

Office of the Revisor of Statutes

Administrative Rules



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

AGENCY: Board of Accountancy

REVISOR ID: R-4392

MINNESOTA RULES: Chapter 1105

INCORPORATIONS BY REFERENCE: [See attached]



The attached rules are approved for
filing with the Secretary of State

A handwritten signature in cursive script that reads "Sheree Speer".

Sheree Speer
Assistant Deputy Revisor

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INCORPORATIONS BY REFERENCE:

Part 1105.0250:

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

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

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

Statements on Quality Control Standards 8, copyright 2015;

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

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

Statements on Auditing Standards, dated June 1, 2015;

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

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

Consulting Services Standards, revised January 2015;

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

Statements on Standards for Valuation Services, copyright 2015.

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

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

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

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

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

Part 1105.3100:

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

Part 1105.7500:

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

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1.1 **Board of Accountancy**

1.2 **Adopted Permanent Rules Regarding Fees, Peer Reviews, Education, and Housekeeping**
1.3 **Updates**

1.4 **1105.0100 DEFINITIONS.**

1.5 [For text of subps 1 to 4, see M.R.]

1.6 Subp. 4a. **Asynchronous.** "Asynchronous" means a learning activity in which the
1.7 participant has control over time, place, or pace of learning.

1.8 Subp. 4b. **Blended learning program.** "Blended learning program" means an
1.9 educational program incorporating multiple learning formats.

1.10 [For text of subps 5 to 9, see M.R.]

1.11 Subp. 9a. **Group Internet-based program.** "Group Internet-based program" means
1.12 individual participation in synchronous learning with real-time interaction of an instructor
1.13 or subject matter expert and built-in process for attendance and interactivity.

1.14 Subp. 9b. **Group live program.** "Group live program" means synchronous learning
1.15 in a group environment with real-time interaction of an instructor or subject matter expert
1.16 that provides the required elements of attendance monitoring and engagement.

1.17 [For text of subps 9c and 9d, see M.R.]

1.18 Subp. 9e. [See repealer.]

1.19 Subp. 9f. **Licensee.** "Licensee" has the meaning given in Minnesota Statutes, section
1.20 326A.01, subdivision 9.

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

1.22 Subp. 10a. **Nano-learning program.** "Nano-learning program" means a tutorial
1.23 program designed to permit a participant to learn a given subject in a ten-minute time frame
1.24 through the use of electronic media and without interaction with a real time instructor. A

2.1 nano-learning program differs from a self-study program in that it is typically focused on
2.2 a single learning objective and is not paper-based. A nano-learning program is not a group
2.3 program. Nano-learning is not a substitute for comprehensive programs addressing complex
2.4 issues.

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

2.6 Subp. 12. **Peer review.** "Peer review" has the meaning given in Minnesota Statutes,
2.7 section 326A.01, subdivision 12.

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

2.9 Subp. 16a. **Self-study program.** "Self-study program" means an educational program
2.10 completed individually without the assistance or interaction of a real time instructor.

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

2.12 Subp. 18. **Synchronous.** "Synchronous" means a group program in which participants
2.13 simultaneously engage in learning activities.

2.14 **1105.0250 INCORPORATION BY REFERENCE.**

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

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

- 3.1 (1) AICPA Code of Professional Conduct, effective December 15, 2014,
3.2 including all official releases through August 31, 2016;
- 3.3 (2) Statements on Quality Control Standards 8, copyright 2015;
- 3.4 (3) Standards for Performing and Reporting on Peer Reviews, copyright 2015;
- 3.5 (4) Statement on Standards for Continuing Professional Education (CPE)
3.6 Programs, revised August 2016;
- 3.7 (5) Statements on Auditing Standards, dated June 1, 2015;
- 3.8 (6) Statements on Standards for Attestation Engagements, dated June 1, 2015;
- 3.9 (7) Statement on Standards for Accounting and Review Services, issued
3.10 October 2014;
- 3.11 (8) Consulting Services Standards, revised January 2015;
- 3.12 (9) Statements on Standards for Tax Services, dated November 2009; and
- 3.13 (10) Statements on Standards for Valuation Services, copyright 2015.
- 3.14 C. The following document is published by the National Association of State
3.15 Boards of Accountancy and is available from the American Institute of Certified Public
3.16 Accountants, 1211 Avenue of the Americas, New York, NY 10036: NASBA Fields of
3.17 Study, July 2016 revision.
- 3.18 D. The following document is published by and available from the American
3.19 Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY
3.20 10036: PCAOB Standards and Related Rules, 2016 edition.
- 3.21 E. The following document is published by and available from the United States
3.22 Government Accountability Office, Washington, DC 20548: Government Auditing Standards:
3.23 December 2011 revision.

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

4.3 G. The following document is published by the Governmental Accounting
4.4 Standards Board, Norwalk, CT: Government Accounting Standards Board Codification,
4.5 dated June 30, 2015.

4.6 **1105.0900 VERIFICATION AND TRANSFER OF GRADE FEES.**

4.7 Requests for verification of data on examinees, certificate holders, registrants, or
4.8 licensees, and requests for transfer of grades, must be made in writing.

4.9 **1105.1200 COMMUNICATIONS.**

4.10 An applicant, licensee, registrant, or individual with practice privileges under Minnesota
4.11 Statutes, section 326A.14, shall respond to communications from the board, committees of
4.12 the board, or the attorney general on behalf of the board within 30 days of the mailing of
4.13 communications, unless an earlier response is requested within the communications. An
4.14 applicant, licensee, registrant, or individual with practice privileges under Minnesota Statutes,
4.15 section 326A.14, shall appear before the board, committees of the board, or the attorney
4.16 general on behalf of the board when requested to do so and provide copies of all pertinent
4.17 records, including handwriting samples, to assist the board in its deliberations. An applicant,
4.18 licensee, registrant, or individual with practice privileges under Minnesota Statutes, section
4.19 326A.14, shall sign an authorization letter giving the board access to information relating
4.20 to a board investigation that is held by any federal, state, or other local government agency,
4.21 or professional organization, the subject matter of which pertains to conduct as described
4.22 in Minnesota Statutes, section 326A.08, subdivision 5, paragraph (a), clause (10), when
4.23 requested to do so by the board or by the attorney general on behalf of the board.

4.24 **1105.1400 SEMESTER HOUR; ACCREDITATION; CREDIT FOR COURSES.**

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

5.1 Subp. 2. **Definition; accreditation.** As used in this chapter, "accreditation" refers to
5.2 the process of quality control of the education process. There are three different types of
5.3 accreditation referred to in this chapter and the degree to which the board relies on
5.4 accreditation differs according to the type of accreditation. The three types of accreditation
5.5 are described in items A to C.

5.6 A. An educational institution must be accredited by one or more of the ~~six~~
5.7 ~~recognized regional or national~~ accrediting agencies or successor agencies ~~listed with~~
5.8 ~~recognized by the United States Department of Education. The recognized regional~~
5.9 ~~accrediting agencies are: the Middle States Commission on Higher Education, the North~~
5.10 ~~Central Association of Colleges and Schools, the Higher Learning Commission, the New~~
5.11 ~~England Association of Schools and Colleges, Commission on Institutions of Higher~~
5.12 ~~Education, the Northwest Commission on Colleges and Universities, the Southern Association~~
5.13 ~~of Colleges and Schools, Commission on Colleges, and the Western Association of Schools~~
5.14 ~~and Colleges, Senior Colleges and University Commission.~~

5.15 B. A business school within an accredited educational institution must be accredited
5.16 by the Association to Advance Collegiate Schools of Business (AACSB) or the Accreditation
5.17 Council for Business Schools and Programs (ACBSP).

5.18 C. An accounting program or department within an AACSB- or ACBSP-accredited
5.19 business school must be accredited by the AACSB or ACBSP.

5.20 Subp. 3. **Institution accredited when degree is granted.** A candidate is considered
5.21 as graduating from an accredited educational institution if, at the time the educational
5.22 institution grants the applicant's baccalaureate or graduate degree, it is accredited according
5.23 to this chapter.

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

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

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

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

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

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

1105.1500 EDUCATION REQUIREMENTS.

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

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

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

7.1 C. earned a baccalaureate degree from a business school or college of business
7.2 that is accredited by the AACSB or ACBSP and completed at least 24 semester hours in
7.3 accounting at the undergraduate or graduate level, including the following required courses:
7.4 financial accounting, auditing, taxation, and management accounting; and completed an
7.5 additional 24 semester hours in business-related or accounting courses at the undergraduate
7.6 or graduate level; or

7.7 D. earned a baccalaureate or higher degree from an educational institution
7.8 accredited by one or more of the national or regional accrediting agencies described in part
7.9 1105.1400, subpart 2, item A, that included or is supplemented by at least 24 semester hours
7.10 of accounting at the intermediate or advanced level, including ~~the following required courses~~
7.11 dedicated to each of the following subjects: financial accounting, auditing, taxation, and
7.12 management accounting earned at an accredited educational institution. Intermediate or
7.13 advanced level coursework includes courses taken beyond the introductory level.

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

7.15 **1105.2400 EMERGENCY EXAMINATION PROCEDURES.**

7.16 When circumstances exist making it impossible for the board or examination
7.17 administrator to conduct the examination at the time, date, or place scheduled or make it
7.18 impossible for a majority of examination candidates to attend the examination at the time,
7.19 date, or place scheduled, the board shall waive parts 1105.1600, subpart 3; 1105.1700; and
7.20 1105.2000, subpart 2; and Minnesota Statutes, section 326A.04, subdivision 5, paragraph
7.21 (b), clauses (14) and (15), to avoid hardship on examination candidates affected. The
7.22 circumstances include notice to the board of the unavailability of the examination site with
7.23 insufficient time to give notice to examination candidates; weather emergencies as declared
7.24 by the governor, the governor's designees, or those state officials empowered to close public
7.25 highways; civil disturbances; natural disasters; and other causes that affect the board's or
7.26 examination administrator's ability to fairly administer the examination.

8.1 **1105.2500 APPLICATIONS FOR CERTIFICATES.**

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

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

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

8.12 Applicants who do not supply all required supporting documents and applicable fees for an
8.13 initial certificate within three years of the date the application was received by the board
8.14 shall submit a new application with the required fee. If an application for renewal is filed
8.15 late, it must also be accompanied by the delinquency fee prescribed in Minnesota Statutes,
8.16 section 326A.04. In addition, the reinstatement fee prescribed in Minnesota Statutes, section
8.17 326A.04, must be paid if the renewal is filed more than two years late. The application for
8.18 renewal must be submitted on a form provided by the board by December 31 of each year.

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

8.20 **1105.2540 TEMPORARY MILITARY CERTIFICATE.**

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

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

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

9.2 **1105.2600 EXPERIENCE REQUIRED FOR INITIAL CERTIFICATE.**

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

9.5 A. Experience consists of providing any type of services or advice using
9.6 accounting, attest, compilation, management advisory, financial advisory, tax, or consulting
9.7 skills.

9.8 B. The applicant's experience must be verified to the board by a licensee who, at
9.9 the date of verification, holds a "valid certificate" as defined in part 1105.6550, item A, or
9.10 an unexpired certificate that has a certificate status of "inactive." Experience gained in
9.11 another state must be verified by a certified public accountant with an unexpired certificate,
9.12 license, or registration in that state. Acceptable experience includes employment in industry,
9.13 government, academia, or public practice. The board shall consider such factors as the
9.14 complexity and diversity of the work appropriate for an applicant receiving an initial
9.15 certificate.

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

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

9.21 **1105.2900 EDUCATION REQUIRED FOR INITIAL CERTIFICATION ON OR**
9.22 **AFTER JULY 1, 2006.**

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

9.24 B. Applicants who meet the requirements of part 1105.1500, subpart 1, item D,
9.25 and have in total at least 150 semester hours from an accredited educational institution are

presumed to have completed the educational requirements of Minnesota Statutes, section 326A.03, subdivision 6, if the 150 hours completed include ~~the coursework required by part 1105.1500, subpart 1, item D, and a minimum of 24 semester hours in intermediate, advanced, or graduate-level courses in business-related subjects or accounting.~~

(1) the 24 semester hours of coursework required by part 1105.1500, subpart 1, item D; and

(2) a minimum of 24 semester hours in undergraduate or graduate-level courses in business-related subjects or intermediate, advanced, or graduate-level courses in accounting.

C. ~~The 48-semester hour requirement~~ semester hours required in item B, subitems (1) and (2), may not include more than six hours for internships or life experience.

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

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

(1) ~~accounting-related~~ accounting subjects:

(a) financial accounting and reporting for business organizations;

(b) financial accounting and reporting for government and not-for-profit entities;

(c) auditing and attestation services;

(d) managerial or cost accounting;

(e) taxation;

(f) fraud examination;

- 11.1 (g) internal controls and risk assessment;
- 11.2 (h) financial statement analysis;
- 11.3 (i) accounting research and analysis;
- 11.4 (j) tax research and analysis;
- 11.5 (k) accounting information systems; and
- 11.6 (l) accounting ethics; and
- 11.7 (2) business-related subjects:
 - 11.8 (a) business law;
 - 11.9 (b) economics;
 - 11.10 (c) management;
 - 11.11 (d) finance;
 - 11.12 (e) business communications;
 - 11.13 (f) statistics;
 - 11.14 (g) quantitative methods;
 - 11.15 (h) technical writing;
 - 11.16 (i) information systems or technology;
 - 11.17 (j) business ethics;
 - 11.18 (k) marketing; and
 - 11.19 (l) data analytics; and
 - 11.20 (m) computer science.

12.1 **1105.3000 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS.**

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

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

12.5 E. Failure to report CPE, failure to obtain CPE required by this part, reporting of
12.6 an amount less than that required, or fraudulently reporting CPE is a basis for disciplinary
12.7 action under Minnesota Statutes, section 326A.08. A licensee not in compliance with this
12.8 part shall be assessed a late processing fee of \$50 for the first month, or partial month, of
12.9 noncompliance and \$25 per month, or partial month, of noncompliance thereafter until the
12.10 date the licensee is in compliance with this part and provides documentation of compliance
12.11 in writing to the board.

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

12.13 **1105.3100 CONTINUING PROFESSIONAL EDUCATION PROGRAMS.**

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

12.15 Subp. 2. **Other qualifications.** The board shall accept programs that, in the
12.16 determination of the board, contribute to the growth of the professional knowledge and
12.17 competence of the licensee even if the programs do not meet the specific requirements of
12.18 subpart 1 if the licensee shows that the programs contribute to the licensee's professional
12.19 knowledge and professional competence. All self-study, blended learning, and nano-learning
12.20 programs and program sponsors must be approved by NASBA and listed on NASBA's CPE
12.21 Registry. The following learning activities are eligible for CPE credit as specified in the
12.22 Statement on Standards for Continuing Professional Education (CPE) Programs jointly
12.23 approved by NASBA and AICPA:

12.24 A. group live programs;

12.25 B. group Internet-based programs;

- 13.1 C. ~~blended learning programs;~~
13.2 D. ~~nano-learning programs;~~
13.3 E C. independent study;
13.4 F D. authoring articles, books, or CPE courses for publication; and
13.5 G E. preparation time and presentation of courses or seminars.

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

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

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

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

13.13 C. at least 24 hours must be obtained from attending ~~instructor-led group~~ or blended
13.14 learning programs;

13.15 D. a ~~maximum~~ minimum of ~~24~~ 60 hours ~~may~~ must be obtained from ~~nontechnical~~
13.16 technical learning activities as defined in the NASBA Fields of Study, July 2016 revision,
13.17 and incorporated by reference; and

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

13.20 **1105.4000 APPLICATION FOR FIRM PERMIT.**

13.21 A. Applications by firms for initial issuance and for renewal of permits under
13.22 Minnesota Statutes, section 326A.05, must be made on a form provided by the board and,
13.23 in the case of applications for renewal, must be filed no later than December 31. Applications

14.1 are not considered filed until the applicable fee prescribed in Minnesota Statutes, section
14.2 326A.04, and all required documents prescribed in this chapter are received. Applicants
14.3 who do not supply all required supporting documents and applicable fees for initial issuance
14.4 of a permit within three years of the date the application was received by the board shall
14.5 submit a new application with the required fee. If an application for permit renewal is filed
14.6 late, it must also be accompanied by the delinquency fee prescribed in Minnesota Statutes,
14.7 section 326A.04. In addition, the reinstatement fee prescribed in Minnesota Statutes, section
14.8 326A.04, shall be paid if the renewal is filed more than two years late.

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

14.10 **1105.4100 NOTIFICATION OF CHANGES BY FIRMS.**

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

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

14.15 (8) the initial report date of attest or compilation services in this state; and

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

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

14.18 **1105.4600 PEER REVIEW.**

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

14.21 A. "Peer review" has the meaning given in Minnesota Statutes, section 326A.01,
14.22 subdivision 12.

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

15.1 **1105.4700 PEER REVIEW STANDARDS.**

15.2 A. For purposes of parts 1105.4600 to 1105.5500, Standards for Performing and
15.3 Reporting on Peer Reviews (Standards) and Statements on Quality Control Standards
15.4 (Statements) that are contained in AICPA Professional Standards, are incorporated by
15.5 reference.

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

15.7 **1105.4900 EXEMPTION FROM PEER REVIEW REQUIREMENT.**

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

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

15.15 If a firm under exemption notifies the board that it has issued attest or compilation
15.16 reports, it must undergo a peer review. The peer review is due ~~18~~ to the board 21 months
15.17 from the report date of the initial attest or compilation ~~service~~ engagement, or sooner at the
15.18 request of the firm.

15.19 **1105.5100 FIRM PEER REVIEW REQUIREMENT.**

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

15.21 (1) undergo a peer review; and

15.22 (2) submit the material in part 1105.5400 to the board no later than ~~18~~ 21
15.23 months from the report date of the initial attest or compilation ~~service~~ engagement.

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

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

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

16.7 **1105.5600 GROUNDS FOR ENFORCEMENT ACTION.**

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

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

16.14 E. A licensee, applicant, certificate holder, registrant, individual with practice
16.15 privileges under Minnesota Statutes, section 326A.14, or nonlicensee owner under Minnesota
16.16 Statutes, section 326A.05, subdivision 3, paragraph (c), who is subject to the actions, or has
16.17 engaged in activities, described in Minnesota Statutes, section 326A.08, subdivision 5,
16.18 paragraph (a), clause (6) or (7), or has been convicted of, has pled guilty or nolo contendere
16.19 to, or has been sentenced as a result of the commission of a felony or crime, an element of
16.20 which is dishonesty or fraud, shall, within 30 days of being subject to or engaging in such
16.21 actions or activities, notify the board in writing and provide the details of the activities. The
16.22 notification may be used as a basis for initiating an investigation against the licensee,
16.23 applicant, certificate holder, registrant, individual with practice privileges under Minnesota
16.24 Statutes, section 326A.14, or nonlicensee owner under Minnesota Statutes, section 326A.05,

17.1 subdivision 3, paragraph (c), the results of which could result in disciplinary action specified
17.2 in Minnesota Statutes, section 326A.08.

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

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

17.5 **1105.6300 MISLEADING CPA FIRM NAMES.**

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

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

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

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

17.11 **1105.7100 RAP FIRM APPLICATION.**

17.12 A. Applications by RAP firms for initial issuance and for renewal of RAP firm
17.13 permit must be made on a form provided by the board and, in the case of applications for
17.14 renewal, shall be filed no later than December 31. Applications are not considered filed
17.15 until the applicable fee prescribed in Minnesota Statutes, section 326A.04, and all required
17.16 documents prescribed in this chapter are received. Applicants who do not supply all required
17.17 supporting documents and applicable fees for initial issuance of a RAP firm permit within
17.18 three years of the date the application was received by the board shall submit a new
17.19 application with the required fee. If an application for permit renewal is filed late, it must
17.20 also be accompanied by the delinquency fee prescribed in Minnesota Statutes, section
17.21 325A.04. In addition, the reinstatement fee prescribed in Minnesota Statutes, section 326A.04,
17.22 shall be paid if the renewal is filed more than two years late.

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

18.1 **1105.7450 MISLEADING RAP FIRM NAMES AND FICTITIOUS RAP FIRM**
18.2 **NAMES.**

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

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

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

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

18.8 **1105.7500 COMPILATION REPORTS.**

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

18.10 C. Registrants must comply with Statements on Standards for Accounting and
18.11 Review Services issued by the American Institute of Certified Public Accountants and
18.12 incorporated by reference when performing compilation services except as specified in part
18.13 1105.6500, item C.

18.14 **1105.7800 CODE OF PROFESSIONAL CONDUCT.**

18.15 [For text of items A to H, see M.R.]

18.16 I. A licensee or individual with practice privileges under Minnesota Statutes,
18.17 section 326A.14, shall not render services that do not follow the standards, as applicable
18.18 under the circumstances and at the time the services are provided, specified in the documents
18.19 in part 1105.0250. In addition to these applicable standards, and to the extent other provisions
18.20 of this chapter and Minnesota Statutes do not modify or conflict with them, a licensee or
18.21 individual with practice privileges under Minnesota Statutes, section 326A.14, shall follow
18.22 standards issued by other professional or governmental bodies including international
18.23 standards setting bodies with which a licensee is required by law, regulation, or the terms
18.24 of engagement to comply.

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

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

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

19.10 (c) an examination of prospective financial information.

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

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

19.21 (3) Any licensee or individual with practice privileges under Minnesota
19.22 Statutes, section 326A.14, who accepts a referral fee for recommending or referring any
19.23 service of a licensee or individual with practice privileges under Minnesota Statutes, section
19.24 326A.14, to any person or entity or who pays a referral fee to obtain a client shall disclose
19.25 any acceptance or payment to the client.

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

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

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

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

20.10 iii. an examination of prospective financial information; or

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

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

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

21.1 1105.7850 RETENTION AND CONTENT OF AUDIT DOCUMENTATION.

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

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

21.8 **REPEALER.** Minnesota Rules, parts 1105.0100, subpart 9e; 1105.0200, subpart 3; and
21.9 1105.5700, are repealed.

December 11, 2017

VIA EMAIL ONLY

Nancy Breems
Secretary of State, Elections Division
180 State Office Building
100 Rev Dr Martin Luther King Jr Blvd
St. Paul, Minnesota 55155-1299
official.documents@state.mn.us

**Re: *In the Matter of Proposed Permanent Rules Regarding Fees, Peer Reviews, Education, and Housekeeping Updates R-4392*
OAH 8-9035-34406; Revisor R-4392**

Dear Ms. Breems:

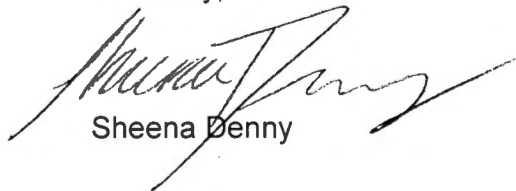
Enclosed for filing is an electronic copy of the above-entitled adopted rules.

Please send the agency copy of the rules to:

Andrea Barker
85 E 7th Pl Ste 125
Saint Paul, MN 55101

If you have any questions regarding this matter, please contact Katie Lin at (651) 361-7911 or katie.lin@state.mn.us.

Sincerely,



Sheena Denny

Enclosures

cc: Andrea Barker (via email)