

8-10-81

4/MCAR 6

08/07/81

[REVISOR] PMM/WO RD64

1 Rules as Adopted

2 Chapter One: Definitions and General (4 MCAR SS 6.001-6.019)

3 4 MCAR S 6.001 Board. Board means the Minnesota State Board of
4 Accountancy.

5 4 MCAR S 6.002 CPA. CPA means certified public accountant.

6 4 MCAR S 6.003 LPA. LPA means licensed public accountant.

7 4 MCAR S 6.004 Certificate. Certificate means a certificate for
8 a CPA or LPA issued by the board.

9 4 MCAR S 6.005 Person. Person means any individual,
10 partnership, corporation, joint stock company, unincorporated
11 association or society, municipal corporation, or any government
12 or governmental subdivision, unit or agency, other than a court
13 of law.

14 4 MCAR S 6.006 In public practice and rendering professional
15 service. In public practice and rendering professional service
16 mean:

17 A. When used in reference to a CPA or LPA, that he
18 individually or as an employer performs professional accounting
19 -----
services for a fee within this state.

20 B. When used in reference to a CPA partnership or LPA
21 partnership, that it performs professional accounting services

1 for a fee within this state.

2 C. When used in reference to a CPA corporation or LPA
3 corporation, that it performs professional accounting services
4 for a fee within this state.

5 4 MCAR S 6.007 Contested case. Contested case means a
6 proceeding before the board in which the legal rights, duties or
7 privileges of specific parties are required by law or
8 constitutional right to be determined after a board hearing.

9 4 MCAR S 6.008 Party. Party means any person whose legal
10 rights, duties or privileges may be determined in a contested
11 case. The term party shall include the board except when the
12 board participates in the contested case in a neutral or
13 quasi-judicial capacity only.

14 4 MCAR 6.009 License. License means a license for a certified
15 public accountant or licensed public accountant issued by the
16 board.

17 4 MCAR S 6.010-6.019 [Unchanged.]

18 Chapters Two through Three [Unchanged.]

19 Chapter Four: Certificate; Qualifications of Accountant (4 MCAR
20 SS 6.040-6.049)

21 Certificate; To Whom Granted.

22 Certificate; Examination

23 4 MCAR S 6.040 The following requirements are to be observed in
24 submitting applications to the board for examination, and
25 re-examination for the certificate as certified public
26 accountant and reciprocal certificate as certified public
27 accountant:

28 A. [Unchanged.]

29 B. [Unchanged.]

30 C. ~~Applicants~~ Applications for CPA examination or
31 re-examination not reaching the board 60 or more days prior to
32 the initial examination date may, at the board's discretion, be
33 deferred for consideration for a subsequent examination.

1 4 MCAR S 6.041 An application for CPA examination or
 2 ~~re-reexamination~~ reexamination shall expire five years from the
 3 -----
 3 date of the board's approval to sit for the initial
 4 examination. Once expired, the board may refuse to consider a
 5 new application or may require the applicant to be re-examined
 6 in all subjects.

7 4 MCAR S 6.042 [Unchanged.]

8 4 MCAR S 6.043 Examinations for CPA applicants.

9 A. [Unchanged.]

10 B. Ample notice will be given to each applicant of the time
 11 and place selected for holding the examination, and each
 12 applicant must be present and prepared to engage in the work
 13 promptly at the hours appointed. An applicant who is unable to
 14 be present must notify the board as soon as ~~reasonable~~
 15 reasonably possible. Failure to do so will be considered, at
 16 -----
 16 the discretion of the board, just cause for exclusion and
 17 forfeiture of the amount of the fee. An applicant who is unable
 18 to be present at the examination for which his application was
 19 approved, shall notify the board at least 60 days prior to a
 20 subsequent examination to which he desires to be admitted and
 21 furnish current information on forms provided by the board.
 22 Cheating on the examination is conduct unbecoming to a
 23 professional person and upon discovery will incur severe
 24 penalties. Instances of cheating during the course of the
 25 examination may include, but shall not be limited to:

- 26 -----
- 26 1. Communications between candidates inside or outside of
 - 27 the examination room, or copying another's answers.
 - 28 2. Communication with others outside of the examination
 - 29 room.
 - 30 3. Substitution by a candidate of another person to sit
 - 31 in the examination room in his stead and write one or more of
 - 32 the examination papers for him.
 - 33 4. Use of crib sheets, notes or other unauthorized
 - 34 materials.

1 Penalties imposed for cheating may include the following:
 2 Grade of zero on the examination, immediate expulsion from the
 3 examination room, and temporary or permanent suspension of the
 4 candidate's right to take the examination again.

5 C. [Unchanged.]

6 D. [Unchanged.]

7 E. Where an applicant has passed the examination, a
 8 certificate as certified public accountant shall be issued to
 9 him without an additional fee. Such certificate shall indicate
 10 that this certificate is not a license to practice.

11 4 MCAR S 6.044 Re-examinations for CPA applicants.

12 A. through E. [Unchanged.]

13 4 MCAR S 6.045 Examination in other states for CPA applicants.

14 A. through B. [Unchanged.]

15 4 MCAR S 6.046 Education for CPA applicants.

16 A. through C. [Unchanged.]

17 4 MCAR SS 6.047-6.049 [Unchanged.]

18 Chapter Five: Certificate without Examination (4 MCAR SS
 19 6.050-6.059)

20 4 MCAR S 6.050 Reciprocity. Ordinarily a reciprocal CPA
 21 certificate will not be granted unless the state of origin
 22 grants similar privileges to holders of Minnesota certificates,
 23 and the applicant conforms to all requirements which would be
 24 imposed by the state ~~of~~ of origin upon the holder of a Minnesota
 25 CPA certificate seeking reciprocal recognition in that
 26 jurisdiction.

27 4 MCAR SS 6.051 through 6.052 [Unchanged.]

28 4 MCAR S 6.053 Application for a reciprocal CPA certificate must
 29 be supported by a statement of the applicant's need for a
 30 Minnesota certificate.

31 4 MCAR SS 6.054-6.059 ~~Unchanged~~ [Unchanged.]

32 Chapter Six: Qualifying Experience for CPA Examination and

1 Granting of License for Certified Public Accountant and Licensed
2 Public Accountant (4 MCAR SS 6.060-6.069)

3 4 MCAR S 6.060 It is the intent of this requirement that the
4 applicant should have had practical public accounting experience
5 of reasonable variety and importance, requiring independent
6 thought and judgment on important accounting, auditing and
7 income tax matters, consistent with the competence generally
8 expected of a certified public accountant or licensed public
9 accountant.

10 4 MCAR SS 6.061 through 6.069 [Unchanged.]

11 Chapter Seven. License Licensure as Certified Public
12 Accountants or Licensed Public Accountants (4 MCAR SS
13 6.070-6.079)

14 4 MCAR S 6.070 A license shall be granted to any person who
15 meets the requirements of Minn. Stat. S 326.19, subd. ~~(2)~~ 2 as a
16 certified public accountant or Minn. Stat. S 326.191 as a
17 licensed public accountant who applies for licensure on forms
18 provided by the board.

19 4 MCAR S 6.071 Each individual holder of an unrevoked Minnesota
20 certificate or license as a Certified Public Accountant or
21 Licensed Public Accountant who engages in or intends to be
22 engaged in the practice of public accounting within the state of
23 Minnesota during all or part of a calendar year is required to
24 apply for and obtain from the board an annual license for that
25 year. The application for the annual license and the
26 appropriate fee shall be submitted to the board within thirty
27 (30) days after engaging in public practice in any year.

28 4 MCAR S 6.072 Each November the board will notify each current
29 licensee of the ~~license~~ licensing requirements for the
30 succeeding year. However, it is the responsibility of each
31 licensee in public practice to apply for a license and pay the
32 appropriate fee.

33 4 MCAR S 6.073 The following requirements are to be observed in

1 making applications for annual license issued to an individual
2 holder of a Minnesota certificate.

3 A. through B. [Unchanged.]

4 4 MCAR S 6.074 Failure to apply for license and pay the
5 appropriate fee by a CPA or LPA at the beginning of the year in
6 public practice shall be deemed unprofessional conduct and may
7 be cause for suspension or revocation of his certificate.

8 4 MCAR S 6.075 The annual license granted by the Board to a
9 licensee shall be prominently displayed in the principal office
10 of the licensee.

11 4 MCAR SS 6.076-6.079 [Reserved for future use.]

12 Chapter Eight through Chapter Ten [Unchanged.]

13 Chapter Eleven: Fee for License and Renewal (4 MCAR SS
14 6.110-6.119)

15 4 MCAR S 6.110 Applications shall be accompanied by fees in the
16 following amounts:

17 A. Application for certified public accountant examination
18 by first time applicants. \$100.00.

19 B. Application for certified public accountant
20 re-examination in failed subjects. \$25.00 per subject but not
21 in excess of \$100.00 (Accounting practice is considered to be
22 two subjects.) 4 MCAR S 6.044 B E. provides that applicants must
23 apply for re-examination in all failed subjects.

24 C. Application for reciprocal certificate and license for
25 certified public accountant. \$75.00.

26 D. Application for certificate and license for licensed
27 public accountant. \$75.00.

28 E. Application for reciprocal certificate and license for
29 licensed public accountant. \$75.00.

30 4 MCAR SS 6.111 through 6.119 [Unchanged.]

31 Chapters Twelve through Fourteen [Unchanged.]

32 Chapter Fifteen: Code of Professional Conduct (4 MCAR SS
33 6.150-6.159)

1 4 MCAR S 6.150 In practice of accounting and in rendering
 2 professional accounting services a CPA and LPA shall adhere to
 3 the following code.

4 DEFINITIONS

5 The following definitions of terminology are applicable
 6 wherever such terminology is used in the rules and
 7 interpretations.

8 Board: means the Minnesota State Board of Accountancy.

9 Certified Public Accountant or licensee: means a person

 10 holding such certificate or license issued under the Accountancy
 11 Law of Minnesota.

12 Licensed Public Accountant or licensee: means a person

 13 holding such certificate or license issued under the Accountancy
 14 Law of Minnesota.

15 Client: means the ~~person~~(s) person or entity which retains

 16 a certified public accountant or his firm or a licensed public
 17 accountant or his firm, engaged in the practice of public
 18 accounting, for the performance of professional services.

19 Enterprise: means any ~~person~~(s) person or entity, whether

 20 organized for profit or not, for which a CPA or LPA provides
 21 services.

22 Firm: means a partnership or professional corporation or

 23 association engaged in the practice of public accounting,
 24 including individual partners or shareholders hereof thereof.

25 Financial statements: means statements and footnotes related

 26 thereto that purport to show financial position which relates to
 27 a point in time or changes in financial position which related
 28 to a period of time, and statements which use cash or other
 29 incomplete basis of accounting. Balance sheets, statements of
 30 income, statements of retained earnings, statements of changes
 31 in financial position and statements of changes in owners'
 32 equity are financial statements.

33 Incidental financial data included in management advisory
 34 services reports to support recommendations to a client, and tax
 35 returns and supporting schedules do not, for this purpose,

1 constitute financial statements; and the statement, affidavit or
 2 signature of preparers required on tax returns neither
 3 constitutes an opinion on financial statements nor requires a
 4 disclaimer of such opinion.

5 Institute- means the American Institute of Certified Public

 6 Accountants.

7 Interpretations of Rules of Professional Conduct- means

 8 pronouncements issued by the Division of Professional Ethics to
 9 provide guidelines as to the scope and application of the Code
 10 of Professional Conduct.

11 Practice of public accounting- means holding oneself out to

 12 be a CPA or LPA and at the same time performing for a client one
 13 or more types of services rendered by public accountants.

14 Professional services- means one or more types of services

 15 performed in the practice of public accounting.

16 APPLICABILITY OF RULES

17 These rules are adopted under the authority granted by Minn.
 18 Stat. S 326.18 (~~1974~~) which delegates to the board the power and
 19 duty to make rules of professional conduct. The reliance of the
 20 public and the business community on sound financial reporting
 21 and advice on business affairs imposes on the accounting
 22 profession an obligation to maintain high standards of technical
 23 competence, morality and integrity. To this end, a certified
 24 public accountant or licensed public accountant shall at all
 25 times maintain independence of thought and action, hold the
 26 affairs of his clients in strict confidence, strive continuously
 27 to improve his professional skills, observe ~~general~~ generally

 28 accepted auditing standards, promote sound and informative
 29 financial reporting, uphold the dignity and honor of the
 30 accounting profession, and maintain high standards of personal
 31 conduct.

32 Acceptance of licensure as a CPA or LPA implies that the
 33 licensee has assumed an obligation to be diligent in the
 34 performance of professional service, and fair and honest in
 35 relations with clients, fellow practitioners and the public, and
 36 has a proper appreciation of his duties to the community and

1 state. In recognition thereof the board has promulgated the
2 following rules of professional conduct which each licensee
3 agrees to regard as binding upon him.

4 [Remaining portion of Applicability of Rules unchanged.]

5 INDEPENDENCE, INTEGRITY AND OBJECTIVITY

6 Rules 101 through 103 [Unchanged.]

7 COMPETENCE AND TECHNICAL STANDARDS

8 Rules 201 through 204 [Unchanged]

9 RESPONSIBILITIES TO CLIENTS

10 Rules 301 through 304 [Unchanged.]

11 OTHER RESPONSIBILITIES AND PRACTICES

12 Rules 401 through 409 [Unchanged.]

13 4 MCAR S 6.151 [Unchanged.]

14 Chapter Sixteen: Continuing Education (4 MCAR S 6.160)

15 4 MCAR S 6.160 Continuing education rules. Pursuant to the
16 provision of Minn. Stat. S 214.12 ~~(1976)~~, the board prescribes
17 the following rules establishing requirements of continuing
18 education to be met from time to time by licensees in order to
19 maintain their professional knowledge and competence, as a
20 condition to continuing to practice as certified public
21 accountants or licensed public accountants. These rules shall
22 become effective for certified public accountants on January 1,
23 1978, and for licensed public accountants on January 1, 1981 ~~or~~
24 ~~at such later date as the board may prescribe at the time of~~
25 ~~final adoption of these rules.~~

26 A. through C. [Unchanged.]

27 D. Continuing education policies. The board has adopted the
28 following policies to assist licensees in complying with the
29 accountancy statute and rules as they pertain to continuing
30 education:

31 1. Who must comply-exceptions.

32 a. [Unchanged.]

33 b. [Unchanged.]

34 c. Attorney-licensees. Persons occupying the dual
35 status of Attorney at Law and Certified Public Accountant or

1 Licensed Public Accountant are excepted from continuing
 2 education requirements only if they do not engage in the
 3 practice of public accounting under their accounting licenses.

4 d. [Unchanged.]

5 2. Qualifying programs-credit hours granted.

6 a. through h. [Unchanged.]

7 3. through 5. [Unchanged.]

8 6. Reciprocity. An individual who holds a valid and
 9 unrevoked certified public accountant or licensed public
 10 accountant certificate issued by any state or political
 11 subdivision of the United States or a comparable certificate or
 12 degree issued by any foreign country, and who receives a license
 13 to practice in this state under the appropriate provisions of
 14 the accountancy law, will be required to comply with the
 15 continuing education requirement on a pro rata basis when his
 16 license is next renewed and each succeeding three year period
 17 thereafter.

18 7. through 8. [Unchanged.]

19 E. All certified public accountant licensees holding a
 20 license on or before December 31, 1977, may use acceptable
 21 continuing education programs from May 31, 1977, to meet the
 22 required number of hours for the first reporting period. All
 23 licensed public accountant licensees having made application for
 24 license on or before July 1, 1980, may use acceptable continuing
 25 education programs from January 1, 1980, to meet the required
 26 number of hours for the first reporting period.

27 Chapter Seventeen: 4 MCAR SS 6.170-6.179 [Unchanged.]

28 Chapter Eighteen: 4 MCAR SS 6.180-6.189 [Unchanged.]

29 Chapter Nineteen: 4 MCAR SS 6.190-6.199 [Unchanged.]

30 Chapter Twenty: Professional Corporations (4 MCAR SS

31 6.200-6.209)

32 4 MCAR S 6.200 A corporation shall not include the words
 33 "Certified Public Accountant," "Licensed Public Accountant," or
 34 the initials CPA or LPA in its corporate name.

35 4 MCAR SS 6.201 through 6.209 [Unchanged.]

08/07/81

[REVISOR] PMM/WO RD64

- 1 Chapter Twenty One: Contested Cases
- 2 4 MCAR S 6.210 [Unchanged.]