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 American institute of certified public accountants.

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

(1) "clarified statements on auditing standards" in "AICPA professional standards," volume 1, pages 31-1214, as in effect on June 1, 2014;

(2) "statements on standards for attestation engagements" in "AICPA professional standards," volume 1, pages 1253-1583, as in effect on June 1, 2014;

(3) "standards for accounting and review services" in "AICPA professional standards," volume 2, pages 1621-1807, as in effect on June 1, 2014;

(4) statement on standards for accounting and review services (SSARS) no. 21, "statements on standards for accounting and review services: clarification and recodification," including the appendices and exhibits, as in effect on December 15, 2015;

(5) "code of professional conduct" in "AICPA professional standards," volume 2, pages 1833-2294, except for pages 2027-2032 and 2043-2056, as in effect on June 1, 2014, except for the following:

(A) Part 1, Section 1.800, “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";

(6) "statements on standards for valuation services" in "AICPA professional standards," volume 2, pages 2461-2512, as in effect on June 1, 2014;

(7) "consulting services" in "AICPA professional standards," volume 2, pages 2513-2518, as in effect on June 1, 2014;

(8) "quality control" in "AICPA professional standards," volume 2, pages 2521-2554, as in effect on June 1, 2014;

(9) "standards for performing and reporting on peer reviews" in "AICPA professional standards," volume 2, pages 2555-2731, as in effect on June 1, 2014;

(10) "tax services" in "AICPA professional standards," volume 2, pages 2739-2774, as in effect on June 1, 2014; and

(11) "personal financial planning" in "AICPA professional standards," volume 2, pages 2787-2798, as in effect on June 1, 2014.

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) as follows:

(A) "FASAB handbook of federal accounting standards and other pronouncements, as amended," as in effect on June 30, 2014, except for the following portions: the forward, the preamble, and appendixes A–F;

(B) statement of federal financial accounting standards 44–46, "deferral of the transition to basic information for long-term projections," dated October 17, 2014, except appendix A; and

(C) statement of federal financial accounting standards 47, "reporting entity," dated December 23, 2014, except appendixes A–E;
(2) “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, 2014;
(3) “codification of governmental accounting and financial reporting standards,” except for pages ix through xvii, issued by the governmental accounting standards board, as in effect on June 30, 2014; and
(4) “international financial reporting standards®” (IFRSs®), part A, issued by the international accounting standards board, as in effect on January 1, 2014, except part A, pages A1 through A19.

(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.

(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 “bylaws and rules of the public company accounting oversight board” as in effect on May 19, 2014, section 3, “auditing and related professional practice standards,” part 1, “general requirements,” and part 5, “ethics and independence”; and

(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

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, firm, or licensed municipal public accountant. (Authorized by and implementing K.S.A. 1-202; effective May 29, 2009; amended February 19, 2016.)

74-5-2b. Applicability of AICPA professional standards. The AICPA professional standards shall apply to each certified public accountant, 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.)

74-5-101. Independence. (a) Each certified public accountant, 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) regulation S-X codified at 17 C.F.R. Part 210, as in effect on September 3, 2013, which is hereby adopted by reference; and

(b) In determining whether a certified public accountant’s, 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.)
74-5-102. Integrity and objectivity. (a) In the performance of professional services, each certified public accountant, 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, 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, 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


Part II.—GENERAL STANDARDS, COMPLIANCE WITH STANDARDS, ACCOUNTING PRINCIPLES

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

1. Undertake only those professional services that the CPA, 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 February 19, 2016.)

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, 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.


74-5-204. (Revoked January 11, 2008.)

74-5-205. (Revoked May 27, 2005.)

Part III.—RESPONSIBILITIES TO CLIENTS

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


74-5-302. (Revoked May 25, 2012.)

Part IV.—OTHER RESPONSIBILITIES AND PRACTICES
74-5-401. Acts discreditable. (a) A certified public accountant or firm shall not commit any act discreditable to the profession.

(b) The AICPA “code of professional conduct,” including the interpretations of the AICPA professional standards-adopted by reference in K.A.R. 74-5-2(b)(5), shall be used by the board in determining whether a certified public accountant or firm has committed an act discreditable to the profession. (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 Nov. 15, 2002; amended May 27, 2005; amended May 29, 2009; amended February 16, 2016.)

74-5-402. Acting through others. A certified public accountant shall not permit others to carry out on his or her behalf, either with or without compensation, acts which, if carried out by the certified public accountant, would place him or her in violation of the rules of conduct. (Authorized by K.S.A. 1-202; effective Jan. 1, 1966; amended Jan. 1, 1972; amended Jan. 1, 1974; amended May 1, 1978.)

74-5-403. Advertising. (a) A certified public accountant or firm shall not advertise in a manner that is false, misleading, or deceptive.

(b) The use of any non-CPA’s name or the name of any firm not registered with the board as a firm, pursuant to K.S.A. 1-308 and K.S.A. 1-316 and amendments thereto, in any advertisement or publication in any medium or under any heading used for certified public accountants shall be prohibited.

(c) 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 whether a certified public accountant has violated subsection (a). (Authorized by and implementing K.S.A. 1-202; effective May 1, 1978; amended May 1, 1985; amended July 22, 1991; amended May 27, 2005; amended Feb. 16, 2007; amended May 29, 2009; amended February 16, 2016.)

74-5-404a. Use of CPA designation while performing non-attest services. (a) A person who has a Kansas permit to practice as a certified public accountant may use the “certified public accountant” or “CPA” designation when performing non-attest services in an organization that is not required to register as a firm.


74-5-405. Form of practice. A certified public accountant may practice certified public accountancy, whether as an owner or an employee, in the form of a proprietorship, a partnership, a limited liability partnership, a professional corporation or association, a limited liability company, or a general corporation. (Authorized by K.S.A. 1999 Supp. 1-202, as amended by L. 2000, Ch. 81, § 4; implementing K.S.A. 1999 Supp. 1-311, as amended by L. 2000, Ch. 81, § 13(a)(7); effective May 1, 1978; amended Aug. 23, 1993; amended Nov. 17, 2000.)


74-5-406. Firm or professional names. (a) A certified public accountant or firm shall not practice certified public accountancy under a firm or professional name or advertise a firm or professional name that includes descriptive words relating to the quality of services offered or that is misleading concerning the legal form or the persons who are owners, partners, officers, members, managers, or shareholders of the firm.

(b) A firm or professional name shall not be considered to be misleading solely because it contains words describing the geographical area in which the services are offered or words describing the type of services actually being performed by the certified public accountants who are owners, partners, officers, members, managers, or shareholders of the firm.

(c) A firm or professional name or designation shall be considered to be misleading in any of the following instances:

1. The name contains a misrepresentation of facts.
2. The name is intended or is likely to create false or unjustified expectations of favorable results.
3. The name implies education, professional attainment, or licensing recognition of its owners, partners, officers, members, managers, or shareholders that is not supported by facts.
(4) The name of a Kansas professional corporation or association, limited liability company, limited liability partnership, or general corporation does not include its full name as registered with the board each time the firm or professional name is used.

(5) The term "& Company," "& Associate," or "Group" is used, but the entity does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(6) The plural term "& Associates" is used, but the entity does not include, in addition to the named partner, shareholder, owner, or member, at least two other unnamed partners, shareholders, owners, members, or staff accountants holding both a Kansas certificate and a Kansas permit to practice.

(7) The name contains the name or names of one or more former partners, shareholders, or owners without their written consent.

(d) A fictitious firm or professional name shall be defined as a name that contains anything other than the name or names of one or more present or former owners, partners, members, or shareholders or the term "certified public accountant" or "CPA," or the plural form of either of these two terms. A fictitious firm or professional name may be used if the name is registered with the board and is not false or misleading as determined by the board. Each firm shall utilize its full name as registered with the board each time the name is used.

(e) A fictitious firm or professional name that includes the term "& Company," "& Associate," or "Group" shall be considered misleading if the firm has only one partner, shareholder, owner, or member and no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(f) A fictitious firm or professional name that includes the term "& Associates" shall be considered misleading if the firm or professional name has only one partner, shareholder, owner, or member and only one or no other partner, shareholder, owner, member, or staff accountant holding both a Kansas certificate and a Kansas permit to practice.

(g) Each certified public accountant or firm that falls out of compliance with this regulation due to any change in ownership or personnel shall notify the board within 30 days after the change. A reasonable period of time may be granted by the board for a firm or certified public accountant to take corrective action.

(h) If a firm does not have an office in Kansas but is required to register with the board pursuant to K.S.A. 1-308 and amendments thereto, the name shall not be considered misleading even if the name meets the criteria for being "misleading" as specified in paragraph (c)(5) or (6) or subsection (e) or (f) of this regulation. (Authorized by K.S.A. 1-202; implementing K.S.A. 1-202 and K.S.A. 2014 Supp. 1-308; effective May 1, 1978; amended Oct. 8, 1990; amended Aug. 23, 1993; amended Jan. 12, 1996; amended Sept. 25, 1998; amended Sept. 10, 1999; amended Nov. 15, 2002; amended Jan. 11, 2008; amended May 29, 2009; amended March 21, 2014; amended February 16, 2016.)

74-5-407. Cooperation with the board. Each certified public accountant, firm, or licensed municipal public accountant 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 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 February 19, 2016.)

74-5-408. Change of address. Each certified public accountant shall notify the board in writing of any change in the person's home address, business name, or business address within 30 days of the change. (Authorized by and implementing K.S.A. 1-202; effective February 16, 2007.)