

**74-1-4. Transfer of examination credit.** An applicant for the certificate of certified public accountant who has passed two ~~(2)~~ or more sections of the uniform certified public accountant examination under the jurisdiction of another state shall be given conditional credit by ~~this~~ the board for ~~successfully~~ passing those subjects ~~provided if~~ if the applicant meets the following requirements:

(a) Has established residence in Kansas;

(b) has passed two ~~(2)~~ or more sections of the uniform certified public accountant examination in accordance with K.A.R. 74-1-3, ~~and with~~ the grades have been determined by the advisory grading service of the board of examiners of the American institute of certified public accountants; ~~and~~

(c) meets the education requirement prescribed by K.S.A. 1-302a, and amendments thereto; and

(d) at the time of applying to transfer the credit earned in another state, the applicant is still eligible to be re-examined ~~reexamined~~ in that state except for reason of change of residence. (Authorized by K.S.A. 4981-Supp. 1-202(a); implementing K.S.A. 4981-Supp. 1-302; effective Jan. 1, 1966; amended, E-82-27, Dec. 22, 1981; amended May 1, 1982; amended P-  
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**74-2-7. Concentration in accounting.** (a) The "concentration in accounting" courses required to qualify for admission to the certified public accountant examination shall be as follows:

- (1) At least 42 semester credit hours in business and general education courses, including the following:
  - (A) Macro- and micro-economics plus one upper division economics course;
  - (B) at least two courses in the legal aspects of business or business law;
  - (C) college algebra or higher level math course;
  - (D) statistics and probability theory course;
  - (E) computer systems and applications course;
  - (F) finance course;
  - (G) management and administration course;
  - (H) marketing course; and
  - (i) production, operations research, or applications of quantitative techniques to business problems course;
- (2) at least 11 semester credit hours in courses in written and oral communications; and
- (3) at least 30 semester credit hours in courses in accounting theory and practice, including the following:
  - (A) Financial accounting course;
  - (B) managerial accounting beyond an introductory course;
  - (C) auditing course;
  - (D) income tax course; and
  - (E) accounting systems beyond an introductory computer course.

(b) The following types of credits awarded by a college or university approved by the board shall be accepted by the board for purposes of determining compliance with subsection (a), if the credits are related to those areas specified in subsection (a):

- (1) Credit for advanced placement;
- (2) credit by examination; ~~and~~
- (3) credit for military education; and
- (4) credit for competency gained through experience.

Credits recognized by the board pursuant to this subsection shall not exceed a total of six semester hours.

(c) Credit shall not be allowed for any course that is only audited.

(d) Credit shall not be allowed for any course for which credit has already been received.

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(e) Any credits earned for an accounting internship may count toward the overall 150-hour education requirement, but these credits shall not be acceptable in satisfaction of the required ~~30 hours of accounting theory and practice~~ concentration in accounting courses.

(~~e~~) (f) Credits earned for CPA exam review courses shall not be acceptable in satisfaction of the required 30 hours of accounting theory and practice. However, these credits may be used toward the overall 150-hour education requirement.

(~~f~~) (g) Not to exceed a total of six hours, up to three hours of course requirements specified in paragraph (a)(1), (a)(2), or (a)(3) may be waived by the board, for good cause and upon receipt of satisfactory verification that the applicant has otherwise met the requirements. (Authorized by ~~and implementing K.S.A. 1-202 and K.S.A. 2006~~ 2010 Supp. 1-302a, ~~as amended by L. 2007, ch. 131, § 1; implementing K.S.A. 2010 Supp. 1-302a;~~ effective Jan. 1, 1973; amended Feb. 15, 1977; amended May 1, 1978; amended May 1, 1979; amended July 22, 1991; amended Sept. 25, 1998; amended Jan. 11, 2008; amended P-  
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**74-4-3a. Permit renewal.** (a) Each application for renewal of a permit shall be ~~made~~ submitted on a form provided by the board.

(b) A renewal application that is insufficient shall not be processed and shall be returned to the applicant.

(1) An application shall be deemed insufficient if it meets any of the following conditions:

(A) Is not completely filled out;

(B) lacks the required number of continuing professional education hours;

(C) lacks the required documentation; or

~~(C)~~ (D) does not include the renewal fee.


(2) If the renewal fee is paid by credit card, the application shall be deemed insufficient if it meets either of the following conditions:

(A) The information necessary to process the credit card payment is deficient.

(B) The credit card company rejects payment. (Authorized by K.S.A. 2000 ~~Supp.~~ 1-202, ~~as amended by 2001 HB 2343, § 7;~~ implementing K.S.A. 2000 2010 Supp. 1-310, ~~as amended by 2001 HB 2343, § 2~~ and K.S.A. 2000 2010 Supp. 75-30,100; effective Nov. 17, 2000; amended Nov. 2, 2001; amended P-\_\_\_\_\_.)

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**74-4-7. Continuing professional 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 professional education (CPE) during each biennial period for renewal and shall be in possession of proof of attendance or completion of the CPE 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 professional education requirement.

(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;
- (N) malpractice;
- (O) record retention;
- (P) professional conduct;
- (Q) ethical practice in business;
- (R) personal ethics;
- (S) ethical decision making; and

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

(3) The subject of circular no. 230 issued by the federal department of the treasury shall not qualify for ethics CPE credit but shall qualify for non-ethics CPE credit.

(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 professional 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) The standards used to determine acceptable continuing professional 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 professional education credits that a participant would be entitled to receive, in addition to the time for presentation. No CPE 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)(2) and hours served as an instructor, discussion leader, or speaker as specified in paragraph (c)(3) shall not exceed, alone or in combination, 50 percent of the total number of continuing education hours required for permit renewal.

(d) 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.

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(e) Any applicant for renewal of a permit to practice as a certified public accountant may carry over a maximum of 20 hours of continuing professional 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) If an applicant for renewal fails to obtain the continuing professional education required by this regulation, the applicant may be required by the board to obtain an additional eight hours of continuing professional education within a period of time specified by the board before the applicant's permit to practice is renewed. (Authorized by and implementing K.S.A. 1-202, K.S.A. 2010 Supp. 1-310, and K.S.A. 75-1119; ~~implementing K.S.A. 1-202, K.S.A. 2007 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 P-\_\_\_\_\_.)

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**74-4-8. Continuing professional 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 professional 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 ~~permit holder~~ 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 CPE 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 description of content, date and location of the program, and number of CPE contact hours.

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

(b) The following types of programs shall 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 professional education if ~~they~~ the programs meet the requirements of subsection (a):

(1) ~~Professional development~~ Programs of the American institute of certified public accountants, and of 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) university or college non-credit courses. These courses shall qualify for continuing professional education credit that equals the number of actual, full 50-minute class hours attended; and

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

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~~(6) programs in accounting, auditing, consulting services, specialized knowledge and applications, taxation, management of a practice, or ethics; and~~

~~(7) (c) personal development courses.~~ Hours from personal development courses shall not exceed 30 percent of the total number of continuing education hours required for permit renewal. 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.

~~(e) (d)~~ Any author of a published article or book and any writer of a continuing professional education program may receive continuing professional 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.

~~(d) (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 sponsored through the American institute of certified public accountants; or

(iii) is sponsored through 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 ~~(d)~~ (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.

~~(e)~~ (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 professional 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.

~~(f)~~ (g) Independent study programs that are designed to allow a participant to learn a given subject under the guidance of a continuing professional education program sponsor may be eligible for continuing professional 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.

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(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.

(g) (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, K.S.A. ~~2009~~ 2010 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 P-\_\_\_\_\_ .)

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**74-4-10. Continuing education requirements for renewal of initial or reinstated permits.** (a) To renew an initial or reinstated permit to practice as a certified public accountant in Kansas, each applicant shall complete the number of continuing professional education (CPE) hours proportionate to the number of hours required for the renewal period, given the number of full months from the date of the issuance of the permit to the June 30 renewal date. This requirement shall include two hours of ethics.

(b) CPE hours used to reinstate a permit shall not be used toward a subsequent renewal of a permit.

(c) Continuing education credit obtained by the applicant on and after July 1 of the issuance year of the permit may be used to satisfy the continuing education requirement in subsection (a) if the credit meets the requirements specified in K.A.R. 74-4-7 and 74-4-8 and was not used to reinstate a permit. (Authorized by K.S.A. 1-202; implementing K.S.A. ~~2007~~ 2010 Supp. 1-310; effective, E-82-27, Dec. 22, 1981; effective May 1, 1982; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 17, 2000; amended May 23, 2008; amended P-\_\_\_\_\_.)

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**74-5-2. Definitions.** Each of the following terms, wherever used in this article, shall have the meaning specified in this regulation:

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

(b) "AICPA professional standards" means the standards, including definitions and interpretations, in "AICPA professional standards," volumes 1 and 2, published by the AICPA, as in effect on June 1, 2009 2011, which are hereby adopted by reference, except for the following portions of volume 2:

(1) Pages ~~4795~~ 1881 through ~~4948~~ 2034, bylaws of the AICPA;

(2) pages ~~2275~~ 2403 through ~~2299~~ 2427, continuing professional education;

(3) pages ~~4677~~ 1761 through ~~4698~~ 1783, section 191 under rules 101 and 102;

(4) pages ~~4745~~ 1831 through ~~4761~~ 1847, section 591 under rules 501, 502, and 503;

(5) pages ~~4743~~ 1855 through ~~4744~~ 1856, ~~section 505~~ council resolution concerning rule 505;

(6) pages ~~4717~~ 1803 through ~~4723~~ 1809, section 391 under rules 301 and 302;

(7) page ~~4703~~ 1789, section 202; and

(8) pages ~~4707~~ 1793 through ~~4709~~ 1795, section 291 under rules 201, 202, and 203.

(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 the Kansas state 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 by notification 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. 1-308 and amendments thereto.

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(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) as follows:

(A) ~~"Statements of federal financial accounting concepts and standards,"~~ (SFFAS), including the interpretations, technical bulletins, technical releases, staff implementations and appendices, "FASAB handbook of federal accounting standards and other pronouncements, as amended," as in effect on June 30, ~~2009~~ 2011;

(B) ~~technical bulletin 2009-1, statement of federal financial accounting standards 41, "deferral of the effective date of technical bulletin 2006-1, recognition and measurement of asbestos-related cleanup costs," as in effect on September 22, 2009~~ SFFAS 38, accounting for federal oil and gas resources," dated July 6, 2011;

(C) ~~SFFAS 34, "the hierarchy of generally accepted accounting principles, including the application of standards issued by the financial accounting standards board,"~~ technical bulletin 2011-1, "accounting for federal natural resources other than oil and gas," dated July 28, ~~2009~~ 6, 2011;

(D) ~~SFFAS 35, "estimating the historical cost of general property, plant, and equipment,"~~ statement of federal financial accounting concepts 7, "measurement of the elements of accrual-basis financial statements in periods after initial recording," dated ~~October 14, 2009~~ August 16, 2011; and

(E) ~~SFFAS 36, "reporting comprehensive long-term fiscal projections for the U.S. government,"~~ technical bulletin 2011-2, "extended deferral of the effective date of technical bulletin 2006-1, recognition and measurement of asbestos-related cleanup costs," dated ~~September 28, 2009~~ 22, 2011; and

(F) technical release 14, "implementation guidance on the accounting for disposal of general property, plant, & equipment," dated October 6, 2011;

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(2) "financial accounting standards board (FASB) accounting standards codification," including accounting standards updates, as contained in volumes 1 through 4, published by the financial accounting standards board (FASB), as in effect on October 31, 2009 2010;

(3) "codification of governmental accounting and financial reporting standards," except for pages vii through xv and appendices B and C, issued by the governmental accounting standards board, as in effect on June 30, 2009 2011; and

(4) "international financial reporting standards<sup>®</sup> (IFRSs<sup>®</sup>), parts A and B, issued by the international accounting standards board, as in effect on January 1, 2010 2011.

(i) "Government auditing standards," means the following, which are hereby adopted by reference:

(1) The "government auditing standards," issued by the United States government accountability office, July 2007 revision, except for appendix II, which is hereby adopted by reference for financial audits and attestation engagements for periods ending before December 15, 2012 and performance audits beginning before December 15, 2011; and

(2) "government auditing standards" issued by the United States government accountability office, August 2011, except for appendix III, for financial audits and attestation engagements for periods ending on or after December 15, 2012 and performance audits for audits beginning on or after December 15, 2011, as applicable.

(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.

(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.

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

(m) "Standards of the PCAOB" means the following standards and related rules in "bylaws and rules of the public accounting oversight board" as in effect on ~~March 5, 2010~~ August 25, 2011, which are hereby adopted by reference:

- (1) Auditing standards numbers 1, 3, 4, 5, 6, and 7;
- (2) conforming amendments to PCAOB interim standards; and
- (3) rules, section 3, "professional standards," part 1, "general requirements," and part 5, "ethics."

(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 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 P-\_\_\_\_\_.)

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**74-5-101. Independence.** (a) Each certified public accountant and each licensed municipal public accountant who performs professional services requiring independence shall comply with the following standards, as applicable:

(1) Rule 101 of the code of professional conduct, including the interpretations under rule 101, as contained in the "AICPA professional standards" adopted by reference in K.A.R. 74-5-2;

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

(3) regulation S-X codified at 17 C.F.R. Part 210, as in effect on ~~March 11, 2010~~ December 2, 2011, which is 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 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 P-\_\_\_\_\_.)

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**74-5-202. Compliance with standards.** (a) Each certified public accountant who 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 AICPA accounting and review services committee;
- (5) the AICPA auditing standards board;
- (6) the AICPA management consulting services executive committee;
- (7) the AICPA tax executive committee;
- (8) the AICPA forensic and valuation services executive committee;
- (9) the AICPA professional ethics executive committee;
- (10) the PCAOB;
- (11) the international accounting standards board; and
- (12) the municipal accounting section of the division of accounts and reports, department of administration.

(b) Each licensed municipal public accountant shall comply with applicable, generally accepted auditing standards in the 2010 2011 revised "Kansas municipal audit guide," including appendices A through L, prescribed by the municipal accounting section of the division of accounts and reports, department of administration, and hereby adopted by reference. (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, 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, 2007; amended Jan. 11, 2008; amended May 29, 2009; amended Nov. 29, 2010; amended P- \_\_\_\_\_ .)

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**74-5-302.** (Authorized by and implementing K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1974; amended May 1, 1978; amended Nov. 2, 2001; amended Nov. 15, 2002; amended May 29, 2009; revoked P-\_\_\_\_\_.)

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**74-11-6. Definitions.** Each of the following terms, wherever used in this article, shall have the meaning specified in this regulation:

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

(b) "AICPA professional standards" means the "AICPA professional standards," volumes 1 and 2, published by the AICPA, as in effect on June 1, ~~2008~~ 2011, which are adopted by reference in K.A.R. 74-5-2.

(c) "Firm" shall have the meaning specified in K.S.A. 1-308 and amendments thereto.

(d) "Peer review" means a review of a firm's accounting and auditing practice in accordance with the standards for performing and reporting on peer reviews.

(e) "Peer review team" means persons or organizations participating in the peer review program required by ~~the regulations in~~ this article. This term shall specifically include the team captain, team members, review captain, the report acceptance committee, and the oversight body, but shall not include the board.

(f) "Standards for performing and reporting on peer reviews" means the AICPA "standards for performing and reporting on peer reviews" contained in volume two of the AICPA professional standards, as adopted by reference in K.A.R. 74-5-2.

(g)(1) "Substantially similar program" means a peer review program that meets the following requirements:

(A) The peer review team shall be approved by a nationally recognized accounting organization as having the qualifications, training, and experience to perform the peer review function required by this regulation.

(B)(i) The peer review shall be conducted pursuant to peer review standards as issued by a nationally recognized peer review program that has received prior approval by the board; or

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(ii) the peer review shall be conducted pursuant to a written submission detailing the qualifications of the peer review team to conduct the peer review and providing a written plan for the peer review illustrating the means of compliance with this regulation with the prior specific approval of the board.


(2) Each inspection performed by the public company accounting oversight board of areas of a firm's practice related to audits of issuers, as defined by the public company accounting oversight board, shall be deemed to satisfy the peer review requirements related to this element of the firm's practice.

(h) For peer reviews commencing on and after January 1, 2009, "modified peer review report" shall mean a peer review report with a peer review rating of "pass with deficiencies," as defined in the AICPA standards for performing and reporting on peer reviews.

(i) For peer reviews commencing on and after January 1, 2009, "adverse peer review report" shall mean a peer review report with a peer review rating of "fail," as defined in the AICPA standards for performing and reporting on peer reviews. (Authorized by and implementing K.S.A. 1-202, K.S.A. 1-312, and K.S.A. 1-501; effective Feb. 14, 1994; 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, 2007; amended May 29, 2009; amended P-\_\_\_\_\_.)

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