

**1-312. Grounds for revocation or suspension of firm's registration; other administrative remedies.** (a) Except as provided in subsection (b), the board may deny an application to register a firm, revoke or suspend a firm's registration, censure a firm, limit the scope of practice of a firm or impose such remedial action as it deems necessary to protect the public interest, or both, and impose an administrative fine not exceeding \$5,000 for any one of the following causes:

- (1) Failure to meet the requirements of K.S.A. 1-308 and amendments thereto;
- (2) fraud, dishonesty or deceit in obtaining a registration;
- (3) sanction, censure, disciplinary action or revocation or suspension of a firm's right to practice by the PCAOB or any state or federal agency;
- (4) dishonesty, fraud or gross negligence in the practice of certified public accountancy;
- (5) violation of any provision of chapter 1 of the Kansas Statutes Annotated, and amendments thereto, and rules and regulations promulgated by the board except for a violation of a rule of professional conduct;
- (6) willful violation of a rule of professional conduct;
- (7) violation of any order of the board;
- (8) cancellation, revocation, suspension or refusal to renew the authority of a firm to practice certified public accountancy in any other state;
- (9) conviction of any felony, or of any crime an element of which is dishonesty, deceit or fraud, under the laws of the United States, of Kansas or of any other state, if the acts involved would have constituted a crime under the laws of Kansas; or
- (10) failure to establish timely compliance with peer review pursuant to K.S.A. 1-501 and amendments thereto;

(b) In actions arising under peer review for reports modified for matters relating to attest services, the board may take such remedial action as it deems necessary to protect the public interest. However, the board may not limit the scope of practice of attest services of a firm or limit the scope of practice of attest services of any permit holder under K.S.A. 1-311, and amendments thereto, for failure to comply with generally accepted accounting principles, generally accepted auditing standards and other similarly recognized authoritative technical standards unless:

- (1) The firm has received at least two modified peer review reports during 12 consecutive years relating to attest services and the board finds that the firm has exhibited a course of conduct that reflects a pattern of noncompliance with applicable professional standards and practices; or
- (2) the firm has failed to abide by remedial measures required by a peer review committee or the board.

(c) Nothing in subsection (b) shall be construed to preclude the board from: Limiting the scope of practice of attest services of a firm or limiting the scope of practice of attest services of a permit holder under K.S.A. 1-311, and amendments thereto; or taking such remedial action as the board deems necessary to protect the public interest, after a review of an adverse peer review report based on matters relating to attest services if the board determines that the firm failed to comply with generally accepted accounting principles, generally accepted auditing standards and other similarly recognized authoritative technical standards.

(d) After considering AICPA standards on peer review, the board may define, by rules and regulations, the terms "modified" and "adverse."

(e) At the time of suspension or revocation of a firm's registration, the board may suspend or revoke the permit to practice of a member, shareholder or partner of a firm if the permit holder is the only Kansas member, shareholder or partner of the firm. The permit shall be reinstated upon reinstatement of the firm's registration.

(f) All administrative proceedings pursuant to this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act and the act for judicial review and civil enforcement

of agency actions.

(g) The board shall not have the power to assess fines under this section if a fine has been assessed for the same or similar violation under the provisions of K.S.A. 1-311(a) and amendments thereto.