICATIONS FOR CERTIFICATES.**

10.11 A. Applications for initial certificates and for renewal of certificates pursuant to
10.12 the act must be made on a form provided by the board and, in the case of applications
10.13 for renewal, must be filed no later than the expiration date set by the act or this chapter.
10.14 Applications are not considered filed until the board receives the fully completed
10.15 application, the applicable fee prescribed in Minnesota Statutes, section 326A.04, and
10.16 the following supporting documentation:

10.17 (1) for initial certificates, evidence of completion of the education,
10.18 examination, and experience requirements in part 1105.3800, items A, E, F, G, and H; and

10.19 (2) for renewal certificates, evidence of completion of continuing education
10.20 requirements described in item B.

10.21 Applicants who do not supply all required supporting documents and applicable fees
10.22 for an initial certificate within ~~four~~ three years of the date the application was received
10.23 by the board shall submit a new application with the required fee. If an application for
10.24 renewal is filed late, it must also be accompanied by the delinquency fee prescribed in
10.25 Minnesota Statutes, section 326A.04. In addition, the reinstatement fee prescribed in
10.26 Minnesota Statutes, section 326A.04, must be paid if the renewal is filed more than two

11.1 years late. The application for renewal must be submitted on a form provided by the
11.2 board by December 31 of each year.

11.3 [For text of items B to E, see M.R.]

11.4 **1105.2540 TEMPORARY MILITARY CERTIFICATE.**

11.5 Subpart 1. **Information required.** An applicant shall submit an application for a
11.6 temporary military certificate under Minnesota Statutes, section 197.4552, accompanied
11.7 by payment of the license fee as specified in Minnesota Statutes, section 326A.04,
11.8 subdivision 5. The applicant shall supply the board with evidence of all the following:

11.9 [For text of items A to C, see M.R.]

11.10 [For text of subps 2 to 5, see M.R.]

11.11 **1105.2600 EXPERIENCE REQUIRED FOR INITIAL CERTIFICATE.**

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

11.15 A. Experience consists of providing any type of services or advice using
11.16 accounting, attest, compilation, management advisory, financial advisory, tax, or
11.17 consulting skills.

11.18 B. The applicant's experience must be verified to the board by a licensee as
11.19 ~~defined in the act or from another state.~~ who, at the date of verification, holds a "valid
11.20 certificate" as defined in part 1105.6550, item A, or an unexpired certificate that has a
11.21 certificate status of "inactive." Experience gained in another state must be verified by a
11.22 certified public accountant with an unexpired certificate, license, or registration in that
11.23 state. Acceptable experience includes employment in industry, government, academia, or
11.24 public practice. The board shall consider such factors as the complexity and diversity of
11.25 the work appropriate for an applicant receiving an initial certificate.

12.1 C. Experience as an auditor in the Office of the Legislative Auditor or State
12.2 Auditor, as verified by a licensee, is acceptable experience.

12.3 D. One year of experience consists of full- or part-time employment that
12.4 extends over a period of no less than one year and no more than three years and includes
12.5 no fewer than 2,000 hours of performance of services described in item A.

12.6 E. ~~A "licensee," as used in this part and part 1105.2800, is an individual who~~
12.7 ~~holds, at the date of verification, a "valid certificate" as defined in part 1105.6550, item A,~~
12.8 ~~or an unexpired certificate that has a certificate status of "inactive."~~

12.9 **1105.2900 EDUCATION REQUIRED FOR INITIAL CERTIFICATION ON OR**
12.10 **AFTER JULY 1, 2006.**

12.11 [For text of item A, see M.R.]

12.12 B. Applicants who meet the requirements of part 1105.1500, subpart 1, item D,
12.13 and have in total at least 150 semester hours from an accredited educational institution
12.14 are presumed to have completed the educational requirements of Minnesota Statutes,
12.15 section 326A.03, subdivision 6, if the 150 hours completed include at least the following:
12.16 coursework required by part 1105.1500, subpart 1, item D, and a minimum of 24 semester
12.17 hours in intermediate, advanced, or graduate-level courses in business-related subjects
12.18 or accounting.

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

13.1 C. The 48-semester hour requirement in item B may not include more than six
13.2 hours for internships or life experience.

13.3 D. The 150-semester hour requirement in items A and B must be nonduplicative
13.4 and cover some or all one or more of the following subjects:

13.5 (1) accounting-related subjects:

13.6 [For text of units (a) to (k), see M.R.]

13.7 (l) accounting ethics; and

13.8 (2) business-related subjects:

13.9 [For text of units (a) to (h), see M.R.]

13.10 (i) information systems or technology; and

13.11 (j) business ethics;

13.12 (k) marketing; and

13.13 (l) data analytics.

13.14 **1105.3000 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS.**

13.15 The requirements of continuing professional education in items A to G apply pursuant
13.16 to Minnesota Statutes, section 326A.04, subdivision 4.

13.17 [For text of items A to D, see M.R.]

13.18 E. Failure to report CPE, failure to obtain CPE required by this part, reporting of
13.19 an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary
13.20 action under Minnesota Statutes, section 326A.08. A licensee not in compliance with
13.21 this part ~~on June 30 of each year~~ shall be assessed a late processing fee of \$50 for the
13.22 first month, or partial month, of noncompliance and \$25 per month, or partial month, of
13.23 noncompliance thereafter until the date the licensee is in compliance with this part and
13.24 provides documentation of compliance in writing to the board.

14.1 [For text of items F and G, see M.R.]

14.2 **1105.3100 CONTINUING PROFESSIONAL EDUCATION PROGRAMS.**

14.3 [For text of subp 1, see M.R.]

14.4 Subp. 2. **Other qualifications.** The board shall accept programs that, in the
 14.5 determination of the board, contribute to the growth of the professional knowledge and
 14.6 competence of the licensee even if the programs do not meet the specific requirements of
 14.7 subpart 1 if the licensee shows that the programs contribute to the licensee's professional
 14.8 knowledge and professional competence. All self-study programs and program sponsors
 14.9 must be approved by NASBA and listed on NASBA's CPE Registry. The following
 14.10 learning activities are eligible for CPE credit as specified in the Statement on Standards
 14.11 for Continuing Professional Education (CPE) Programs jointly approved by NASBA
 14.12 and AICPA:

14.13 A. group live programs;

14.14 B. group Internet-based programs;

14.15 C. blended learning programs;

14.16 D. nano-learning programs;

14.17 ~~E.~~ E. independent study;

14.18 ~~F.~~ F. authoring articles, books, or CPE courses for publication; and

14.19 ~~G.~~ G. preparation time and presentation of courses or seminars.

14.20 [For text of subp 3, see M.R.]

14.21 Subp. 4. **CPE hour limitations.** The following hour limitations apply during the
 14.22 rolling three-year CPE period:

14.23 A. a maximum of 60 hours may be claimed for presenting or instructing
 14.24 qualifying courses or seminars;

15.1 B. a maximum of 60 hours may be claimed for authoring articles, books, or
15.2 CPE courses for publication;

15.3 C. at least 24 hours must be obtained from attending instructor-led programs;

15.4 D. a maximum of 24 hours may be obtained from ~~programs in the subject area~~
15.5 ~~of personal development~~ nontechnical learning activities as defined as a field of study that
15.6 ~~covers such skills as communications, managing the group process, dealing effectively~~
15.7 ~~with others, interviewing, counseling, and career planning~~ in the NASBA Fields of Study,
15.8 July 2016 revision, and incorporated by reference; and

15.9 E. at least 72 hours must be obtained through programs meeting the registry
15.10 requirements under subpart 1.

15.11 **1105.4000 APPLICATION FOR FIRM PERMIT.**

15.12 A. Applications by firms for initial issuance and for renewal of permits under
15.13 Minnesota Statutes, section 326A.05, must be made on a form provided by the board and, in
15.14 the case of applications for renewal, must be filed no later than December 31. Applications
15.15 are not considered filed until the applicable fee prescribed in Minnesota Statutes, section
15.16 326A.04, and all required documents prescribed in this chapter are received. Applicants
15.17 who do not supply all required supporting documents and applicable fees for initial issuance
15.18 of a permit within ~~four~~ three years of the date the application was received by the board
15.19 shall submit a new application with the required fee. If an application for permit renewal
15.20 is filed late, it must also be accompanied by the delinquency fee prescribed in Minnesota
15.21 Statutes, section 326A.04. In addition, the reinstatement fee prescribed in Minnesota
15.22 Statutes, section 326A.04, shall be paid if the renewal is filed more than two years late.

15.23 [For text of items B to J, see M.R.]

16.1 **1105.4100 NOTIFICATION OF CHANGES BY FIRMS.**

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

16.5 [For text of subitems (1) to (7), see M.R.]

16.6 (8) the initial ~~offering~~ report date of attest or compilation services in this
16.7 state; and

16.8 [For text of subitem (9), see M.R.]

16.9 [For text of items B and C, see M.R.]

16.10 **1105.4600 PEER REVIEW.**

16.11 For the purpose of parts 1105.4600 to 1105.5500, the terms in this part have the
16.12 meanings given.

16.13 A. "~~Peer review~~" ~~means an independent study, appraisal, or review of one or~~
16.14 ~~more aspects of the attest or compilation professional services of a person or firm as~~
16.15 ~~required by Minnesota Statutes, section 326A.05, subdivision 8~~ has the meaning given
16.16 in Minnesota Statutes, section 326A.01, subdivision 12.

16.17 [For text of items B and C, see M.R.]

16.18 **1105.4700 PEER REVIEW STANDARDS.**

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

16.23 [For text of items B and C, see M.R.]

17.1 **1105.4900 EXEMPTION FROM PEER REVIEW REQUIREMENT.**

17.2 A firm is exempt from the peer review requirement specified in part 1105.4000 if it
17.3 annually represents to the board that it has not issued attest or compilation reports, that
17.4 it does not intend to engage in such practices during the following year, and that it shall
17.5 immediately notify the board in writing if it engages in such practices.

17.6 The representation must be made in writing, under oath, and upon forms provided
17.7 by the board. The representation must be made annually at the time the firm applies
17.8 for renewal of its permit.

17.9 If a firm under exemption notifies the board that it has issued attest or compilation
17.10 reports, it must undergo a peer review ~~during the first full year after its initial acceptance~~
17.11 ~~of an engagement.~~ The peer review is due 18 months from the report date of the initial
17.12 attest or compilation service, or sooner at the request of the firm.

17.13 **1105.5100 FIRM PEER REVIEW REQUIREMENT.**

17.14 A. As a condition to renewal of a firm permit, a new firm shall:

17.15 (1) ~~undergo a peer review during the first year after it becomes subject~~
17.16 ~~to the requirements for peer review; and~~

17.17 (2) ~~report~~ submit the material in part 1105.5400 to the board no later
17.18 ~~than 15~~ 18 months after from the end of the first year report date of the initial attest or
17.19 compilation service.

17.20 After the due date of the initial peer review report, the firm shall be required to ~~report~~
17.21 undergo a peer review and submit the material every three years.

17.22 A new firm is one that has not previously been issued a permit in Minnesota or has
17.23 not had a peer review completed in the three-year period prior to application. It does not
17.24 include the firms described in items B to E.

17.25 [For text of items B to E, see M.R.]

18.1 **1105.5600 GROUNDS FOR ENFORCEMENT ACTION.**

18.2 Subpart 1. **Grounds for disciplinary action.** The grounds for revocation and
18.3 suspension of certificates, registrations, and permits, and other disciplinary action against
18.4 licensees, certificate holders, applicants, and individuals with privileges under Minnesota
18.5 Statutes, section 326A.14, are specified in Minnesota Statutes, section 326A.08. In
18.6 addition, the grounds include the following particular grounds for disciplinary action:

18.7 [For text of items A to D, see M.R.]

18.8 E. A licensee, applicant, certificate holder, registrant, individual with practice
18.9 privileges under Minnesota Statutes, section 326A.14, or person specified in nonlicensee
18.10 owner under Minnesota Statutes, section 326A.05, subdivision 3, paragraph (c), who is
18.11 subject to the actions, or has engaged in activities, described in Minnesota Statutes, section
18.12 326A.08, subdivision 5, paragraph (a), clause (6) or (7), or has been convicted of, has
18.13 pled guilty or nolo contendere to, or has been sentenced as a result of the commission of
18.14 a felony or crime, an element of which is dishonesty or fraud, shall, within 30 days of
18.15 being subject to or engaging in such actions or activities, notify the board in writing and
18.16 provide the details of the activities. The notification may be used as a basis for initiating
18.17 an investigation against the licensee, applicant, certificate holder, registrant, individual
18.18 with practice privileges under Minnesota Statutes, section 326A.14, or person specified in
18.19 nonlicensee owner under Minnesota Statutes, section 326A.05, subdivision 3, paragraph
18.20 (c), the results of which could result in disciplinary action specified in Minnesota Statutes,
18.21 section 326A.08.

18.22 [For text of item F, see M.R.]

18.23 [For text of subp 2, see M.R.]

18.24 **1105.6300 MISLEADING CPA FIRM NAMES.**

18.25 [For text of items A and B, see M.R.]

19.1 C. The following types of CPA firm names are not misleading and are
19.2 permissible so long as they do not violate Minnesota Statutes, section ~~326.05~~ 326A.05:

19.3 [For text of subitems (1) to (4), see M.R.]

19.4 [For text of items D to F, see M.R.]

19.5 **1105.7100 RAP FIRM APPLICATION.**

19.6 A. Applications by RAP firms for initial issuance and for renewal of RAP firm
19.7 permit must be made on a form provided by the board and, in the case of applications
19.8 for renewal, shall be filed no later than December 31. Applications are not considered
19.9 filed until the applicable fee prescribed in Minnesota Statutes, section 326A.04, and all
19.10 required documents prescribed in this chapter are received. Applicants who do not supply
19.11 all required supporting documents and applicable fees for initial issuance of a RAP firm
19.12 permit within ~~four~~ three years of the date the application was received by the board shall
19.13 submit a new application with the required fee. If an application for permit renewal is
19.14 filed late, it must also be accompanied by the delinquency fee prescribed in Minnesota
19.15 Statutes, section 326A.04. In addition, the reinstatement fee prescribed in Minnesota
19.16 Statutes, section 326A.04, shall be paid if the renewal is filed more than two years late.

19.17 [For text of items B to H, see M.R.]

19.18 **1105.7450 MISLEADING RAP FIRM NAMES AND FICTITIOUS RAP FIRM**
19.19 **NAMES.**

19.20 [For text of items A and B, see M.R.]

19.21 C. The following types of RAP firm names are not misleading and are
19.22 permissible so long as they do not violate Minnesota Statutes, section ~~326.05~~ 326A.05:

19.23 [For text of subitems (1) to (4), see M.R.]

19.24 [For text of items D to G, see M.R.]

20.1 **1105.7500 COMPILATION REPORTS.**20.2 [For text of items A and B, see M.R.]

20.3 C. Registrants must comply with Statements on Standards for Accounting and
20.4 Review Services issued by the American Institute of Certified Public Accountants and
20.5 incorporated by reference when performing compilation services except as specified in
20.6 part 1105.6500, item C. ~~The statements are in AICPA Professional Standards, Volume~~
20.7 ~~2, published by the American Institute of Certified Public Accountants, which are~~
20.8 ~~incorporated by reference.~~

20.9 **1105.7800 CODE OF PROFESSIONAL CONDUCT.**20.10 [For text of items A to H, see M.R.]

20.11 I. A licensee or individual with practice privileges under Minnesota Statutes,
20.12 section 326A.14, shall not render services that do not follow the standards, as applicable
20.13 under the circumstances and at the time the services are provided, specified in the
20.14 documents in part 1105.0250. In addition to these applicable standards, and to the extent
20.15 other provisions of this chapter and Minnesota Statutes do not modify or conflict with
20.16 them, a licensee or individual with practice privileges under Minnesota Statutes, section
20.17 326A.14, shall follow standards issued by other professional or governmental bodies
20.18 including international standards setting bodies with which a licensee is required by law,
20.19 regulation, or the terms of engagement to comply.

20.20 J. (1) A licensee or individual with practice privileges under Minnesota
20.21 Statutes, section 326A.14, shall not for a commission recommend or refer to a client any
20.22 product or service, or for a commission recommend or refer any product or service to be
20.23 supplied by a client, or receive a commission, when the licensee or individual with practice
20.24 privileges under Minnesota Statutes, section 326A.14, also performs for that client:

20.25 (a) an audit or review of a financial statement;

21.1 (b) a compilation of a financial statement when the licensee expects,
21.2 or reasonably might expect, that a third party will use the financial statement and the
21.3 licensee's compilation report does not disclose a lack of independence; or

21.4 (c) an examination of prospective financial information.

21.5 This prohibition applies during the period in which the licensee is or individual with
21.6 practice privileges under Minnesota Statutes, section 326A.14, engaged to perform any
21.7 of the services listed under this item and the period covered by any historical financial
21.8 statements involved in these services.

21.9 (2) A licensee or individual with practice privileges under Minnesota
21.10 Statutes, section 326A.14, who is not prohibited by this item from performing services
21.11 for or receiving a commission and who is paid or expects to be paid a commission shall
21.12 disclose that fact to any person or entity to whom the licensee or individual with practice
21.13 privileges under Minnesota Statutes, section 326A.14, recommends or refers a product or
21.14 service to which the commission relates.

21.15 (3) Any licensee or individual with practice privileges under Minnesota
21.16 Statutes, section 326A.14, who accepts a referral fee for recommending or referring any
21.17 service of a licensee or individual with practice privileges under Minnesota Statutes,
21.18 section 326A.14, to any person or entity or who pays a referral fee to obtain a client shall
21.19 disclose any acceptance or payment to the client.

21.20 K. (1) A licensee or individual with practice privileges under Minnesota
21.21 Statutes, section 326A.14, shall not:

21.22 (a) perform for a contingent fee any professional services for, or receive
21.23 any fee from a client for whom the licensee or, the licensee's firm, or an individual with
21.24 practice privileges under Minnesota Statutes, section 326A.14, performs:

21.25 i. an audit or review of a financial statement;

22.1 ii. a compilation of a financial statement when the licensee expects,
22.2 or reasonably might expect, that a third party will use the financial statement and the
22.3 licensee's compilation report does not disclose a lack of independence; or

22.4 iii. an examination of prospective financial information; or

22.5 (b) prepare an original or amended tax return or claim for a tax refund for
22.6 a contingent fee for any client.

22.7 (2) The prohibition in subitem (1) applies during the period in which the
22.8 licensee or individual with practice privileges under Minnesota Statutes, section 326A.14,
22.9 is engaged to perform any of the services listed in this item and the period covered by any
22.10 historical financial statements involved in any listed services.

22.11 (3) A contingent fee is a fee established for the performance of any service
22.12 pursuant to an arrangement in which no fee will be charged unless a specified finding or
22.13 result is attained, or in which the amount of the fee is otherwise dependent upon the
22.14 finding or result of such service. For purposes of this item, fees are not regarded as being
22.15 contingent if fixed by courts or other public authorities, or, in tax matters, if determined
22.16 based on the results of judicial proceedings or the findings of governmental agencies. A
22.17 licensee's fees may vary depending, for example, on the complexity of services rendered.

22.18 **1105.7850 RETENTION AND CONTENT OF AUDIT DOCUMENTATION.**

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

22.24 [For text of items B to H, see M.R.]

- 23.1 **REPEALER.** Minnesota Rules, parts 1105.0100, subpart 9e; 1105.0200, subpart 3; and
- 23.2 1105.5700, are repealed.