



BOARD MEMORANDUM

August 4, 2022

TO: All Board Members
Christopher Kaisershot, Assistant Attorney General

FROM: Charles Selcer, CPA, Board Chair

SUBJECT: AUGUST 4, 2022 BOARD MEETING MINUTES
GOLDEN RULE BUILDING, Suite 295 (Second Floor)
9:07 AM

The Board held its regularly scheduled meeting on the above-mentioned date, time, and location.

- 1) **CALL TO ORDER:**
Charles Selcer, CPA, Board Chair
Charles McElroy, CPA
Godson Sowah, CPA (ABSENT)
Scott Van Binsbergen, Public Member
Ann Etter, CPA
Amanda Guanzini, CPA
Lance Radziej, CPA
Gregory Steiner, CPA
Alan Wilensky, Public Member

OTHERS IN ATTENDANCE:
Doreen Johnson, Executive Director
Kay Weiss, Assistant Executive Director
Christopher Kaisershot, Assistant Attorney General
Holly Salmela, Investigator
J'Nell Nordin, OAS-I

GUESTS:
Linda Wedul, Minnesota Society of Certified Public Accountants (MNCPA)
Troy Olsen, Minnesota Association of Certified Public Accountants (MAPA)

- 2) APPROVAL OF THE JUNE 30, 2022, BOARD MEETING MINUTES
MSP: To approve the June 30, 2022, meeting minutes.
- 3) COMPLAINT COMMITTEE REPORT (Charles Selcer, CPA, Reported)
The Complaint Committee requests a closed session to discuss enforcement matters.
 - A) **MP: To close session to address enforcement actions under Minnesota Statutes 214 (2020).**
 - B) **Reopened the meeting.**
The Board issued the following Orders:
 - 1) In the Matter of Julie Gay Merrill and Julie G. Merrill, CPA, P.A., a Stipulation and Consent Order was issued.
 - 2) In the Matter of Valerie Kay Mathias, a Stipulation and Consent Order was issued.
 - 3) In the Matter of Olufemi Bankole Ijadimbola and Olufemi B Ijadimbola CPA Ltd, a Stipulation and Consent Order was issued.
 - 4) In the Matter of Kate Judson, CPA Inc., a Stipulation and Consent Order was issued.**MP: To approve and accept the Committee report.**
- 4) EXECUTIVE COMMITTEE REPORT (Charles Selcer, CPA, Board Chair)
No committee meeting held.
- 5) EXECUTIVE DIRECTOR'S REPORT (Doreen Johnson, Executive Director)
 - A) Budget and Revenue reports FY22 - discussed.
 - B) Budget and Revenue reports FY23 - discussed.
 - C) Staffing needs: vacancies to be posted.
 - D) Budget preparation set to begin.**MSP: To accept the report.**
- 6) LAWS and RULES COMMITTEE MEETING REPORT (Lance Radziej, CPA, reported)
Proposed Rule changes – discussed. Will continue discussion at the next Board meeting. **(ATTACH. 6)**
- 7) CONTINUING PROFESSIONAL EDUCATION COMMITTEE MEETING REPORT
No committee meeting held.

8) FIRM CREDENTIALING and PEER REVIEW COMMITTEE REPORT
No committee meeting held.

9) UNFINISHED BUSINESS
None

10) NEW BUSINESS

A) Applications for Reinstatement:

1) Justin R. Cook

MSP: To issue a Reinstatement Order

2) Michael J. Jones

MSP: To issue a Reinstatement Order

3) Mark T. Schabert

MSP: To issue a Reinstatement Order

4) Hani Burni

MSP: To issue a Reinstatement Order

5) Jerrod L. Iunghuhn

MSP: To issue a Reinstatement Order

6) Jill D. Hansen

MSP: To issue a Reinstatement Order

7) David B. Zuraff

MSP: To issue a Reinstatement Order

8) Paula C. Hoitink

MSP: To issue a Reinstatement Order

B) Requests for Exception:

Applicants:

1) Applicant A: Request for exception to education requirements to sit for the CPA exam.

MSP: To deny

- 2) Applicant B: Request to extend an exam score expiration date.
MSP: To approve
- 3) Applicant C: Request to extend an exam score expiration date.
MSP: To approve
- 4) Applicant D: Request to extend an exam score expiration date.
MSP: To approve

Licensees:

- 5) Licensee E: Request for exception to CPE requirement.
MSP: To approve
- 6) Licensee F: Request for exception to CPE requirement.
MSP: To approve
- 7) Tamara Koopman: Request for exception to CPE requirement.
MSP: To approve

C) Applications for Minnesota firm permit:

- 1) Shapiro Tax CPA Services, PLLC
MSP: To approve
- 2) Mosiam Tax & Accounting Services, LLC
MSP: To deny
- 3) John Burke LLC
MSP: To approve

D) Applications for foreign firm permit:

- 1) Martin Hood LLC
MSP: To approve
- 2) Templeton & Company, LLP
MSP: To approve

- E) Firm name change request:
Long Consulting, LLC to Potts Consulting LLC
MSP: To approve
- F) Doing Business As (DBA) request:
Mahoney Ulbrich Christiansen & Russ, PA DBA Mahoney
MSP: To approve
- G) In Compliance with Minnesota Rule 1105.4600-1105.5500 (2021) the following firms submitted a report with a finding of “pass” and pursuant to the Delegation of Authority, the Executive Director accepted the reports:
- 1) Vetscher & Associates, LLC
 - 2) Palmer Currier & Hoffert LLP
 - 3) Nelson CPAs, LLC
 - 4) Anders Minkler Huber & Helm LLP (2014)
 - 5) Anders Minkler Huber & Helm LLP (2017)
 - 6) Anders Minkler Huber & Helm LLP (2020)
 - 7) Alaspa & Murray, LTD
 - 8) KBA Peterson and Associates
 - 9) Desautels, Bartosiewski & Associates, CPAs, LLC
 - 10) Kaiser & Associates, P.A
- MSP: To accept the Peer Review Reports**
- H) Peer review with other rating:
Larter CPA Group, Ltd.
(Scott Van Binsbergen recused himself)
MSP: To accept
- I) Minnesota Association of Public Accountants (MAPA) Report on Continuing Education Programs (CPE) Procedures and Programs
MSP: To accept
- J) National Association of State Boards of Accountancy (NASBA) Quarter 2 (Q2) 2022 exam statistics. (FYI only)

K) New license report
MSP: To approve

11) PUBLIC COMMENT

12) ADJOURNED: 11:43 AM.

Next Meeting: September 20, 2022



Rules Draft R-04725
with Additional Proposed Revisions

1105.0100 Definitions

Rationale: In so far as national guidelines do not harm (or potentially enhance) the health, safety, and welfare ("HSW") of Minnesotans, it is in the interests of MN licensees and future applicants that the board's requirements for obtaining and maintaining licensure are substantially equivalent with those national guidelines so that Minnesota licensees now and in future can benefit from license mobility and reciprocal licensure. These additions and changes bring definitions in line with the Uniform Accountancy Act, Revised November 2020 ("UAA 2020") and the Statement on Standards for Continuing Professional Education, Revised 2019 ("2019 CPE Standard").

1.1 **Board of Accountancy**

1.2 **Proposed Permanent Rules Relating to the Licensure and Regulation of Accountants**

1.3 **1105.0100 DEFINITIONS.**

1.4 *[For text of subparts 1 and 2, see Minnesota Rules]*

1.5 Subp. 2a. **Accreditation.** "Accreditation" means the process of quality control review
1.6 of an educational institution by a regional or national accrediting agency recognized by the
1.7 United States Department of Education.

1.8 Subp. 2b. **Adaptive learning self-study program.** An "adaptive learning self-study
1.9 program" means a self-study program that uses a computer algorithm, other predictive
1.10 analytics tools, or learner-driven selections to:

1.11 A. provide interaction with a learner; and

1.12 B. deliver customized learning activities to assist a learner in meeting the course's
1.13 stated learning objectives.

1.14 *[For text of subparts 3 to 7, see Minnesota Rules]*

1.15 Subp. 7a. **Ethics.** "Ethics" means a program of learning that provides students with
1.16 a framework of ethical reasoning, professional values, and attitudes for exercising
1.17 professional skepticism and other behavior that is in the best interests of the public and
1.18 accounting profession. At a minimum, an ethics program must provide a foundation for
1.19 ethical reasoning and the core values of integrity, objectivity, and independence.

1.20 *[For text of subparts 8 to 9e, see Minnesota Rules]*

1.21 Subp. 9f. [Renumbered subp 9h]

1.22 Subp. 9g. **Internship.** "Internship" means a student's short-term, supervised work
1.23 experience for which the student earns academic credit. An internship must be preapproved
1.24 by school faculty. An internship is usually related to a student's major field of study.

2.1 Subp. 9h. **Licensee.** "Licensee" has the meaning given in Minnesota Statutes, section
2.2 326A.01, subdivision 9.

2.3 *[For text of subparts 10 to 16, see Minnesota Rules]*

2.4 Subp. 16a. **Self-study program.** "Self-study program" means an educational program
2.5 completed individually without the assistance or interaction of a real-time instructor.
2.6 Self-study program includes an adaptive learning self-study program.

2.7 Subp. 16b. **Semester hour.** "Semester hour" means a conventional college semester
2.8 hour. A quarter hour may be converted to a semester hour by multiplying the quarter hour
2.9 by two-thirds.

2.10 *[For text of subparts 17 and 18, see Minnesota Rules]*

1105.0250 Incorporation by reference

Rationale: Updates documents incorporated by reference to cite most recent published editions.

2.11 **1105.0250 INCORPORATION BY REFERENCE.**

2.12 A. For purposes of this chapter, the documents in items B to ~~G~~ H are incorporated
2.13 by reference to the extent that other provisions of this chapter and Minnesota Statutes do
2.14 not modify or conflict with the provisions of the documents, in which case, the provisions
2.15 of this chapter and Minnesota Statutes shall prevail. ~~They can be found at the State Law~~
2.16 ~~Library and~~ The documents in items B to H are subject to frequent change.

2.17 B. The AICPA Code of Conduct and other statements and standards identified in
2.18 this item are published by the American Institute of Certified Public Accountants (AICPA)
2.19 as "AICPA Professional Standards." ~~The documents are available from AICPA, 1211 Avenue~~
2.20 ~~of the Americas, New York, NY 10036; www.aicpa.org;~~

2.21 (1) AICPA Code of Professional Conduct, effective December 15, 2014,
2.22 including all official releases through ~~August 31, 2016~~ December 2021 is available at the
2.23 State Law Library in AICPA Professional Standards: Audit and Assurance (updated June
2.24 1, 2021);

- 3.1 (2) Statements on Quality Control Standards 8, ~~copyright 2015~~ (copyright
3.2 2021) is available at the State Law Library in AICPA Professional Standards: Audit and
3.3 Assurance (updated June 1, 2021):
- 3.4 (3) Standards for Performing and Reporting on Peer Reviews, ~~copyright 2015~~
3.5 (revised June 2021) is available at the State Law Library in AICPA Professional Standards:
3.6 Audit and Assurance (updated June 1, 2021):
- 3.7 ~~(4) Statement on Standards for Continuing Professional Education (CPE)~~
3.8 ~~Programs, revised August 2016:~~
- 3.9 ~~(5)~~ (4) Statements on Auditing Standards, ~~dated June 1, 2015~~ (codified June
3.10 1, 2021) is available at the State Law Library in AICPA Professional Standards: Audit and
3.11 Assurance (updated June 1, 2021):
- 3.12 ~~(6)~~ (5) Statements on Standards for Attestation Engagements, ~~dated June 1,~~
3.13 ~~2015~~ (codified June 1, 2021) is available at the State Law Library in AICPA Professional
3.14 Standards: Audit and Assurance (updated June 1, 2021):
- 3.15 ~~(7)~~ (6) Statement on Standards for Accounting and Review Services, ~~issued~~
3.16 ~~October 2014~~ (codified June 1, 2021) is available at the State Law Library in AICPA
3.17 Professional Standards: Audit and Assurance (updated June 1, 2021):
- 3.18 ~~(8)~~ (7) Statement on Standards for Consulting Services Standards, (revised
3.19 January 2015) is available at the State Law Library in AICPA Professional Standards: Audit
3.20 and Assurance (updated June 1, 2021):
- 3.21 ~~(9)~~ (8) Statements on Standards for Tax Services, ~~dated November 2009~~
3.22 (updated April 30, 2018) is available at the State Law Library in AICPA Professional
3.23 Standards: Audit and Assurance (updated June 1, 2021): and

4.1 ~~(10)~~ (9) Statement on Standards for Valuation Services; (copyright
4.2 2015-) is available at the State Law Library in AICPA Professional Standards: Audit and
4.3 Assurance (updated June 1, 2021);

4.4 (10) Statement on Standards in Personal Financial Planning Services (revised
4.5 January 2015) is available on the AICPA website; and

4.6 (11) Statement on Standards for Forensic Services (effective January 1, 2020)
4.7 is available on the AICPA website.

4.8 C. ~~The following document is published by the National Association of State~~
4.9 ~~Boards of Accountancy and is available from the American Institute of Certified Public~~
4.10 ~~Accountants, 1211 Avenue of the Americas, New York, NY 10036: NASBA Fields of~~
4.11 ~~Study, July 2016 revision~~ Statement on Standards for Continuing Professional Education
4.12 (CPE) Programs (revised December 2019) is published by the National Association of State
4.13 Boards of Accountancy (NASBA) and is available on the AICPA website.

4.14 D. ~~The following document is published by and available from the American~~
4.15 ~~Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY~~
4.16 ~~10036: PCAOB Standards and Related Rules, 2016 edition.~~

4.17 E. ~~The following document is published by and available from the United States~~
4.18 ~~Government Accountability Office, Washington, DC 20548: Government Auditing Standards;~~
4.19 ~~December 2011 revision.~~

4.20 F. ~~The following document is published by the Financial Accounting Standards~~
4.21 ~~Board, Norwalk, CT: FASB Accounting Standards Codification, dated October 31, 2015.~~

4.22 G. ~~The following document is published by the Governmental Accounting~~
4.23 ~~Standards Board, Norwalk, CT: Government Accounting Standards Board Codification,~~
4.24 ~~dated June 30, 2015.~~

- 5.1 D. NASBA Fields of Study (revised December 2019) is published by NASBA
5.2 and is available on the NASBA registry website.
- 5.3 E. PCAOB Standards and Related Rules (2020 edition) is published by AICPA
5.4 and is available at the State Law Library.
- 5.5 F. Government Auditing Standards (2018 revision) is published by the United
5.6 States Government Accountability Office (GAO) and is available on the GAO website.
- 5.7 G. FASB Accounting Standards Codification (as of October 31, 2020) is published
5.8 by the Financial Accounting Standards Board (FASB) and is available at the State Law
5.9 Library.
- 5.10 H. Governmental Accounting Standards Board Codification (as of June 30, 2021)
5.11 is published by the Governmental Accounting Standards Board and is available at the State
5.12 Law Library.

1105.0300 - .1300

Rationale: Removes obsolete language and provisions. Adds the Secretary/Treasurer position listed in Minnesota Statutes section 326A.02, Subd. 3 but not listed in rule. Changes include definitions moved by the revisor from these parts into the definitions in .0100.

5.13 **1105.0300 BOARD OF ACCOUNTANCY MEETINGS.**

5.14 The board shall meet ~~at least eight times each year~~ six times per year. The chair or a
5.15 quorum of the board has the authority to call meetings of the board. The board shall follow
5.16 and apply the rules of procedure contained in Minnesota Statutes, chapters 13, 14, and 326A,
5.17 ~~as regards to~~ regarding notice and conduct of meetings and shall operate under Robert's
5.18 Rules of Order, Newly Revised, when not in conflict with state laws governing licensing
5.19 boards.

5.20 **1105.0400 ELECTION AND TENURE OF OFFICERS.**

5.21 The board shall elect annually from among its members a chair, a vice-chair, and ~~other~~
5.22 ~~officers the board may require~~ a secretary/treasurer. The officers shall assume the duties
5.23 of their respective offices at the conclusion of the meeting at which they were elected.

6.1 **1105.0500 DUTIES OF OFFICERS.**

6.2 *[For text of item A, see Minnesota Rules]*

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

6.8 *[For text of item C, see Minnesota Rules]*

6.9 **1105.0700 REFUNDING FEES.**

6.10 Fees must be refunded if an application is rejected prior to processing. Once an
6.11 application ~~for examination or reexamination~~ has been processed or approved by the board
6.12 or third-party administrator on behalf of the board, the fee specified in Minnesota Statutes,
6.13 section 326A.04, subdivision 5, paragraph (b), clause (14), may not be refunded. ~~The fee~~
6.14 ~~may be applied to a subsequent examination within six months, after which the fee is~~
6.15 ~~forfeited.~~ The fee specified in Minnesota Statutes, section 326A.04, subdivision 5, paragraph
6.16 (b), clause ~~(15)~~ (14), may be refundable pursuant to the refund policy of the third-party
6.17 administrator.

6.18 **1105.1200 COMMUNICATIONS.**

6.19 An applicant, licensee, registrant, or individual with practice privileges under Minnesota
6.20 Statutes, section 326A.14, shall respond to communications from the board, committees of
6.21 the board, or the attorney general on behalf of the board within 30 days of the mailing of
6.22 communications, unless an earlier response is requested within the communications. An
6.23 applicant, licensee, registrant, or individual with practice privileges under Minnesota Statutes,
6.24 section 326A.14, shall ~~appear before the board, committees of the board, or the attorney~~
6.25 ~~general on behalf of the board when requested to do so and~~ provide copies of all pertinent

7.1 records, including handwriting samples, to assist the board in its deliberations. An applicant,
7.2 licensee, registrant, or individual with practice privileges under Minnesota Statutes, section
7.3 326A.14, shall sign an authorization letter giving the board access to information relating
7.4 to a board investigation that is held by any federal, state, or other local government agency,
7.5 or professional organization, the subject matter of which pertains to conduct as described
7.6 in Minnesota Statutes, section 326A.08, subdivision 5, paragraph (a), clause (10), when
7.7 requested to do so by the board or by the attorney general on behalf of the board.

7.8 **1105.1300 APPEARANCE BEFORE BOARD.**

7.9 At the request of the board, a committee of the board, or the attorney general on behalf
7.10 of the board or a committee of the board, ~~a holder of a certificate or registration issued by~~
7.11 ~~the board and an applicant for examination, certificate, or registration~~ an applicant, licensee,
7.12 registrant, or individual with practice privileges under Minnesota Statutes, section 326A.14,
7.13 shall appear before the board, committees of the board, or the attorney general; respond to
7.14 any questions of the board, committees of the board, or the attorney general; and produce
7.15 any evidence requested by the board, committees of the board, or the attorney general to
7.16 assist the board in determining the person's qualifications or compliance with Minnesota
7.17 statutes or rules.

Rationale: In so far as national guidelines do not harm (or potentially enhance) HSW for Minnesotans, it is in the interests of MN licensees and future applicants that the board's requirements for obtaining and maintaining licensure are substantially equivalent with those national guidelines so that Minnesota licensees now and in future can benefit from license mobility and reciprocal licensure. Additions and changes bring the text in line with the education requirement changes in the UAA 2020. Related housekeeping changes and clarifications. Definitions moved by the revisor from other parts into the definitions in .0100. Part descriptions renamed for accuracy/clarity.

7.17 1105.1400 ~~SEMESTER HOUR~~; ACCREDITATION; CREDIT FOR COURSES.

7.19 Subpart 1. [See repealer.]

7.20 Subp. 2. [See repealer.]

7.21 [For text of subpart 3, see Minnesota Rules]

7.22 Subp. 4. **Institution accredited when applicant files with board.** If an educational
7.23 institution was not accredited at the time an applicant's baccalaureate or graduate degree
7.24 was received, but is so accredited at the time the application is filed with the board, the
7.25 institution is considered to be accredited for the purpose of subpart 3, if it:

8.1 [For text of item A, see Minnesota Rules]

8.2 B. furnishes the board satisfactory proof, including college catalogue course
8.3 numbers and descriptions, that the preaccrediting courses used to qualify the applicant as
8.4 ~~an accounting major~~ are substantially equivalent to postaccrediting courses.

8.5 Subp. 5. **Degree includes** courses taken at other institution. If an applicant's
8.6 baccalaureate or graduate degree was received at an accredited educational institution
8.7 pursuant to subpart 3 or 4, but coursework used to qualify the applicant ~~as an accounting~~
8.8 ~~major~~ for examination or for licensure included courses taken at other institutions, the
8.9 courses are considered to have been taken at the accredited institution from which the
8.10 applicant's degree was received, if the accredited institution either:

8.11 [For text of items A and B, see Minnesota Rules]

8.12 Subp. 6. **College or university not accredited.** A graduate of a four-year,
8.13 degree-granting college or university not accredited at the time the applicant's degree was
8.14 received or at the time the application was filed is considered to be a graduate of an accredited
8.15 educational institution if:

8.16 A. a credentials evaluation service approved by the board certifies that the
8.17 applicant's degree is equivalent to a degree from an accredited educational institution defined
8.18 in subpart 2, ~~item A~~ with the applicant responsible for all fees associated with obtaining
8.19 and submitting the credentials evaluation to the board; or

8.20 B. (1) an accredited educational institution as defined by subpart 2, ~~item A~~, accepts
8.21 the applicant's nonaccredited baccalaureate degree for admission to a graduate business
8.22 degree program;

8.23 (2) the applicant satisfactorily completes at least 15 semester hours, or the
8.24 equivalent, in postbaccalaureate education at ~~the~~ an accredited educational institution, of
8.25 which at least nine semester hours, or the equivalent, is in accounting; and

9.1 [For text of subitem (3), see Minnesota Rules]

9.2 [For text of subpart 7, see Minnesota Rules]

9.3 Subp. 8. **Accounting and business concentration.** The accounting and business
9.4 concentration or equivalent described in Minnesota Statutes, section 326A.03, subdivision
9.5 3, must consist of the semester hours specified in part 1105.1500, subpart 1. No more than
9.6 six hours may be recognized for internships ~~or life experience.~~

9.7 **1105.1500 EDUCATION REQUIREMENTS FOR EXAMINATION.**

9.8 Subpart 1. **Education requirements.**

9.9 A. For purposes of Minnesota Statutes, section 326A.03, subdivision 3, an applicant
9.10 is considered to have met the education requirement if the applicant ~~has met any one of the~~
9.11 ~~following conditions~~ earned a baccalaureate or higher degree from an educational institution
9.12 accredited by a regional or national accrediting agency recognized by the United States
9.13 Department of Education that included or is supplemented by:

9.14 (1) a minimum of six semester credit hours or equivalent quarter credit hours
9.15 at the undergraduate level or three semester credit hours at the graduate level of principles
9.16 of accounting or introductory accounting; and

9.17 (2) a minimum of 24 semester credit hours or the equivalent quarter credit
9.18 ~~hours in intermediate, advanced, or graduate-level courses, including:~~

9.19 (a) a minimum of three semester credit hours in each of the following
9.20 subject areas:

9.21 i. financial accounting and reporting for business organizations;

9.22 ii. financial statement auditing;

9.23 iii. taxation; and

- 10.1 iv. accounting information systems; and
- 10.2 (b) a minimum of 12 semester credit hours ~~in any of combining~~ the following
- 10.3 subject areas:
- 10.4 i. financial accounting and reporting for government and
- 10.5 not-for-profit entities;
- 10.6 ii. attestation engagements;
- 10.7 iii. managerial or cost accounting;
- 10.8 iv. mergers and acquisitions;
- 10.9 v. tax and financial planning;
- 10.10 vi. fraud examination;
- 10.11 vii. internal controls and risk assessment;
- 10.12 viii. financial statement analysis;
- 10.13 ix. accounting research and analysis;
- 10.14 x. tax research and analysis;
- 10.15 xi. data analysis, data interrogation techniques, or digital acumen
- 10.16 in an accounting context, whether taken in a business school or in another college or
- 10.17 university program, such as an engineering, a computer science, or a math program; or
- 10.18 xii. ethics (accounting course).
- 10.19 B. Standalone courses or integrated courses may be used to meet the requirements
- 10.20 under this subpart. When integrated courses are used, the educational institution must provide
- 10.21 a written statement, submitted on behalf of the applicant, that the specific courses adequately
- 10.22 cover the desired content with instruction and quality to attain the objectives and meet a
- 10.23 specific number of semester credit hours in that subject area. For purposes of this item,

11.1 "integrated courses" means a program of learning in which certain subjects that may be
11.2 standalone courses in some colleges or universities are integrated or embedded within related
11.3 courses.

11.4 C. Notwithstanding the definition in part 1105.0100, "independent study" means
11.5 a student's academic work under faculty supervision that is selected or designed by a student
11.6 with the prior approval of a college or university department. An independent study typically
11.7 occurs outside of the regular classroom structure.

11.8 ~~A. earned a graduate degree with a concentration in accounting from an accounting~~
11.9 ~~program or department within an AACSB- or ACBSP-accredited business school that is~~
11.10 ~~accredited by the AACSB or ACBSP;~~

11.11 ~~B. earned a graduate degree from a business school or college of business that is~~
11.12 ~~accredited by the AACSB or ACBSP and completed at least 24 semester hours in accounting~~
11.13 ~~at the undergraduate level or 15 semester hours at the graduate level, or an equivalent~~
11.14 ~~combination thereof, including the following required courses: financial accounting, auditing,~~
11.15 ~~taxation, and management accounting;~~

11.16 ~~C. earned a baccalaureate degree from a business school or college of business~~
11.17 ~~that is accredited by the AACSB or ACBSP and completed at least 24 semester hours in~~
11.18 ~~accounting at the undergraduate or graduate level, including the following required courses:~~
11.19 ~~financial accounting, auditing, taxation, and management accounting; and completed an~~
11.20 ~~additional 24 semester hours in business-related or accounting courses at the undergraduate~~
11.21 ~~or graduate level; or~~

11.22 ~~D. earned a baccalaureate or higher degree from an educational institution~~
11.23 ~~accredited by one or more of the national or regional accrediting agencies described in part~~
11.24 ~~1105.1400, subpart 2, item A, that included or is supplemented by at least 24 semester hours~~
11.25 ~~of accounting at the intermediate or advanced level, including courses dedicated to each of~~
11.26 ~~the following subjects: financial accounting, auditing, taxation, and management accounting~~

12.1 ~~earned at an accredited educational institution. Intermediate or advanced level coursework~~
12.2 ~~includes courses taken beyond the introductory level.~~

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

Rationale: The board no longer administered the exam, nor do applicants apply directly to the Board to sit for the Uniform CPA Exam ("exam"); the language is therefore incorrect/misleading. The Board does not control examination site security; part .2200 is therefore obsolete. Striking it has no impact on the board's authority to take disciplinary action against an applicant that cheats. This group of revisions includes a change to how long an application can remain incomplete that is in keeping with changes made in other parts. Other obsolete or unclear language updated.

1105.1600 APPLICATIONS FOR EXAMINATION.

Subpart 1.

Forms; due date.

Applications to take the certified public accountant (CPA) examination must be made directly with the examination administrator, providing such proofs of identity as required by the examination administrator and submission of all applicable examination fees. The applicant must provide the examination administrator with proof of qualifications to sit as a Minnesota candidate by the means required and within the deadline established by the examination administrator. In the case of a nonresident, the application must be supported by a statement that the applicant is currently, or will have been within the 90 days preceding or following the date of the CPA examination applied for, a resident of Minnesota, attending a school in Minnesota in which the applicant is seeking education designed to qualify the applicant to sit for the CPA examination, or working in Minnesota for the purpose of obtaining qualifying experience. The term "examination administrator" as used in this chapter consists of the examination delivery vendor, NASBA, AICPA, the board's administrative services vendor for the examination, or any combination of one or more of these parties.

~~Subp. 2.~~

~~**Completion of filing.**~~

~~An application is not considered filed until the application fee and examination fee required by Minnesota Statutes, section 326A.04, and all required supporting documents have been received by the board or examination administrator, including proof of identity as determined by the board or examination administrator, official transcripts, and proof that the applicant has completed the education requirement. Applicants who do not supply all required supporting documents and applicable fees within the deadline established by the board or examination administrator shall submit a new application with the required fee.~~

Subp. 3.2.

Forfeiture for failure to appear or complete application of fees.

An applicant who reschedules, cancels without rescheduling, or fails to appear for the examination shall be subject to such fee forfeiture and rescheduling fees ~~forfeit all fees charged for both the application and the examination. An applicant who reschedules an examination may be charged a fee as determined by the examination administrator. In addition, all fees charged shall may be forfeited, as determined by the examination administer, in the event the applicant becomes ineligible to sit for the examination or fails to supply all required supporting documents within the deadline established by the examination administrator.~~

Subp. 4.

Eligibility notification; deadlines.

~~The board, if necessary, shall forward notification of eligibility to the examination delivery vendor and an approved test site.~~

Subp. 5.

1105.1650 EARLY APPLICATION AND EXAMINATION PROVISIONS.

A. Notwithstanding the requirements in parts 1105.1500, subpart 1, ~~and 1105.1600, subpart 2,~~ and as provided for by Minnesota Statutes, section 326A.03, subdivision 3a, an applicant for the examination may

.....

C.

-

~~Examination related fees required by part 1105.2100 and Minnesota Statutes, section 326A.04, shall not be refunded if the applicant does not submit a final transcript within the 150-day period required in item B.~~

1105.1700 TIME AND PLACE OF EXAMINATION.

~~Eligible candidates shall be notified of the time and place of the examination or shall independently contact the delivery vendor to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with part 1105.2000, subpart 2.~~

13.22 **1105.1800 EXAMINATION CONTENT.**

13.23 *[For text of subpart 1, see Minnesota Rules]*

13.24 Subp. 2. **Ethics.** ~~Successful completion of~~ Passing the written or computer-based

13.25 examination on professional ethics, as specified by the board, is required before application

14.1 for a certificate. A grade of at least 90 percent correct is required to pass the ethics
14.2 examination, and the examination must have been completed within ~~two years~~ six months
14.3 preceding or following the initial application for the certificate.

14.4 Subp. 3. [Repealed, 40 SR 953]

14.5 **1105.2000 RETAKE AND GRANTING OF CREDIT REQUIREMENTS.**

14.6 Subpart 1. [Repealed, 28 SR 1636]

14.7 Subp. 2. **Examination requirements.**

14.8 A. An applicant may take the required examination sections individually and in
14.9 any order. Credit for any section passed shall be valid for 18 months from the actual date
14.10 the applicant took that section, without having to attain a minimum score on any failed
14.11 section and without regard to whether the applicant has taken other sections, regardless of
14.12 the date that the applicant actually receives notice of the passing grade. In addition:

14.13 ~~A. (1)~~ an applicant must pass all four sections of the Uniform Certified Public
14.14 Accountant Examination within a rolling 18-month period, that begins on the date that the
14.15 first section or sections passed are taken; and

14.16 ~~B. (2)~~ the frequency ~~in~~ with which an applicant may retake a failed
14.17 examination section is determined by ~~the National Association of State Boards of~~
14.18 ~~Accountancy~~ NASBA.

14.19 B. In the event that all four sections of the Uniform Certified Public Accountant
14.20 Examination are not passed within the rolling 18-month period, credit for any section passed
14.21 outside the 18-month period expires and that section must be retaken.

14.22 [For text of subparts 3 to 5, see Minnesota Rules]

1105.2100 EXAMINATION CHARGES.

The board shall ~~charge, or~~ provide for a third party to charge, each applicant a fee for each section of the examination or reexamination taken by the applicant as specified in Minnesota Statutes, section 326A.04.

- 14.1 for a certificate. A grade of at least 90 percent correct is required to pass the ethics
- 14.2 examination, and the examination must have been completed within ~~two years~~ six months
- 14.3 preceding or following the initial application for the certificate.
- 14.4 Subp. 3. [Repealed, 40 SR 953]

~~1105.2200 Cheating~~

~~Subp. 3.~~

~~Remedial action during examination.~~

~~In any case in which it appears that cheating has occurred or is occurring, the board or its representatives shall either summarily expel the candidate involved from the examination or move the candidate to a position in the test site away from other examinees where the candidate can be watched more closely. exam administrator has the authority to take whatever actions it deems necessary to preserve examination integrity, including expelling the candidate from the exam.~~

1105.2500 Applications for Certificates

Rationale: Applicants no longer apply to the Board first to sit for the exam, making three year "open" application window obsolete and in contradiction to good data collection and maintenance practices. New application expiration/validity window therefore established in keeping with changes made in other parts. "Retired" status created by Minnesota Statutes section 326A.045 inserted. Clarifies otherwise unclear, contradictory, or misleading language regarding who must apply for an "Active" certificate.

15.1 1105.2500 APPLICATIONS FOR CERTIFICATES.

15.2 A. Applications for initial certificates and for renewal of certificates pursuant to
15.3 the act must be made on a form provided by the board and, in the case of applications for
15.4 renewal, must be filed no later than the expiration date set by the act or this chapter.

15.5 Applications are not considered filed until the board receives the fully completed application,
15.6 the applicable fee prescribed in Minnesota Statutes, section 326A.04, and the following
15.7 supporting documentation:

15.8 *[For text of subitem (1), see Minnesota Rules]*

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

15.11 Applicants who do not supply all required supporting documents and applicable fees for an
15.12 initial certificate within ~~three years~~ six months of the date that the application was received
15.13 by the board shall submit a new application with the required fee. If an application for
15.14 renewal is filed late, it must also be accompanied by the delinquency fee prescribed in
15.15 Minnesota Statutes, section 326A.04. In addition, the reinstatement fee prescribed in
15.16 Minnesota Statutes, section 326A.04, must be paid if the renewal is filed more than two
15.17 years late. The application for renewal must be submitted on a form provided by the board
15.18 by December 31 of each year.

15.19 *[For text of item B, see Minnesota Rules]*

15.20 C. (1) Licensees granted an exception under part 1105.3300, item C, subitem (1),
15.21 shall have a certificate status of "inactive."

15.22 (2) Licensees who request retired status under Minnesota Statutes, section
15.23 326A.045, shall have a certificate status of "retired."

15.24 ~~(2)~~ (3) Licensees who elect to be exempt from certificate renewal under part
15.25 1105.3700 shall have a certificate status of "exempt."

16.1 ~~(3)~~ (4) Licensees who do not meet the criteria of subitem (1) ~~or~~, (2), or (3),
16.2 and have complied with part 1105.3000, items A to C, shall have a certificate status of
16.3 "active." Initial issuances of certificates shall also have an "active" status.

16.4 ~~(4)~~ (5) Licensees shall renew their certificates with a status of "active" if they:

16.5 [For text of units (a) to (c), see Minnesota Rules]

16.6 (d) are employees in of the Office of the Legislative Auditor or State
16.7 Auditor.

16.8 Persons specified in unit (a) or (d) who perform no direct or indirect professional service
16.9 for any client do not need an "active" certificate.

16.10 ~~(5)~~ (6) Licensees shall renew their certificates with a status of "active" if they
16.11 used experience of the type specified in part 1105.2600, item C, in obtaining the initial
16.12 certificate and are still directly or indirectly performing through the supervision of others,
16.13 work which is similar, in the opinion of the board, to the work claimed as experience.

16.14 ~~(6)~~ (7) Nonresident individuals who do not meet the requirements of part
16.15 1105.7900, item B, and Minnesota Statutes, section 326A.04, subdivision 7, or 326A.14,
16.16 and who have never been granted a CPA certificate by any state must not be issued a
16.17 certificate by this state unless the individual previously met the nonresident requirements
16.18 of part 1105.1600, subpart 1, and meets all other requirements for initial issuance of a
16.19 certificate.

16.20 D. Applicants, licensees, or nonresident individuals who desire to practice in this
16.21 state but do not meet the requirements of part 1105.7900, item B, who have successfully
16.22 passed the Uniform Certified Public Accountant Examination and have met the experience
16.23 and education requirements of parts 1105.2600 and 1105.2900, and Minnesota Statutes,
16.24 section 326A.04, must either:

16.25 (1) make an application and receive an initial certificate; or

17.1 (2) make an application and receive an "active" certificate;
17.2 if the applicants, licensees, or nonresident individuals who do not meet the requirements of
17.3 part 1105.7900, item B, are:

17.4 (a) owners of a firm that has been issued a permit under this chapter
17.5 and Minnesota Statutes, section 326A.05;

17.6 (b) are employed by or become employed by a firm which that has been
17.7 issued a permit under this chapter and Minnesota Statutes, section 326A.05, and the position
17.8 is for the purpose of providing professional services to a client; or

17.9 (c) are employees in the Office of the Legislative Auditor or State
17.10 Auditor, and the employment results will result in the providing of professional services to
17.11 a client.

17.12 Applications must be accompanied by the applicable fee prescribed in Minnesota Statutes,
17.13 section 326A.04, and must be filed with the board within 60 days of meeting the criteria
17.14 specified in this item.

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

17.16 [For text of subitems (1) and (2), see Minnesota Rules]

17.17 (3) as described in item D, subitem (2), become an owner or employee of a
17.18 firm issued a permit or an employee in the Office of Legislative Auditor or State Auditor.

1105.2600 Experience Required for Initial Certificate.

Rationale: Removes language that requires applicant experience to be verified only by someone licensed in the same state as the physical office location where the applicant worked. Instead, language clarifies that the verifying licensee have first-hand knowledge of the experience and so can truly attest to the experience; also clarifies what license status/state is required of the verifying licensee. These factors are those that give the requirement its validity as a HSW requirement for licensure: The experience was definitely earned and was verified by someone with both the license standing to be accountable for an invalid affirmation and the knowledge to make a valid affirmation.

1105.2600 EXPERIENCE REQUIRED FOR INITIAL CERTIFICATE.

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 D.

....

B.

The applicant's experience must be verified to the board by a licensee with first-hand knowledge of experience and who, at the date of verification,

1. if licensed in Minnesota, holds a "valid certificate" as defined in part 1105.6550, item A, or an unexpired certificate that has a certificate status of "inactive."

2. if licensed in a state other than Minnesota, holds an unexpired certificate, license, or registration in that state.

Acceptable experience includes employment in industry, government, academia, or public practice. The board shall consider such factors as the complexity and diversity of the work appropriate for an applicant receiving an initial certificate.

1105.2900 Education Required for Initial Certification

Rationale: In so far as national guidelines do not harm (or potentially enhance) HSW for Minnesotans, it is in the interests of MN licensees and future applicants that the board's requirements for obtaining and maintaining licensure are substantially equivalent with those national guidelines so that Minnesota licensees now and in future can benefit from license mobility and reciprocal licensure. Additions and changes bring the text in line with the education requirement changes in the UAA 2020.

- 17.19 **1105.2900 EDUCATION REQUIRED FOR INITIAL CERTIFICATION ~~ON OR~~**
17.20 **~~AFTER JULY 1, 2006.~~**
- 17.21 ~~A. Applicants who meet the requirements of part 1105.1500, subpart 1, item A,~~
17.22 ~~B, or C, are presumed to have completed the education requirements of Minnesota Statutes,~~
17.23 ~~section 326A.03, subdivision 6, if 150 semester hours or 225 quarter hours have been~~
17.24 ~~completed.~~
- 18.1 ~~B. A. Applicants who meet the requirements of part 1105.1500, subpart 1, item~~
18.2 ~~D, and have in a total of at least 150 semester hours from an accredited educational institution~~
18.3 ~~are presumed to have completed the educational requirements of Minnesota Statutes, section~~
18.4 ~~326A.03, subdivision 6, if the 150 hours completed include:~~
- 18.5 ~~(1) the 24 semester hours of coursework required by part 1105.1500, subpart~~
18.6 ~~1, item D; and~~
- 18.7 ~~(2) a minimum of 24 semester hours in undergraduate or graduate level~~
18.8 ~~courses in business-related subjects or intermediate, advanced, or graduate level courses in~~
18.9 ~~accounting.~~
- 18.10 ~~(1) the 24 semester credit hours of coursework required by part 1105.1500;~~
18.11 ~~subpart 1; and~~
- 18.12 ~~(2) a minimum of 24 semester credit hours or the equivalent quarter credit~~
18.13 ~~hours in intermediate, advanced, or graduate level courses including:~~
- 18.14 ~~(a) a minimum of two semester credit hours in research and analysis~~
18.15 ~~relevant to the course content described in part 1105.1500, subpart 1;~~
- 18.16 ~~(b) a minimum of two semester credit hours in communications listed~~
18.17 ~~or cross-listed as an accounting or business course;~~
- 18.18 ~~(c) a minimum of three semester credit hours in ethics listed or~~
18.19 ~~cross-listed as an accounting or business course; and~~
- 18.20 ~~(d) any of the following subject areas:~~
- 18.21 ~~i. business law;~~
- 18.22 ~~ii. economics;~~
- 18.23 ~~iii. management;~~

19.1 iv. marketing;
19.2 v. finance;
19.3 vi. business communications;
19.4 vii. statistics;
19.5 viii. quantitative methods;
19.6 ix. information systems or technology; or
19.7 x. data analytics, data interrogation techniques, or digital acumen,
19.8 whether taken in a business school or another college or university program, such as an
19.9 engineering, computer science, or math program.

19.10 B. Standalone courses or integrated courses may be used to meet the requirements
19.11 under this subpart. When integrated courses are used, the educational institution must provide
19.12 a written statement, submitted on behalf of the applicant, that the specific courses adequately
19.13 cover the desired content with instruction and quality to attain the objectives and meet a
19.14 specific number of semester credit hours in that subject area. For purposes of this item,
19.15 "integrated courses" means a program of learning in which certain subjects that may be
19.16 standalone courses in some colleges or universities are integrated or embedded within related
19.17 courses.

19.18 C. The semester hours required in item B A, subitems (1) and (2), may not include
19.19 more than six hours for of internships or life experience.

19.20 D. The courses taken to meet the 150-semester hour requirement in items A and
19.21 B must be nonduplicative.

19.22 E. As used in this part and part 1105.1500, accounting and business-related subjects
19.23 include the following:

19.24 (1) accounting subjects:

- 21.1 ~~(h) technical writing;~~
- 21.2 ~~(i) information systems or technology;~~
- 21.3 ~~(j) business ethics;~~
- 21.4 ~~(k) marketing;~~
- 21.5 ~~(l) data analytics; and~~
- 21.6 ~~(m) computer science.~~

Rationale: The board has consistently maintained by statute and in rule that 1) continuing professional education (CPE) is an important HSW component/requirement for Active status licensure; and 2) the requirement is related both to gaining but equally importantly to *maintaining* the qualifications to serve the people of Minnesota as an Active CPA. With the addition of retired status in the 2018 Statute, the board now adds to its CPE rules language related to “retired” status that clarifies “good standing” of an Active licensee regarding CPE requirements when seeking to change to the new status and other existing statuses. These changes establish consistency in CPE requirements (when, for example, the CPE obligation is incurred) and thus the requirement to fulfill said obligation for status renewal and status change. The changes also remove redundant text. Includes minor updates to match the 2019 CPE Standard elsewhere incorporated by reference.

21.7 **1105.3000 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS.**

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

21.10 *[For text of items A and B, see Minnesota Rules]*

21.11 C. Certificates may not be renewed, and status change requests may not be
21.12 processed, until CPE requirements of this part are met or an exception is granted.

D.

A licensee holding a certificate with an inactive status 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.~~

21.14 E. Failure to report CPE, failure to obtain CPE required by this part, reporting of
21.15 an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary
21.16 action under Minnesota Statutes, section 326A.08. A licensee not in compliance with this
21.17 part shall be assessed a late processing fee of \$50 for the first month, or partial month, of
21.18 noncompliance and \$25 per month, or partial month, of noncompliance thereafter until the
21.19 date the licensee is in compliance with this part and provides:

21.20 (1) documentation of compliance in writing; and

21.21 (2) payment of the required late processing fee to the board.

22.1 F. A licensee electing to change the status of the licensee's certificate from a status
22.2 of "active" to a status of "inactive" or "exempt," or requesting to change status from "active"
22.3 "retired" must:

22.4 [For text of subitems (1) and (2), see Minnesota Rules]

22.5 G. Notwithstanding item F, a licensee requesting "exempt" or "retired" status who
22.6 is in compliance with CPE and renewal requirements as of the prior renewal period will
22.7 have no CPE requirement under this chapter if the licensee submits a request for status
22.8 change on or before June 30.

22.9 H. The A change in status from "active" to after completing the requirements in
22.10 item F, subitems (1) and (2), is effective as follows:

22.11 (1) for "inactive" is effective on status, January 1 following completion of
22.12 subitems (1) and (2); and

22.13 (2) for "exempt" and "retired" status, the date that the properly submitted and
22.14 eligible status change request is processed by the board, which must be no more than ten
22.15 business days after the receipt of the change request.

22.16 I. An individual who was previously granted "retired" status under Minnesota
22.17 Statutes, section 326A.045, who elects to change to an "inactive" status must notify the
22.18 board of the request in writing on a form provided by the board. The change in status is
22.19 effective January 1.

22.20 G. J. The following requirements apply to licensees granted an initial certificate
22.21 with an active status.

22.22 [For text of subitems (1) and (2), see Minnesota Rules]

22.23 **1105.3100 CONTINUING PROFESSIONAL EDUCATION PROGRAMS.**

22.24 [For text of subpart 1, see Minnesota Rules]

23.1 Subp. 2. **Other qualifications.** The board shall accept programs that, in the
23.2 determination of the board, contribute to the growth of the professional knowledge and
23.3 competence of the licensee even if the programs do not meet the specific requirements of
23.4 subpart 1 if the licensee shows that the programs contribute to the licensee's professional
23.5 knowledge and professional competence. All self-study, blended learning, with the exception
23.6 of courses offered by institutions described in subpart 1, item C, and nano-learning programs
23.7 and program sponsors must be approved by NASBA and listed on NASBA's CPE Registry.
23.8 The following learning activities are eligible for CPE credit as specified in the Statement
23.9 on Standards for Continuing Professional Education (CPE) Programs jointly approved by
23.10 NASBA and AICPA:

23.11 A. group live programs;

23.12 B. group Internet-based programs;

23.13 C. independent study;

23.14 D. authoring articles, books, or CPE courses for publication or content review of
23.15 such works by qualified reviewers; and

23.16 E. preparation time and presentation of courses or seminars.

23.17 *[For text of subpart 3, see Minnesota Rules]*

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

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

23.22 B. a maximum of 60 hours may be claimed for authoring articles, books, or CPE
23.23 courses for publication or for content review of such works by qualified reviewers;

- 24.1 C. at least 24 hours must be obtained from attending group or blended learning
24.2 programs;
- 24.3 D. a minimum of 60 hours must be obtained from technical learning activities as
24.4 defined in the NASBA Fields of Study, July 2016 revision, and incorporated by reference;
24.5 and
- 24.6 E. at least 72 hours must be obtained through programs meeting the registry
24.7 requirements under subpart 1-; and
- 24.8 F. the identical self-study course may not be retaken for credit within the one-year
24.9 CPE period.

1105.3300 EXCEPTION TO CONTINUING PROFESSIONAL EDUCATION REQUIREMENT.

~~A. The board may make an exception to the requirement in part 1105.3000, item A, for a licensee who is retired or who does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including:~~

- ~~(1) the issuance of reports on financial statements or other compilation communication;~~
- ~~(2) furnishing one or more kinds of management advisory, financial advisory, or consulting services;~~
- ~~(3) the preparation of tax returns; or~~
- ~~(4) furnishing advice on tax matters.~~

~~Licensees shall request an exception only in connection with the application for certificate renewal or with a request to change the status of a licensee's certificate from "active" to "inactive," "exempt," or "retired."~~

A. Licensees are granted exception to the requirements in 1105.3000, item A, if they have

1) certified that they do not perform or offer to perform for the public any professional services as defined in 1105.0100, Subp. 11b. ~~involving the use of accounting or auditing skills, including~~

~~a) the issuance of reports on financial statements or other compilation communication;~~

~~b) furnishing one or more kinds of management advisory, financial advisory, or consulting services;~~

~~c) the preparation of tax returns; and~~

~~d) furnishing advice on tax matters; and~~

2) have been granted “inactive,” “retired,” or “exempt” status by the board, with the stipulation that

a) those granted “inactive” status must place the word “inactive” adjacent to any use of the CPA title on any business card, letterhead, or any other document except for the CPA certificate or device on which the CPA title appears.

b) those granted “retired” status must place the word “retired” adjacent to any use of the CPA title on any business card, letterhead, or any other document except for the CPA certificate or device on which the CPA title appears.

c) those granted “exempt” status must not use the CPA title on any business card, letterhead, or any other document or device, or in any other way imply they hold a license.

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.

C.

~~A licensee granted an exception by the board must place the word "inactive" adjacent to the licensee's CPA title on any business card, letterhead, or any other document or device, with the exception of the CPA certificate, on which the CPA title appears.~~

D.

~~A licensee granted an exception by the board must comply with a reentry competency requirement defined by the board in part 1105.3000, item D, before the licensee may discontinue use of the word "inactive" in association with the CPA title.~~

1105.3500 INTERNATIONAL RECIPROCITY.

Rationale: Housekeeping changes.

25.8 **1105.3500 INTERNATIONAL RECIPROCITY.**

25.9 *[For text of subpart 1, see Minnesota Rules]*

25.10 Subp. 2. **Qualifying examinations.** The board shall satisfy its requirements through
25.11 qualifying examinations that the holder of a foreign credential deemed by the board to be
25.12 generally equivalent to a CPA certificate possesses adequate knowledge of United States
25.13 practice standards and the board's regulations. The board may rely on ~~the National~~
25.14 ~~Association of State Boards of Accountancy~~ NASBA, ~~the American Institute of Certified~~
25.15 ~~Public Accountants~~ AICPA, or other professional bodies to develop, administer, and grade
25.16 the qualifying examinations. The board shall specify the qualifying examinations and process
25.17 by resolution.

1105.3700 EXEMPTION FROM CERTIFICATE RENEWAL REQUIREMENT (EXEMPT AND RETIRED STATUS).

Rationale: Adds language in rule that “retired” status does not require renewal. Insert statuses into part description for clarification. Other edits reflect changes needed to be consistent with other proposed changes.

1105.3700 EXEMPTION FROM CERTIFICATE RENEWAL REQUIREMENT (EXEMPT AND RETIRED STATUS).

A. A licensee who does not engage in the practice of public accounting in any manner, ~~or who does not hold out as a CPA in any manner, and does not have an inactive certificate~~ is not required to renew the certificate. The election of exempt status or request for retired status by a person takes effect as specified under part 1105.3000, item H, following notification to the board. The notification must be made on a form provided by the board and continues to be in effect until a future renewal application is received by the board and an active status, in the case of exempt status, or inactive or active status, in the case of retired status, certificate renewal is granted.

B. A person ~~electing~~ requesting to change from exempt or retired status to active status ~~shall report continuing professional education as described in subitems (1) to (3) and (2).~~

~~(1) A person must submit with the application evidence of completion of 120 hours of continuing professional education to be taken within the three calendar years prior to the application being received by the board. Continuing professional education courses must meet the requirements in part 1105.3100.~~

~~(2) If, at the time of application for exempt or retired status, the licensee had not yet reported qualifying continuing professional education of 120 hours with a minimum of 20 hours per year for each of the three years prior to the application for exempt status, the licensee shall be required to must report continuing professional education for those years in addition to the hours required in subitem (1).~~

~~(3) Hours reported in subitem (1) may be used to satisfy the requirement in part 1105.3000 to the extent the hours fall within the one- or three-year CPE period.~~

26.17 C. For purposes of this part, the "practice of public accounting in any manner"
26.18 means issuing a report as ~~described~~ defined in Minnesota Statutes, ~~section 326A.01,~~
26.19 ~~subdivision 15, the act,~~ whether or not a fee is received. ~~In addition~~ Except as provided in
26.20 this chapter or the act, for purposes of this ~~subpart~~ part, "hold out" means any oral or written
26.21 communication conveying that the person holds a CPA certificate, including, without
26.22 limitation;

26.23 (1) ~~the displaying of the~~ a CPA certificate in any location where business is
26.24 conducted; and

27.1 (2) ~~the use of~~ using titles or legends on letterheads, business cards, resumes,
27.2 office doors, or advertisements and listings, including published membership listings of
27.3 professional organizations.

Rationale: Clarify that firms should make the 319B election as a “professional firm” in their application to the Secretary of State. Clarify that it is partner or owner change not any management change that must be reported to the board.

27.4 **1105.4000 APPLICATION FOR FIRM PERMIT.**

27.5 *[For text of items A to I, see Minnesota Rules]*

27.6 J. The application for a firm permit for a firm whose principal place of business
27.7 is in this state shall include a certified copy of the articles of incorporation, articles of
27.8 organization, or LLP registration on file with the Secretary of State's Office according to
27.9 Minnesota Statutes, section 319B.03. The application for a firm permit for a firm whose
27.10 principal place of business is not in this state shall include a certified copy of the certificate
27.11 of authority from the Secretary of State's Office according to Minnesota Statutes, section
27.12 319B.04.

27.13 **1105.4100 NOTIFICATION OF CHANGES BY FIRMS.**

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

27.17 *[For text of subitems (1) to (5), see Minnesota Rules]*

27.18 (6) ~~change in the management of any branch office~~ a partner or owner in
27.19 charge of each branch office in this state;

27.20 *[For text of subitems (7) to (9), see Minnesota Rules]*

27.21 *[For text of items B and C, see Minnesota Rules]*

1105.4300-.5300 (various; firms)

Rationale: Provides flexibility for the makeup of a peer review oversight in keeping with national discussions/trends without impact to firms, licensees, or the public. Removes requirement that a firm's request for peer review exemption be made under oath.

27.22 **1105.4300 PEER REVIEW AS CONDITION FOR RENEWAL OF PERMIT.**

27.23 *[For text of item A, see Minnesota Rules]*

28.1 B. A peer review oversight committee shall be ~~appointed~~ approved by an
28.2 affirmative vote of the board to monitor the report acceptance bodies designated by the
28.3 board in part 1105.5300, item B, and report to the board whether their programs meet the
28.4 requirements in this chapter and the act. The oversight committee must be constituted of
28.5 and act according to subitems (1) to (6). The peer review oversight committee:

28.6 (1) ~~It must be composed of five individuals appointed by the board for~~
28.7 ~~three-year staggered terms~~ a minimum of five individuals appointed by the board for
28.8 staggered terms. No individuals who are members or employees of the board or employees,
28.9 directors, or officers of a report acceptance body designated in part 1105.5300 may serve
28.10 on the committee. At least two of the individuals ~~appointed~~ approved by the board shall be
28.11 licensees at the time of their ~~appointment~~ service on the committee. The chair of the
28.12 committee ~~shall be a licensee and shall be designated as chair by the board.~~ must be a
28.13 licensed CPA approved by the board to serve as the chair;

28.14 (2) ~~It must have full access to the peer review process that is subject to~~
28.15 ~~oversight;~~

28.16 (3) ~~It must annually provide the board with an assessment of the effectiveness~~
28.17 ~~of the report acceptance bodies designated in part 1105.5300, item B, and the peer review~~
28.18 ~~process by December 31;~~

28.19 (4) ~~It must maintain the confidentiality of information obtained during the~~
28.20 ~~peer review process except as provided in subitem (5);~~

28.21 (5) ~~It must obtain the information required by part 1105.5300, item D, by~~
28.22 ~~December 31 of each year. The committee must provide to the board the names of those~~
28.23 ~~licensees and firms that the committee obtained through part 1105.5300, item D. Further,~~
28.24 ~~the committee shall annually provide the board with the report it obtained in part 1105.5300,~~
28.25 ~~item D, relating to continuing professional education sponsored by the report acceptance~~
28.26 ~~bodies and its evaluation of the report by August 1; and~~

29.1 (6) It must determine through its oversight of the report acceptance bodies
29.2 that the verification specified in part 1105.4700, item C, was part of the peer review standards
29.3 under which the reviews were conducted.

29.4 **1105.4600 PEER REVIEW.**

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

29.7 *[For text of items A and B, see Minnesota Rules]*

29.8 C. "Reviewer" means the licensee or firm selected to conduct the peer review who
29.9 is not affiliated with the licensee or firm being reviewed. The Public Company Accounting
29.10 Oversight Board is also considered a reviewer.

29.11 **1105.4900 EXEMPTION FROM PEER REVIEW REQUIREMENT.**

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

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

29.19 If a firm under exemption notifies the board that it has issued attest or compilation
29.20 reports, it must undergo a peer review. The peer review is due to the board 21 months from
29.21 the report date of the initial attest or compilation engagement, or sooner at the request of
29.22 the firm.

29.23 **1105.5300 QUALIFICATIONS OF REPORT ACCEPTANCE BODIES.**

29.24 *[For text of items A to C, see Minnesota Rules]*

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

30.11 [For text of item E, see Minnesota Rules]

1105.6300 Misleading CPA Firm Names

Rationale: Remove redundancies in part .6400. Clarify what names are considered misleading within the meaning of Minnesota Statutes, section 326A.10, paragraph h.

30.12 **1105.6300 MISLEADING CPA FIRM NAMES.**

30.13 *[For text of item A, see Minnesota Rules]*

30.14 B. A CPA firm name is misleading within the meaning of Minnesota Statutes,
30.15 section 326A.10, paragraph (h), if, ~~among other things,~~ the CPA firm name:

30.16 (1) contains any representation that would be likely to cause a reasonable
30.17 person to misunderstand or be confused about the legal form of the firm, or about who the
30.18 owners or members of the firm are, such as a reference to a type of organization or
30.19 abbreviation thereof which does not accurately reflect the form under which the firm is
30.20 organized. This includes, but is not limited to, a name that:

30.21 *[For text of units (a) and (b), see Minnesota Rules]*

30.22 (c) is not the lawful and registered name of the firm filed with the
30.23 Secretary of State if the firm is required to register under Minnesota Statutes, chapter 319B:

- 31.1 (d) does not include the words "corporation," "incorporated," "LTD,"
31.2 "professional corporation," or "company," or an abbreviation thereof as part of the firm
31.3 name if the firm is registered under statute as such an entity;
- 31.4 (e) does not include the words "limited liability company" or "limited
31.5 liability partnership," as part of the firm name if the firm is registered under statute as such
31.6 an entity;
- 31.7 ~~(e)~~ (f) includes the name of an individual who is not a CPA if the title
31.8 "CPAs" is included in the firm name;
- 31.9 ~~(d)~~ (g) includes information about or indicates an association with persons
31.10 who are not members of the firm;
- 31.11 ~~(e)~~ (h) includes the terms "and company," "company," "and associate,"
31.12 "associates," "group," or abbreviators thereof, or similar names implying more than one
31.13 employed licensee in the firm, but the firm does not include, in addition to the named
31.14 licensee, at least one other unnamed licensee involved full time in the practice;
- 31.15 ~~(f)~~ (i) includes the name surname or initials of a person who is neither
31.16 a present nor past partner, member, or shareholder of the firm, except as permitted in
31.17 Minnesota Statutes, section 326A.10, paragraph (h);
- 31.18 (j) in the case of a sole proprietor firm that is not registered with the
31.19 Secretary of State, does not include the owner's surname or initials;
- 31.20 (k) for a professional firm required to register under Minnesota Statutes,
31.21 chapter 319B, fails to contain the personal name or names of one or more individuals
31.22 presently or previously a partner, officer, or shareholder thereof, except that an acronym
31.23 may be used for a firm name if the acronym is composed exclusively of the first letters of
31.24 the surnames of current or past partners or shareholders of the firm;
- 31.25 [For text of subitem (2), see Minnesota Rules]

- 32.1 (3) implies inaccurate educational or professional attainment or licensing
32.2 recognition of the firm or the firm's owners, partners, or shareholders;
- 32.3 ~~(3)~~ (4) claims or implies the ability to influence a regulatory body or official;
32.4 or
- 32.5 ~~(4)~~ (5) includes the name of an owner whose license has been revoked or
32.6 suspended for disciplinary reasons by the board, whereby the licensee has been prohibited
32.7 from practicing public accountancy or prohibited from using the title CPA or holding the
32.8 licensee out as a certified public accountant until the board reinstates the owner's license.
- 32.9 [For text of items C to F, see Minnesota Rules]

G. Nothing in this part limits the authority of the board to take action against a firm for a misleading, fraudulent, or deceptive name not specifically described in this part.

1105.7500 - 7850 (Standards, document retention, conduct)

Rationale: Clarifies independence. Establishes standards for documentation preparation and retention for professional services other than audit in keeping with the standards incorporated by reference in the part .0250, to remove ambiguity regarding such requirements for other services that require a CPA license to render.

32.10 **1105.7500 COMPILATION REPORTS.**

32.11 *[For text of items A and B, see Minnesota Rules]*

32.12 C. Registrants must comply with Statements on Standards for Accounting and
32.13 Review Services issued by ~~the American Institute of Certified Public Accountants~~ AICPA
32.14 and incorporated by reference when performing compilation services except as specified
32.15 in part 1105.6500, item C.

32.16 **1105.7800 CODE OF PROFESSIONAL CONDUCT.**

32.17 A. The AICPA Code of Professional Conduct is incorporated by reference under
32.18 part 1105.0250.

32.19 *[For text of items B to F, see Minnesota Rules]*

32.20 G. A firm granted a permit under Minnesota Statutes, section 326A.05, is not
32.21 considered independent with respect to an audit of financial statements for a client if any
32.22 person specified in part 1105.4000, items D and E, within one year preceding the
32.23 commencement of audit procedures, participated in any capacity in the current or prior audit
32.24 and subsequently became the chief executive officer, controller, chief financial officer, chief

34.1 (d) a preparation of an original or amended tax return or claim for a tax
34.2 refund for any client.

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

34.7 [For text of subitems (2) and (3), see Minnesota Rules]

34.8 [For text of item K, see Minnesota Rules]

34.9 **1105.7850 RETENTION AND CONTENT OF AUDIT AND OTHER**
34.10 **PROFESSIONAL SERVICES DOCUMENTATION.**

34.11 A. Firms granted permits under Minnesota Statutes, section 326A.05, shall prepare;
34.12 documentation according to professional standards contained in AICPA Professional
34.13 Standards, and incorporated by reference in part 1105.0250. The documentation must have
34.14 sufficient detail to support the conclusions reached in any report or filing issued by the firm
34.15 related to the professional service. Except as provided in item B, the firm must retain the
34.16 documentation for a period of not less than six years from:

34.17 (1) the report date for audit documentation; or

34.18 (2) in sufficient detail to support the conclusions reached in any report issued
34.19 by the firm on the financial statements audited the engagement date for professional services
34.20 other than the audit.

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

34.22 B. For tax services, the retention period for documentation under item A is seven
34.23 years.

35.1 C. Unless otherwise stated in this part, a firm must comply with the documentation
35.2 and retention requirements in this part for a client that has its headquarters in this state.

35.3 D. The requirements in this part are superseded by those of another jurisdiction
35.4 or entity to which the firm or licensee is subject when the requirements of that jurisdiction
35.5 or entity are more stringent.

35.6 ~~E.~~ E. Failure to comply with this part, or with all professional standards applicable
35.7 to particular engagements, including, but not limited to, standards adopted by the Public
35.8 Company Accounting Oversight Board or the Comptroller General of the United States,
35.9 which are incorporated by reference in part 1105.0250, items D and E, respectively, is an
35.10 act discreditable to the profession and is basis for disciplinary action under Minnesota
35.11 Statutes, section 326A.08. The documentation and retention requirements in this part do
35.12 not apply to engagements that are subject to the jurisdiction of the Public Company
35.13 Accounting Oversight Board or the Comptroller General of the United States. ~~Unless~~
35.14 ~~otherwise stated in this part, firms shall comply with the documentation and retention~~
35.15 ~~requirements in this part in any other audit engagement performed for a client having its~~
35.16 ~~headquarters in this state.~~

35.17 ~~D.~~ F. If ~~audit~~ documentation is required to be kept for longer than six years because
35.18 of a pending board investigation or disciplinary action, audit documentation must not be
35.19 destroyed until the licensee has been notified in writing by the board of the closure of a
35.20 board investigation or disciplinary proceeding.

35.21 ~~E.~~ G. Any documents required to be retained by this part must be retained in
35.22 accessible form so that a reviewer may read the information contained in the documents.

35.23 ~~F.~~ H. Licensees shall maintain and comply with ~~an audit~~ documentation retention
35.24 and destruction policy that provides for the preservation of ~~audit~~ documentation for the full
35.25 time period required by this part and provides for the authorized custody, security, access,

36.1 retention, and destruction of the documentation. This policy must, at a minimum, include
36.2 the following:

- 36.3 (1) procedures for the maintenance of back-up copies of electronic ~~audit~~
36.4 documentation at secure locations;
- 36.5 (2) procedures for maintaining ~~audit~~ documentation;
- 36.6 (3) procedures for approving any changes to ~~audit~~ documentation; and
- 36.7 (4) procedures for approving the destruction of documentation when no longer
36.8 required to be maintained by this part.

36.9 ~~G. I.~~ In the case of audit services, the documentation referred to in item A must
36.10 include:

36.11 *[For text of subitems (1) and (2), see Minnesota Rules]*

36.12 ~~H. J.~~ The following requirements apply to changes in audit documentation after
36.13 delivery of the audit report to the client and such changes in documentation include any
36.14 addition, removal, deletion, substitution, or editing of audit documentation, including, but
36.15 not limited to, physical or electronic additions to any audit documentation file or preexisting
36.16 audit documentation, occurring after the date of delivery of the audit report to the client
36.17 which is supported by the audit documentation:

36.18 *[For text of subitems (1) and (2), see Minnesota Rules]*

Repealers already on Revisor's draft (definition of semester hour, which was moved; definition of accreditation, which was changed and moved; "fictitious firm names," which content was consolidated, revised, and moved).

36.19 **REPEALER.** Minnesota Rules, parts 1105.1400, subparts 1 and 2; and 1105.6400, are
36.20 repealed.

Supplement

Definition of professional services

Rationale: Provide clarity to the definition. Use that definition under 1105.3300 in lieu of a list that varies from and contains some of the confusing language in the original definition.

1105.0100, Subp. 11b. Professional services.

"Professional services" means services that require the specialized knowledge or skills associated with certified public accountants or persons registered under Minnesota Statutes, section 326A.06, paragraph (b), including:

- A. issuing reports on financial statements;
- B. providing management or financial advisory or consulting services;
- C. preparing tax returns as a CPA;
- D. providing advice in tax matters as a CPA; or
- E. other services, including but not limited to attest services, performed under a professional engagement

24.10 **1105.3300 EXCEPTION TO CONTINUING PROFESSIONAL EDUCATION**
24.11 **REQUIREMENT.**

24.12 A. The board may make an exception to the requirement in part 1105.3000, item

24.13 A, for a licensee who is retired or who does not perform or offer to perform for the public

24.14 ~~one or more kinds of services involving the use of accounting or auditing skills, including:~~

24.15 ~~[For text of subitems (1) to (3), see Minnesota Rules]~~

(4) ~~furnishing advice on tax matters:~~

24.16 any professional services, as defined in 1105.0100, Subp. 11b.

1105.3000 – Placement of Ethics requirement in rule

Rationale: For logic, clarity, and consistency, move the ethics requirement from 1105.3000(A) (2) to where other CPE content type requirements minimums/maximums are listed in 1105.3100. Update a subsequent citation.

Strike in

1105.3000(A) CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS.

(2) in a rolling three-year period, complete a minimum of 120 hours of CPE complying with this chapter ~~including at least eight hours in regulatory ethics or behavioral ethics;~~

Move to

1105.3100, Subp. 4

- 24.7 requirements under subpart 1; ~~and~~
~~F. at least 8 hours must be obtained in regulatory ethics or behavioral ethics; and~~
24.8 ~~F.~~ G. the identical self-study course may not be retaken for credit within the one-year
24.9 CPE period.

Update citation in

1105.2500(C)(4)

06/16/22

REVISOR

BD/EH

KD4/LJ

- 16.1 ~~(3)~~ (4) Licensees who do not meet the criteria of subitem (1) ~~or~~ (2), or (3).
16.2 and have complied with part 1105.3000, items A to C, ~~and part 1105.3100~~ shall have a certificate
16.3 status of "active." Initial issuances of certificates shall also have an "active" status.

Cap to the maximum amount of CPE noncompliance fees accrued/collected.

Rationale: With the removal of auto-revocation, an unintended consequence regarding CPE noncompliance will occur: Active licensees expiring and then not renewing for a period potentially extending well beyond the original automatic revocation window. The reinstatement path no longer applies; expired licensees now must renew. Under CPE rules as written this could result in substantial fees.

Consistent with statements elsewhere in this document regarding the board's stance on continuing education and three-year CPE requirements for maintaining competency, and under the authority of Minnesota Statute 16A.1283, the board would cap the CPE noncompliance fee at three CPE periods. Deterrence from noncompliance with CPE statutes and rules is maintained, without being unnecessarily punitive.

Note: The Revisor may determine this should be an "F" that references "E" (vs. "the foregoing"), causing subsequent renumbering items reviewed earlier in this document.

1105.3000

- 21.14 E. Failure to report CPE, failure to obtain CPE required by this part, reporting of
21.15 an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary
21.16 action under Minnesota Statutes, section 326A.08. A licensee not in compliance with this
21.17 part shall be assessed a late processing fee of \$50 for the first month, or partial month, of
21.18 noncompliance and \$25 per month, or partial month, of noncompliance thereafter until the
21.19 date the licensee is in compliance with this part and provides:
- 21.20 (1) documentation of compliance in writing; and
- 21.21 (2) payment of the required late processing fee to the board.

Notwithstanding the foregoing, a licensee not in compliance with this part for more than three CPE periods shall be assessed no more than the maximum fee accrued for the three most recent CPE periods of noncompliance.