900 SW Jackson, Ste. 556
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Kansas

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Susan L. Somers, Executive Director | Board of Accountancy | Laura Kelly. Governor

STATE OF KANSAS
BOARD OF ACCOUNTANCY
NOTICE OF HEARING ON PROPOSED ADMINISTRATIVE REGULATION

A public hearing will be conducted virtually at 10:00 AM, Wednesday, April 3, 2024, at the office of the Kansas Board of Accountancy, 900 SW Jackson, Ste. 556A, Topeka, KS, to review and consider the adoption of proposed permanent regulations of the Kansas State Board of Accountancy. The public hearing will be conducted in person and via video conference system. Members of the public who wish to attend the public hearing virtually may contact Susan Somers at susan.somers@ks.gov to obtain remote access information.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Executive Director of the Board of Accountancy, Landon State Office Building, 900 SW Jackson, Ste. 556, Topeka, KS 66612 or by emailing the Board office at ksboa@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulations during the hearing. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Susan Somers at (785) 296-2162 or by e-mail at ksboa@ks.gov Handicapped parking is located on the south end of Landon State Office Building, and the north entrance to the building is accessible to individuals with disabilities.

These regulations are proposed for adoption on a permanent basis. A summary of the proposed regulations and their economic impact follows:

K.A.R. 74-1-3. Retaking the examination and granting of credits. Amendments to this Regulation follow recent revisions to the Uniform Accountancy Act relative to the time that CPA exam scores expire, increasing from 18 months to 30 months from the date the scores are released by the National Association of State Boards of Accountancy (NASBA), or the Board. All states are adopting this new amendment.

K.A.R. 74-4-7. Continuing education requirements. Amendments to this Regulation clarify "proof of attendance or completion" of continuing education credits claimed for renewal of a permit to practice. Removing any reference to "Licensed Municipal Public Accountants," as that class of licensure no longer exists.

K.A.R. 74-4-8. Continuing education programs; requirements. Amendments to this Regulation include the NASBA Registry number which is required for all webinar and self-study courses; increase the retention period to six years from five years for proof of attendance/completion of continuing education; limits the number of college credit courses to 50% of the total number of continuing education hours required for renewal or reinstatement.

K.A.R. 74-4-9. Continuing education controls and reporting. Corrects an omission for group internet-based courses; requires the certificates of completion/attendance issued by the course sponsor to include the NASBA registry number.

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K.A.R. 74-5-2. Definitions. Deletes the definition of "Licensed Municipal Public Accountant;" defines NASBA.

K.A.R. 74-5-2a. Definitions of the AICPA code of professional conduct. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-2b. Applicability of AICPA professional standards. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-101. Independence. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-102. Integrity and objectivity. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-201. General standards. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-202. Compliance with standards. Reverts back to the correct title of Kansas Department of Administration "Accounts and Reports." Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-203. Accounting principles. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-301. Confidential client information. Deletes reference to "Licensed Municipal Public Accountant."

K.A.R. 74-5-407. Revokes this Regulation and moves it to a new Article (Article 16).
K.A.R. 74-5-408. Revokes this Regulation and moves it to a new Article (Article 16).

Article 10. Licensed Municipal Public Accountants. K.A.R. 74-10-1 and K.A.R. 74-10-2. Revokes this Article as there are no longer any Licensed Municipal Public Accountants.

K.A.R. 74-12-1. Fees. Removes any reference to Licensed Municipal Public Accountant fees.

Article 16. New Article

K.A.R. 74-16-1. Cooperation with the board. (Previously K.A.R. 74-5-407); and includes applicants for certificates, permits, and firms.

K.A.R. 74-16-2. Notification of non-renewal; change of name or address. (Previously K.A.R. 74-5-408); requires notification of non-renewal of permit to practice and firm registration; expands notification to include employer address and business name.

Copies of the regulation and the economic impact statement may be obtained from the Board of Accountancy, Landon State Office Building, 900 SW Jackson, Ste. 556, Topeka, KS 66612, (785) 296-2162, or on the Board's website at https://ksboa.kansas.gov.

The Board does not anticipate any economic impact upon itself, to governmental agencies, private businesses, or to individuals in the adoption of these revisions to its regulation.

Susan L. Somers
Executive Director

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K.A.R. 74-1-3. Retaking the examination and granting of credits. ~~(a) Each testing candidate shall be deemed to have passed the examination if the candidate obtains credit for passing each of the four test sections. Credit for passing a test section shall be valid from the date of the examination regardless of the date on which the testing candidate receives actual notice of the passing grade.~~

~~(b)~~ (a) A testing candidate may take the test sections individually and in any order. Credit for passing any test section shall be valid for that test section for ~~18~~ 30 months from the date ~~of testing regardless of the number of sections taken or the scores on any failed sections.~~ the passing score for such test section is released by NASBA to the candidate or the board, as applicable, regardless of the number of test sections taken or having to attain a minimum score on any failed section(s).

(b) Each testing candidate shall pass all four test sections within a rolling ~~18~~30-month period that begins on the date the first ~~test section passed is taken~~ passing score(s) are released by NASBA to the candidate or the board, as applicable. ~~If all four test sections are not passed within this 18-month period, credit for any test section passed outside the 18-month period shall expire.~~ The rolling 30-month period concludes on the date the candidate sits for the final test section passed, regardless of when the score is released by NASBA for the final test section.

(c) A testing candidate who earns initial credit on one or more of the test section(s) of the examination must sit for and complete the remaining required test section(s) of the examination by midnight local time on the last day of the 30-month period.

(d) If all required test section(s) are not passed within this initial 30-month period, credit for the first test section(s) passed shall expire and a new rolling 30-month period shall begin on the date the second passing score(s) were released by NASBA to the candidate or the board, as applicable, and continue for 30-months from that date. If all required test section(s) are not passed within this next rolling 30-month period, credit for the second test section(s) passed shall expire and a new rolling 30-month period will begin on the date the next test section passing score, if any, was released by NASBA to the candidate or the board, as applicable, and this cycle of 30-month rolling periods and test section credit expirations will continue until all test section(s) are passed within one 30-month rolling period. Despite the foregoing, if a candidate stops testing for a 30-month period, then all credit for previously passed test sections will expire.

~~(d)~~ (e) A testing candidate shall not retake a failed test section until the candidate has ~~received~~ been notified of the score for the most recent attempt of that failed test section.

(f) A testing candidate shall be deemed to have passed the examination if the candidate obtains credit for passing all required test sections in one rolling 30-month period.

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~~(e)~~ (g) Each testing candidate shall retain credit for any and all required test sections of the examination passed as a candidate of ~~in~~ another state if ~~the~~ that credit would have been given ~~if the testing candidate had taken the examination in Kansas~~ under the applicable requirements in this state.

~~(f)~~ (h) Despite the provisions of subsections (a), (b), and (c), the period of time in which to pass all test sections of the examination may be extended by the board upon a showing that the credit was lost by reason of circumstances beyond the testing candidate's control. (Authorized by K.S.A. 1-202 and K.S.A. ~~2018 Supp.~~ 1-304; implementing K.S.A. ~~2018 Supp.~~ 1-304; effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended Jan. 12, 1996; amended Nov. 14, 2003; amended Jan. 11, 2008; amended Feb. 19, 2016; amended Nov. 29, 2019; amended P:______.)

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K.A.R. 74-4-7. Continuing education requirements. (a)(1) Each applicant for renewal of a permit to practice as a certified public accountant in Kansas shall have completed 80 hours of acceptable continuing education (CE) during each biennial period for renewal and shall be in possession of proof of attendance or completion of the CE hours claimed before the applicant submits an application for renewal. Each applicant for renewal or reinstatement of a permit shall have completed two hours in professional ethics relating to the practice of certified public accountancy as part of the continuing education requirement. Proof of attendance or completion of any CE hours claimed through an application for renewal means: for all attended, group, independent and self-study programs, a certificate of completion or attendance in accordance with K.A.R. 74-4-9(b)(2); for instruction credit, a certificate or verification in accordance with K.A.R. 74-4-9(b)(3); for a university or college course successfully completed for credit, an official transcript showing the grade; for a university or college non-credit course, a certificate of attendance in accordance with K.A.R. 74-4-9(b)(5); and for research and writing time claimed under K.A.R. 74-4-8(d), a written copy of the published article, book or program.

(2) Ethics courses, which shall be defined as courses dealing with regulatory and behavioral ethics, shall be limited to courses on the following:

(A) Professional standards;

(B) licenses and renewals;

(C) SEC oversight;

(D) competence;

(E) acts discreditable;

(F) advertising and other forms of solicitation;

(G) independence;

(H) integrity and objectivity;

(I) confidential client information;

(J) contingent fees;

(K) commissions;

(L) conflicts of interest;

(M) full disclosure;

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(N) malpractice;

(O) record retention;

(P) professional conduct;

(Q) ethical practice in business;

(R) personal ethics;

(S) ethical decision making; and

(T) corporate ethics and risk management as these topics relate to malpractice and relate solely to the practice of certified public accountancy.

~~(b) Each applicant for renewal of a permit to practice as a licensed municipal public accountant in Kansas shall have completed a 16-hour program of acceptable continuing education during each year within the biennial period. At least eight of the 16 hours shall be in the area of municipal accounting or auditing.~~

~~(c)~~ (b) The standards used to determine acceptable continuing education shall include the following:

(1) One hour of credit shall be granted for each 50 minutes of participation in a group, independent study, or self-study program. One-half hour of credit shall be granted for each 25-minute period after the first hour of credit has been earned.

(2) Hours devoted to actual preparation time by an instructor, discussion leader, or speaker for formal programs shall be computed at a maximum of up to twice the number of continuing education credits that a participant would be entitled to receive, in addition to the time for presentation. No CE credit shall be granted for time devoted to preparation by a participant.

(3) Hours served as an instructor, discussion leader, or speaker shall be included to the extent that they contribute to the professional competence of the applicant in the practice of certified public accountancy. Repeated presentations of the same course shall not be counted unless it is demonstrated that the program content involved was substantially changed and the change required significant additional study or research.

(4) Hours devoted to actual preparation as specified in paragraph ~~(c)~~(b)(2) and hours served as an instructor, discussion leader, or speaker as specified in paragraph ~~(c)~~(b)(3) shall not exceed, alone or in combination, 50 percent of the total

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number of continuing education hours required for permit renewal or reinstatement.

~~(d)~~ (c) The requirements of subsection (a) may be waived by the board for reasons of health, military service, foreign residence, or retirement, or for other good cause determined by the board.

~~(e)~~ (d) Any applicant for renewal of a permit to practice as a certified public accountant may carry over a maximum of 20 hours of continuing education earned in the previous renewal period. Any professional ethics hours that exceed the two-hour requirement may be included in the 20-hour carryover, but these hours shall not be used to meet the professional ethics requirement for any subsequent renewal period.

~~(f)~~ (e) If an applicant for renewal fails to obtain the continuing education required by this regulation, the applicant shall be required by the board to obtain an additional eight hours of continuing education within a period of time specified by the board before the applicant's permit to practice is renewed. (Authorized by K.S.A. 1-202 ~~and K.S.A. 75-1119~~; implementing K.S.A. 1-202~~,~~ and K.S.A. ~~2016 Supp.~~ 1-310~~, and K.S.A. 75-1119~~; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended July 13, 1992; amended Sept. 25, 1998; amended Nov. 17, 2000; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 19, 2006; amended May 23, 2008; amended May 29, 2009; amended May 25, 2012; amended Jan. 26, 2018; amended P:____________.)

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K.A.R. 74-4-8. Continuing education programs; requirements. (a) A program designed to allow a participant to learn a given subject through interaction with an instructor and other participants in a classroom or conference setting, or intrafirm program using the internet, may be approved for continuing education credit under K.A.R. 74-4-7 if the program meets the following conditions:

(1) It is a formal program of learning that maintains or improves the professional competence of a certified public accountant and requires attendance.

(2) Participants are informed in advance of the learning objectives, prerequisites, program level, program content, any requirements for advance preparation, instructional delivery methods, recommended CE credit, and course registration requirements.

(3) The program is at least 50 minutes in length.

(4) The program is conducted by a person qualified in the subject area.

(5) The program sponsor issues to each participant a certificate of attendance that reflects the name of the program sponsor, title and course field of study, date and location of the program, delivery method of the course, name of the participant, NASBA registry number, if applicable, signature of a representative of the program sponsor, and number of CE contact hours.

(6) A record of registration and attendance is retained for ~~five~~ six years by the program sponsor.

(b) The following types of programs addressing the subjects of accounting, auditing, consulting services, specialized knowledge and applications, taxation, management of a practice, ethics, or personal development may qualify as acceptable continuing education if the programs meet the requirements of subsection (a):

(1) Programs of the American institute of certified public accountants, state societies and local chapters of certified public accountants, and providers of continuing education courses;

(2) technical sessions at meetings of the American institute of certified public accountants, and of state societies and local chapters of certified public accountants;

(3) university or college credit courses. Each semester hour of credit shall equal 15 hours of continuing education credit. Each quarter hour of credit shall equal 10 hours of continuing education credit;

(4) hours from university or college credit courses shall not exceed 50 percent of the total number of continuing education hours required for permit renewal or reinstatement.

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~~(4)~~ (5) university or college non-credit courses. These courses shall qualify for continuing education credit that equals the number of actual, full 50-minute class hours attended; and

~~(5)~~ (6) formal, organized, in-firm or interfirm educational programs.

(c) Hours from personal development courses shall not exceed 30 percent of the total number of continuing education hours required for permit renewal or reinstatement. Personal development courses, which shall be defined as courses dealing with self-management and self-improvement both inside and outside of the business environment, shall be limited to courses on communication, leadership, character development, dealing effectively with others, interviewing, counseling, career planning, emotional growth and learning, and social interactions and relationships.

(d) Any author of a published article or book and any writer of a continuing education program may receive continuing education credit for the actual research and writing time if all of the following conditions are met:

(1) The board determines that the research and writing maintain or improve the professional competence of the author or writer.

(2) The number of credit hours claimed is consistent with the quality and scope of the article, book, or program.

(3) The article or book has been published or the program was created during the biennial period for which credit is claimed.

(e) (1) Group internet-based programs and individual self-study programs that allow a participant to learn a particular subject without the major involvement of an instructor may be eligible for continuing education credit if all of the following requirements are met:

(A) The program sponsor shall meet one of the following requirements:

(i) Has been approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service;

(ii) is the American institute of certified public accountants; or

(iii) is a state society of certified public accountants.

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(B) The program shall require registration.

(C) The sponsor shall provide a certificate of satisfactory completion.

(2) In addition to meeting the requirements specified in paragraph (e)(1), each individual self-study program shall meet the following requirements:

(A) The program shall include a final examination.

(B) Each participant shall be required to score at least 70 percent on the final examination.

(f) The amount of credit for group internet-based programs and self-study programs shall be determined by the board, as follows:

(1) Programs may be approved for one hour of continuing education credit for each 50 minutes of participation and one-half credit for each 25-minute period of participation after the first hour of credit has been earned.

(2) The amount of credit shall not exceed the number of recommended hours assigned by the program sponsor.

(g) Independent study programs that are designed to allow a participant to learn a given subject under the guidance of a continuing education program sponsor may be eligible for continuing education credit if all of the following conditions are met:

(1) The program meets one of the following requirements:

(A) Has been approved by NASBA's national registry of continuing professional education sponsors or NASBA's quality assurance service;

(B) is sponsored through the American institute of certified public accountants; or

(C) is sponsored through a state society of certified public accountants.

(2) The participant has a written learning contract with a program sponsor that contains a recommendation of the number of credit hours to be awarded upon successful completion of the program.

(3) The program sponsor reviews and signs a report indicating that all of the requirements of the independent study program, as outlined in the learning contract, are satisfied.

(4) The program is completed in 15 weeks or less.

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(h) A participant in an independent study program may receive up to one hour of credit for each 50 minutes of participation and one-half hour of credit for each 25-minute period of participation after the first hour of credit has been earned. ((Authorized by K.S.A. 1-202~~ and K.S.A. 75-1119~~; implementing K.S.A. 1-202~~,~~ and K.S.A. ~~2016 Supp.~~ 1-310~~, and K.S.A. 75-1119~~; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Feb. 14, 1994; amended Sept. 25, 1998; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended May 23, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended Feb. 19, 2016; amended Jan. 26, 2018; amended P:__________.)

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K.A.R. 74-4-9. Continuing education controls and reporting. (a) When applying for renewal of the permit to practice, each applicant shall sign a statement indicating the applicant's compliance with the requirements in K.A.R. 74-4-7 and 74-4-8, unless the applicant qualifies for the exemption outlined in K.S.A. 1-310, and amendments thereto.

(b)(1) Any applicant may be required by the board to verify the number of CE hours claimed in subsection (a), on a form provided by the board, which shall include the following information:

(A) The name of the organization, school, firm, or other sponsor conducting the program or course;

(B) the location of the program or course attended;

(C) the title of the program or course, or a brief description;

(D) the course field of study;

(E) the delivery method of the program or course;

(F) the dates attended or the date the program or course was completed; and

(G) the number of continuing education credits that the applicant received for participating in a program or course.

(2) Each applicant specified in paragraph (b)(1) shall provide the board with a certificate of completion or attendance for all attended, group internet-based, independent, and self-study program CE hours claimed. Each certificate of completion or attendance shall include the following:

(A) The name of the organization, school, firm, or other sponsor conducting the program or course;

(B) the location of the program or course attended;

(C) the title of the program or course, or a brief description;

(D) the dates attended or the date the program or course was completed;

(E) the delivery method of the program or course;

(F) the name of the participant;

(G) NASBA registry number, if applicable;

~~(G)~~ (H) the signature of a representative of the program sponsor; and

~~(H)~~ (I) the number of continuing education credits that the applicant received for participating in a program or course.

(3) For instruction credit, each applicant shall provide the board with a certificate or other verification supplied by the CE program sponsor.

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(4) For a university or college course that is successfully completed for credit, each applicant shall provide the board with an official transcript of the grade that the participant received.

(5) For a university or college non-credit course, each applicant shall provide the board with a certificate of attendance issued by a representative of the university or college.

(c) Each applicant shall retain documentation of completion or attendance for any continuing education program or course for ~~five~~ six years from the end of the year in which the program or course was completed.

(d) Each applicant required to verify the number of CE hours claimed shall respond to the board's request for verification within 30 days. (Authorized by K.S.A. 1-202~~ and K.S.A. 75-1119~~; implementing K.S.A. 1-202~~,~~ and K.S.A. ~~2016 Supp.~~ 1-310~~, and K.S.A. 75-1119~~; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998; amended Nov. 22, 2002; amended Nov. 14, 2003; amended May 23, 2008; amended Nov. 29, 2010; amended March 21, 2014; amended Feb. 19, 2016; amended Jan. 26, 2018; amended P:______.)

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K.A.R. 74-5-2. **Definitions.** Each of the following terms, wherever used in this article of the board's regulations, shall have the meaning specified in this regulation:

(a) "AICPA" means American institute of certified public accountants.

(b) "AICPA professional standards" means the standards specified in this subsection, including definitions and interpretations, published by the AICPA, which are hereby adopted by reference. As used in the following AICPA professional standards, "member" shall mean a person or firm subject to the board's regulation:

(1) "U.S. auditing standards--AICPA (clarified)" in "AICPA professional standards," volume 1, pages 37-1364, except pages 1279-1285, as in effect on June 1, 2016, and statement on auditing standards no. 132, "the auditor's consideration of an entity's ability to continue as a going concern," dated February 2017;

(2) "statements on standards for attestation engagements" in "AICPA professional standards," volume 1, pages 1373-1705, as in effect on June 1, 2016;

(3) "U.S. attestation standards--AICPA (clarified)" in "AICPA professional standards," volume 1, pages 1727-2095, as in effect on June 1, 2016;

(4) "statements on standards for accounting and review services [clarified]" in "AICPA professional standards," volume 2, pages 2719-2882, as in effect on June 1, 2016, and the following statements issued after June 1, 2016:

(A) Statement on standards for accounting and review services no. 22, "compilation of pro forma financial information," except the three unnumbered pages before the table of contents, issued September 2016; and

(B) statement on standards for accounting and review services no. 23, "omnibus statement on standards for accounting and review services--2016," except the six unnumbered pages before the table of contents, issued October 2016;

(5) "code of professional conduct" in "AICPA professional standards," volume 2, pages 2883-3076, as in effect on June 1, 2016, except for the following sections in Part 1:

(A) Section 1.800.001, "form of organization and name";

(B) section 1.810.020, "partner designation";

(C) section 1.810.030, "a member's responsibility for nonmember practitioners";

(D) section 1.810.040, "attest engagement performed with a former partner";

(E) section 1.810.050, "alternative practice structures"; and

(F) section 1.820.040, "use of a common brand name in firm name";

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(6) "statements on standards for valuation services" in "AICPA professional standards," volume 2, pages 3293-3344, as in effect on June 1, 2016;

(7) "consulting services" in "AICPA professional standards;" volume 2, pages 3345-3350, as in effect on June 1, 2016;

(8) "quality control" in "AICPA professional standards," volume 2, pages 3353-3386, as in effect on June 1, 2016;

(9) "standards for performing and reporting on peer reviews" in "AICPA professional standards," volume 2, pages 3387-3588, as in effect on June 1, 2016;

(10) "tax services" in "AICPA professional standards," volume 2, pages 3589-3630, as in effect on June 1, 2016; and

(11) "personal financial planning" in "AICPA professional standards," volume 2, pages 3639-3654, as in effect on June 1, 2016.

All definitions included in the standards adopted in this subsection shall apply only to the documents adopted by reference.

(c) "Audit" means an independent examination of financial information or assertions of any entity, regardless of profit orientation, size, and legal form, if the examination is conducted to express an opinion thereon.

(d) "Board" means Kansas board of accountancy.

(e) "Certified public accountant" and "CPA" mean any of the following:

(1) A holder of a Kansas certificate;

(2) a person practicing certified public accountancy under the authorization to practice as provided in K.S.A. 1-322 and amendments thereto; or

(3) a firm.

(f) "Compilation" shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(g) "Firm" shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(h) "Generally accepted accounting principles" and "GAAP" mean the following standards, as applicable, in effect as specified and hereby adopted by reference:

(1) "Federal accounting standards," issued by the federal accounting standards advisory board (FASAB) in "FASAB handbook of federal accounting standards and other pronouncements, as amended," as in effect on June 30, 2016, except for

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the following portions: the forward, the preamble, and appendixes A-F. The following standards issued after June 30, 2016 are also adopted:

(A) Statement of federal financial accounting standards 50, "establishing opening balances for general property, plant, and equipment: amending statement of federal financial accounting standards (SFFAS) 6, SFFAS 10, SFFAS 23, and rescinding SFFAS 35," dated August 4, 2016; and

(B) statement of federal financial accounting standards 51, "insurance programs," dated January 18, 2017;

(2) accounting principles as adopted by the financial accounting standards board (FASB) and contained in "FASB accounting standards codification," including accounting standards updates, as contained in volumes 1 through 5, published by the financial accounting standards board (FASB), as in effect on October 31, 2016;

(3) financial accounting principles for state and local governments as adopted by the governmental accounting standards board (GASB) as follows:

(A) "GASB codification of governmental accounting and financial reporting standards," issued by the governmental accounting standards board, as in effect on June 30, 2016;

(B) GASB statement no. 83, "certain asset retirement obligations," except appendices A and B, issued November 2016;

(C) GASB statement no. 84, "fiduciary activities," except appendices A and B, issued January 2017; and

(D) GASB statement no. 85, "omnibus 2017," except appendices A and B, issued March 2017; and

(4) international accounting and reporting principles established by the international accounting standards board (IASB) as contained in "IFRS® standards," part A, issued by the international accounting standards board, as in effect on January 1, 2017, except part A, pages A7-A25.

(i) "Government auditing standards" means the "government auditing standards" issued by the United States government accountability office, 2011 revision, revised on January 20, 2012, which is hereby adopted by reference, except pages 1-3 and appendixes I and III.

~~(j) "Licensed municipal public accountant" and "LMPA" mean a holder of a permit issued under the laws of Kansas to practice as a municipal public accountant.~~

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(j) "NASBA" means the national association of state boards of accountancy;

(k) "PCAOB" means the public company accounting oversight board created by the Sarbanes-Oxley act of 2002.

(l) "Practice of certified public accountancy" means performing or offering to perform attest or nonattest services for the public while using the designation "certified public accountant" or "CPA" in conjunction with these services. "Attest" and "nonattest" services shall have the meaning specified in K.S.A. 1-321 and amendments thereto.

(m) "Standards of the PCAOB" means the following, which are hereby adopted by reference:

(1) In "public company accounting oversight board bylaws and rules—rules--professional standards" as in effect on December 31, 2016, section 3, "auditing and related professional practice standards," part 1, "general requirements," and part 5, "ethics and independence";

(2) "auditing standards--reorganized," issued by the PCAOB as in effect on December 31, 2016; and

(3) "attestation standard no. 1" and "attestation standard no. 2," issued by the PCAOB as in effect on December 31, 2016.

(n) "Staff accountant" means a certified public accountant who meets the following requirements:

(1) Holds both a Kansas certificate and a Kansas permit;

(2) is ~~employed by~~ an employee of a firm that is the certified public accountant's primary employer; and

(3) works at least 1,040 hours for the firm during a calendar year. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1974; amended May 1, 1978; amended May 1, 1979; amended May 1, 1985; amended July 22, 1991; amended July 13, 1992; amended April 5, 1993; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Jan. 8, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended Feb. 19, 2016; amended Jan. 26, 2018; amended P:___________________________.)

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74-5-2a. Definitions of terms in the AICPA code of professional conduct. (a) The definitions of the terms in ET 0.400 of the AICPA "code of professional conduct," as adopted by reference in K.A.R. 74-5-2, shall be applicable wherever these terms are used in this article, including any document adopted by reference in this article.

(b) The term "member," as used in the AICPA "code of professional conduct," shall mean any certified public accountant~~,~~ or firm~~, or licensed municipal public accountant~~. (Authorized by and implementing K.S.A. 1-202; effective May 29, 2009; amended February 19, 2016; amended P:________________________.)

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K.A.R. 74-5-2b. **Applicability of AICPA professional standards.** The AICPA professional standards shall apply to each certified public accountant~~,~~ or firm, ~~and licensed municipal public accountant~~ as defined in K.A.R. 74-5-2, regardless of whether the person or entity is a member of the AICPA. (Authorized by and implementing K.S.A. 1-202; effective February 19, 2016; amended P:________________________.)

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K.A.R. 74-5-101. Independence. (a) Each certified public accountant~~,~~ or firm~~, and licensed municipal public accountant~~ shall be independent in the performance of professional services as required by the following standards, as applicable:

(1) The AICPA code of professional conduct, including the interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5);

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2;

(3) the portions of regulation S-X codified at 17 C.F.R. ~~Part 210,~~ 210.1-02 and 17 C.F.R 210.2-01, as in effect on ~~September 3, 2013,~~ September 7, 2023, which ~~is~~ are hereby adopted by reference; and

(4) PCAOB rules, section 3, "professional standards," part 5, "ethics," as adopted by reference in K.A.R. 74-5-2.

(b) In determining whether a certified public accountant's~~,~~ or a firm's~~, or a licensed municipal public accountant's~~ independence is impaired, any other circumstances, relationship, or activity that the board determines could impair independence may be considered by the board. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006; amended Feb. 16, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended February 19, 2016; amended P:____________________.)

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K.A.R. 74-5-102. Integrity and objectivity. (a) In the performance of professional services, each certified public accountant~~,~~ or firm~~, and licensed municipal public accountant~~ shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts to others or subordinate the accountant's or firm's judgment to another's judgment. In tax practice, any certified public accountant~~,~~ or firm~~, or licensed municipal public accountant~~ may resolve doubt in favor of the client if there is reasonable support for that position.

(b) Each certified public accountant~~,~~ or firm~~, and licensed municipal public accountant~~ shall comply with the following applicable standards:

(1) AICPA "code of professional conduct," including the interpretations, as contained in the AICPA professional standards adopted by reference in K.A.R. 74-5-2(b)(5), which shall be used in determining whether integrity and objectivity have been maintained;

(2) chapter three of the government auditing standards adopted by reference in K.A.R. 74-5-2; and

(3) PCAOB rules, section 3, "professional standards," part 5, "ethics," as adopted by reference in K.A.R. 74-5-2.

(Authorized by and implementing K.S.A. 1-202 ~~and K.S.A. 75-1119~~; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended Nov. 15, 2002; amended May 27, 2005; amended May 19, 2006; amended May 29, 2009; amended February 19,.2016; amended P:__________________.)

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K.A.R. 74-5-201. General standards. (a) Each certified public accountant~~,~~ or firm~~, or licensed municipal public accountant~~ shall meet the following requirements:

(1) Undertake only those professional services that the CPA~~,~~ or firm~~, or licensed municipal public accountant~~ can reasonably expect to be completed with professional competence;

(2) exercise due professional care in the performance of professional services;

(3) adequately plan and supervise the performance of professional services; and

(4) obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(b) The AICPA "code of professional conduct" regarding general standards, including the interpretations as contained in the AICPA professional standards adopted by reference in K.A.R. 74-5-2, shall be used in determining whether there is compliance with the general standards. (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended May 1, 1985; amended May 27, 2005; amended Jan. 11, 2008; amended May 29, 2009; amended Feb. 19, 2016; amended P:__________.)

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K.A.R. 74-5-202. **Compliance with standards.** (a) Each certified public accountant or firm that performs auditing, attestation, review, compilation, management consulting, tax, or other professional services shall comply with the applicable professional standards promulgated by the following entities, which are adopted by reference in K.A.R. 74-5-2 and this regulation:

(1) The federal accounting standards advisory board;

(2) the financial accounting standards board;

(3) the governmental accounting standards board;

(4) the PCAOB;

(5) the international accounting standards board;

(6) the municipal services team of the office of ~~the chief financial officer~~ accounts and reports, Kansas department of administration;

(7) the AICPA accounting and review services committee;

(8) the AICPA auditing standards board;

(9) the AICPA management consulting services executive committee;

(10) the AICPA tax executive committee;

(11) the AICPA forensic and valuation services executive committee;

(12) the AICPA professional ethics executive committee;

(13) the AICPA personal financial planning executive committee; and

(14) the AICPA peer review board.

~~(b) Each licensed municipal public accountant shall comply with the generally accepted auditing standards in the 2017 "Kansas municipal audit and accounting guide," including appendices A through N, prescribed by the director of accounts and reports, department of administration, and hereby adopted by reference.~~ (Authorized by and implementing K.S.A. 1-202 ~~and K.S.A. 75-1119~~; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 15, 2002; amended Nov. 14, 2003; amended May 27, 2005; amended May 19, 2006; amended Feb. 16,

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2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended May 25, 2012; amended March 21, 2014; amended Feb. 19, 2016; amended Jan. 26, 2018; amended P:____________________.)

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K.A.R. 74-5-203. Accounting principles. Each certified public accountant~~,~~ or firm~~, or licensed municipal public accountant~~ shall comply with the AICPA "code of professional conduct" regarding accounting principles, including the interpretations, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2(b)(5). (Authorized by and implementing K.S.A. 1-202~~ and K.S.A. 75-1119~~; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended May 22, 1989; amended Jan. 7, 1991; amended July 13, 1992; amended Aug. 23, 1993; amended Sept. 26, 1994; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended May 27, 2005; amended May 19, 2006; amended Nov. 29, 2010; amended Feb. 19, 2016; amended P:______.)

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K.A.R. 74-5-301. Confidential client information. (a) A certified public accountant~~,~~ or firm~~, or licensed municipal public accountant~~ shall not disclose any confidential client information without the consent of the client.

(b) The AICPA "code of professional conduct," including the interpretations as contained in the AICPA professional standards adopted by reference in K.A.R. 74-5-2(b)(5), shall be used by the board in determining compliance with subsection (a). (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended Sept. 25, 1998; amended May 27, 2005; amended May 29, 2009; amended Feb. 19, 2016; amended P-____________.)

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K.A.R. 74-5-407. (Authorized by and implementing K.S.A. 1-202 and K.S.A. 75-1119(a); effective May 1, 1978; amended May 1, 1979; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended May 1, 1985; amended Sept. 25, 1998; amended March 21, 2014; amended Feb. 19, 2016; revoked P:____________.)

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K.A.R. 74-5-408. (Authorized by and implementing K.S.A. 1-202; effective Feb. 16, 2007; amended Jan. 26, 2018; revoked P:______________.)

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K.A.R. 74-10-1. (Authorized by and implementing K.S.A. 1983 Supp. 75-1119; effective May 1, 1985; revoked P____________________.)

K.A.R. 74-10-2. (Authorized by and implementing K.S.A. 1983 Supp. 75-1119; effective May 1, 1985; revoked P____________________.)

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K.A.R. 74-12-1. Fees. Each applicant shall submit the appropriate application form and fee as shown in the following schedule:

(a) Issuance of Kansas certificate (initial or duplicate)	$50.00
(b) Issuance of reciprocal certificate	$250.00
(c) Initial permit to practice as a certified public accountant:	
(1) For more than one year of a biennial period	$165.00
(2) For one year or less of a biennial period	$82.50
(d) Renewal of biennial permit to practice as a certified public accountant:	
(1) If received on or before July 1 of the renewal year in which the permit expires	$165.00
(2) If received after July 1 of the renewal year in which the permit expires	$247.50
(e) Reinstatement of permit to practice as a certified public accountant whose permit has expired:	
(1) For more than one year of a biennial period	$247.50
(2) For one year or less of a biennial period	$123.75
(f) Issuance of a duplicate permit	$25.00
~~(g) Renewal of a biennial permit to practice as a licensed municipal public accountant:~~	
~~(1) If received on or before July 1 of the odd-numbered renewal years~~	~~$50.00~~
~~(2) If received after July 1, or for reinstatement of a permit to practice that has been expired for one or more years:~~	~~$75.00~~
~~(h)~~(g) Firm registration fee:	
(1) Initial registration	$100.00
(2) Annual renewal	$100.00
(3) Late renewal	$150.00

(Authorized by and implementing K.S.A. ~~2016 Supp.~~ 1-301 ~~and K.S.A. 75-1119~~; effective May 1, 1988; amended May 22, 1989; amended Dec. 18, 1989; amended Sept. 26, 1994; amended Aug. 23, 1996; amended July 18, 1997; amended May 28, 1999; amended Nov. 29, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001; amended Nov. 14, 2003; amended Nov. 29, 2010; amended Jan. 26, 2018; amended P:__________.)

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K.A.R. 74-16-1. Cooperation with the board. Each applicant, certified public accountant or firm shall shall cooperate in a timely manner with the board in its investigation of complaints or possible violations of the accounting statutes or the regulations of the board. Cooperation shall include responding to written communications from the board, and providing information and documentation as requested by the board, sent by mail to the last known preferred mailing address on file with the board, within a reasonable time frame specified by the board or appearing before the board, or any of its members, upon request. (Authorized by and implementing K.S.A. 1-202; effective P:______________________.)

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K.A.R. 74-16-2. Notification of non-renewal; change of name or address. Each certified public accountant (CPA) shall notify the board in writing if the CPA does not wish to renew the CPA's permit to practice or the registration of an accounting firm within 30 days of the renewal deadline, or of any change in the person's name, home address, employer name, employer address, business name, business address, or electronic-mail address within 30 days of the change. (Authorized by and implementing K.S.A. 1-202; effective P:____________________).

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Kansas Administrative Regulations
Economic Impact Statement (EIS)

Board of Accountancy | Susan Somers | 785-296-2162

Agency | Agency Contact | Contact Phone Number

K.A.R. 74-1-3; K.A.R. 74-4-7; K.A.R. 74-4-8; K.A.R. 74-4-9; K.A.R. 74-5-2; K.A.R. 74-5-2a; K.A.R. 74-5-2b; K.A.R. 74-5-101; K.A.R. 74-5-102; K.A.R. 74-5-201; K.A.R. 74-5-202; K.A.R. 74-5-203; K.A.R. 74-5-301; K.A.R. 74-5-407; K.A.R. 74-5-408; K.A.R. 74-10-1; K.A.R. 74-10-2; K.A.R. 74-12-1; K.A.R. 74-16-1; and K.A.R. 74-16-2. ☒ Permanent ☐ Temporary

K.A.R. Number(s)

Is/Are the proposed rule(s) and regulation(s) mandated by the federal government as a requirement for participating in or implementing a federally subsidized or assisted program?

☐ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

☒ No If no, do the total annual implementation and compliance costs for the proposed rule(s) and regulation(s), calculated from the effective date of the rule(s) and regulation(s), exceed \$1.0 million over any two-year period through June 30, 2024, or exceed \$3.0 million over any two-year period on or after July 1, 2024 (as calculated in Section III, F)?

☐ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration, the Attorney General, AND the Division of the Budget. The regulation(s) and the EIS will require Budget approval.

☒ No If no, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

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Section I

Brief description of the proposed rule(s) and regulation(s).

K.A.R. 74-1-3. Retaking the examination and granting of credits. Amendments to this Regulation follow recent revisions to the Uniform Accountancy Act relative to the time that CPA exam scores expire, increasing from 18 months to 30 months from the date the scores are released by the National Association of State Boards of Accountancy (NASBA), or the Board. All states are adopting this new amendment.

K.A.R. 74-4-7. Continuing education requirements. Amendments to this Regulation clarify "proof of attendance or completion" of continuing education credits claimed for renewal of a permit to practice. Removing any reference to "Licensed Municipal Public Accountants", as that class of licensure no longer exists.

K.A.R. 74-4-8. Continuing education programs; requirements. Amendments to this Regulation include the NASBA Registry number which is required for all webinar and self-study courses; increase the retention period to six years from five years for proof of attendance/completion of continuing education; limits the number of college credit courses to 50% of the total number of continuing education hours required for renewal or reinstatement.

K.A.R. 74-4-9. Continuing education controls and reporting. Corrects an omission for group internet-based courses; requires the certificates of completion/attendance issued by the course sponsor to include the NASBA registry number.

K.A.R. 74-5-2. Definitions. Deletes the definition of "Licensed Municipal Public Accountant"; defines NASBA.

K.A.R. 74-52a. Definitions of the AICPA code of professional conduct. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-2b. Applicability of AICPA professional standards. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-101. Independence. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-102. Integrity and objectivity. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-201. General standards. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-202. Compliance with standards. Reverts back to the correct title of Kansas Department of Administration "Accounts and Reports". Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-203. Accounting principles. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-301. Confidential client information. Deletes reference to "Licensed Municipal Public Accountant".

K.A.R. 74-5-407. Revokes this Regulation and moves it to a new Article (Article XVI.)
K.A.R. 74-5-408. Revokes this Regulation and moves it to a new Article (Article XVI.)

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Article 10. Licensed Municipal Public Accountants. K.A.R. 74-10-1 and K.A.R. 74-10-2. Revokes this Article as there are no longer any Licensed Municipal Public Accountants.

K.A.R. 74-12-1. Fees. Removes any reference to Licensed Municipal Public Accountant fees.

Article XVI. New Article
K.A.R. 74-16-1. Cooperation with the board. (Previously K.A.R. 74-5-407); and includes applicants.
K.A.R. 74-16-2. Notification of non-renewal; change of name or address. (Previously K.A.R. 74-5-408); requires notification of non-renewal of permit to practice and firm registration; expands notification to include employer address and business name.

Section II

Statement by the agency if the rule(s) and regulation(s) exceed the requirements of applicable federal law, and a statement if the approach chosen to address the policy issue(s) is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different or exceeds federal law, then include a statement of why the proposed Kansas rule and regulation is different.)*

N/A

Section III

Agency analysis specifically addressing the following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

No impact.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule(s) and regulation(s) and on the state economy as a whole;

No impact.

C. Businesses that would be directly affected by the proposed rule(s) and regulation(s);

None

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

N/A

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

N/A

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F. An estimate of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, or members of the public. *Note: Do not account for any actual or estimated cost savings that may be realized.*

Costs to Affected Businesses – $0

Costs to Local Governmental Units – $0

Costs to Members of the Public – $0

Total Annual Costs – $0
(sum of above amounts)

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

Click here to enter agency response.

☐ Yes
☐ No
☒ Not Applicable

If the total implementation and compliance costs exceed $1.0 million over any two-year period through June 30, 2024, or exceed $3.0 million over any two-year period on or after July 1, 2024, and prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

If applicable, click here to enter public hearing information.

Provide an estimate to any changes in aggregate state revenues and expenditures for the implementation of the proposed rule(s) and regulation(s), for both the current fiscal year and next fiscal year.

No impact on state revenues and expenditures.

Provide an estimate of any immediate or long-range economic impact of the proposed rule(s) and regulation(s) on any individual(s), small employers, and the general public. If no dollar estimate can be given for any individual(s), small employers, and the general public, give specific reasons why no estimate is possible.

No impact on any individual, small employer or the general public.

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

N/A

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H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

N/A

Section IV

Does the Economic Impact Statement involve any environmental rule(s) and regulation(s)?

☐ Yes If yes, complete the remainder of Section IV.

☒ No If no, skip the remainder of Section IV.

A. Describe the capital and annual costs of compliance with the proposed rule(s) and regulation(s), and the persons who would bear the costs.

$0

B. Describe the initial and annual costs of implementing and enforcing the proposed rule(s) and regulation(s), including the estimated amount of paperwork, and the state agencies, other governmental agencies, or other persons who would bear the costs.

$0

C. Describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons who would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

$0

D. Provide a detailed statement of the data and methodology used in estimating the costs used.

N/A

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