

Minnesota Attorney General: Administrative Rules Proceedings

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.

Version 3
August 20, 2018

Our File No. 715

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 7/29
DATE FOR REVIEW 8/6
DATE DUE 8/12

Adopted w/a hearing ____
Adopted w/o a hearing X
Temporary rule ____

Approved 8/7 Disapproved ____ Returned to Agency 8/11

Resubmitted ____ Due ____
Approved ____ Disapproved ____ Returned to Agency ____

Date filed w/Secretary of State 7/10 REVISOR approved disapproved 8/4/81

✓ Rule as Adopted

✓ Rule as Proposed see SR.

✓ Order Adopting 7.27.81

✓ Notice of Intent to Solicit Outside Opinion 4.4.80

✓ Order for rulemaking
____ Date of Hearing

✓ Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
✓ Sufficiency

✓ Affidavit of Mailing Notice of rulemaking
5.26.81 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
6.1.81 At least 30/~~20~~ days prior to ~~hearing~~/adoption

N/A Hearing Examiner's Report

N/A Chief Hearing Examiner's Report(s)
____ Approving H.E.'s Report
____ Approving agency action

✓ Agency's Findings of Fact

N/A LCRAR Report or agency Affidavit

✓ Certificate of Board's Resolution Adopting Rules

____ Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness

N/A Petition for Adoption of a Rule

N/A Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

N/A Notice of Submission to the Attorney General
no requests received — see transmittal memo.

RULES AS ADOPTED

RULES OF THE MINNESOTA STATE BOARD OF ACCOUNTANCY

Chapter One: Definitions and General. 4 MCAR §§ 6.001 - 6.019

§ 6.001 Board. Board means the Minnesota State Board of Accountancy.

§ 6.002 CPA. CPA means certified public accountant.

§ 6.003 LPA. LPA means licensed public accountant.

§ ~~6.003~~ 6.004 Certificate. Certificate means a certificate for a CPA or LPA issued by the board.

§ ~~6.004~~ 6.005 Person. Person means any individual, partnership, corporation, joint stock company, unincorporated association or society, municipal corporation, or any government or governmental sub-division, unit or agency, other than a court of law.

§ ~~6.005~~ 6.006 In public practice and rendering professional service. In public practice and rendering professional service mean:

A. When used in reference to a CPA or LPA, that he or as an employer performs professional accounting services for a fee within this state.

B. When used in reference to a CPA partnership or LPA partnership, that it performs professional accounting services for a fee within this state.

C. When used in reference to a CPA corporation or LPA corporation, that it perfonms professional accounting services for a fee within this state.

§ ~~6.006~~ 6.007 Contested case. Contested case means a proceeding before the board in which the legal rights, duties or privileges of specific parties are required by law or constitutional right to be determined after a board hearing.

§ ~~6.007~~ 6.008 Party. Party means any person whose legal rights, duties or privileges may be determined in a contested case. The term party shall include

the board except when the board participates in the contested case in a neutral or quasi-judicial capacity only.

§ ~~6.008~~ 6.009 License. License means a license for a certified public accountant or licensed public accountant issued by the board.

§ 6.010 through 6.019 Unchanged

Chapter Two through Three Unchanged

Chapter Four: ~~Licensure~~ Certificate; Qualifications of Accountant. 4 MCAR §§ 6.040 - 6.049

~~Licenses~~ Certificate; To Whom Granted

~~License; Granting~~ Certificate; Examination

§ 6.040 The following requirements are to be observed in submitting applications to the board for examination, re-examination~~,~~ for the certificate ~~and license after completing experience,~~ as certified public accountant and reciprocal certificate ~~and license~~ as certified public accountant:

A. Unchanged

B. Unchanged

C. Applications for CPA examination or re-examination not reaching the board 60 or more days prior to the initial examination date may, at the board's discretion, be deferred for consideration for a subsequent examination.

§ 6.041 An application for CPA examination or re-reexamination shall expire five years from the date of the board's approval to sit for the initial examination. Once expired, the board may refuse to consider a new application or may require the applicant to be re-examined in all subjects.

§ 6.042 Unchanged

§ 6.043 Examinations for CPA applicants.

A. Unchanged

B. Ample notice will be given to each applicant of the time and place selected for holding the examination and each applicant must be present and prepared to engage in the work promptly at the hours appointed. An applicant who is unable to be present must notify the board as soon as reasonable possible. Failure to do so will be considered, at the discretion of the board, just cause for exclusion and forfeiture of the amount of the fee. An applicant who is unable to be present at the examination for which his application was approved, shall notify the board at least 60 days prior to a subsequent examination to which he desires to be admitted and furnish current information on forms provided by the board. Cheating on the examination is conduct unbecoming to a professional person and upon discovery will incur severe penalties. Instances of cheating during the course of the examination may, but shall not be limited to:

a. Communications between candidates inside or outside of the examination room, or copying another's answers.

b. Communication with others outside of the examination room.

c. Substitution by a candidate of another person to sit in the examination room in his stead and write one or more of the examination papers for him.

d. Use of crib sheets, notes or other unauthorized materials.

Penalties imposed for cheating may include the following: Grade of zero on the examination, immediate explusion from the examination room, and temporary or permanent suspension of the candidate's right to take the examination again.

C. Unchanged

D. Unchanged

E. ~~In instances w~~Where an applicant has passed the examination, ~~prior to completion of his experience requirements, a letter will be issued to him by the~~

~~board indicating that he has successfully completed the examination but that the certificate and license are being withheld until such requirements have been met. Upon completion of the required experience (or not more than ninety days prior thereto if the applicant is regularly engaged in public accounting employment expected to continue for the necessary period), the applicant shall submit on a form provided by the board a schedule of all experience not included in a prior application. After the board is satisfied that all experience and other requirements have been met~~ a certificate as certified public accountant ~~and license will~~ shall be issued to him without an additional fee. Such certificate shall indicate that this certificate is not a license to practice.

§ 6.044 Re-examinations for CPA applicants.

A. through E. Unchanged

§ 6.045 Examination in other states for CPA applicants.

A. through B. Unchanged

§ 6.046 Education for CPA applicants.

A. through C. Unchanged

§§ 6.047 - 6.049 Unchanged

Chapter Five: ~~License~~ Certificate Without Examination. 4 MCAR §§ 6.050-6.059

§ 6.050 Reciprocity. Ordinarily a reciprocal CPA certificate ~~and license~~ will not be granted unless the state of origin grants similar privileges to holders of Minnesota certificates ~~and licenses~~, and the applicant conforms to all requirements which would be imposed by the state of origin upon the holder of a Minnesota CPA certificate seeking reciprocal recognition in that jurisdiction.

§§ 6.051 through 6.052 Unchanged

§ 6.053 Application for a reciprocal CPA certificate must be supported by a statement of the applicant's need for a Minnesota certificate.

§§ 6.054-6.509 Unchanged

Chapter Six: Qualifying Experience for CPA Examination and Granting of License for Certified Public Accountant and Licensed Public Accountant. 4 MCAR §§ 6.060-6.069

§ 6.060 It is the intent of this requirement that the applicant should have had practical public accounting experience of reasonable variety and importance, requiring independent thought and judgment on important accounting, auditing and income tax matters, consistent with the competence generally expected of a certified public accountant or licensed public accountant.

§§ 6.061 through 6.069 Unchanged

Chapter Seven: ~~License~~ Licensure as ~~Renewal of~~ Certified Public Accountants or Licensed Public Accountants. 4 MCAR §§ 6.070-6.079

§ 6.070 A license shall be granted to any person who meets the requirements of Minn. Stat. § 326.19, subd. (2) as a certified public accountant or Minn. Stat. §326.191 as a licensed public accountant who applies for licensure on forms provided by the board.

§ ~~6.070~~ 6.071 Each individual holder of an unrevoked Minnesota certificate or license as a Certified Public Accountant ~~and~~ or Licensed Public Accountant ~~license~~ who engages in or intends to be engaged in the practice of public accounting within the state of Minnesota during all or part of a calendar year is required to apply for and obtain from the board an annual license for that year. The application for the annual license and the appropriate fee shall be submitted to the board within thirty (30) days after engaging in public practice in any year. ~~except that an individual shall be licensed for the balance of the year in which he received his certificate without payment of the fee.~~

§ ~~6.071~~ 6.072 Each November the board will notify each current licensee ~~and each individual who has received a certificate during that year~~ of the license requirements for the succeeding year. However, it is the responsibility of each ~~certificate holder and~~ licensee in public practice to apply for a license and pay the appropriate fee.

§ ~~6.072~~ 6.073 The following requirements are to be observed in making applications for annual license issued to an individual holder of a Minnesota certificate ~~and license~~.

A. through B. Unchanged

§ ~~6.073~~ 6.074 Failure to apply for license and pay the appropriate fee by a CPA or LPA at the beginning of the year in public practice shall be deemed unprofessional conduct and may be cause for suspension or revocation of his certificate ~~and license~~.

§ ~~6.074~~ 6.075 The annual license granted by the Board to a licensee shall be prominently displayed in the principal office of the licensee.

§ ~~6.075~~ 6.076-6.079 Reserved for future use.

Chapter Eight through Chapter Ten Unchanged

Chapter Eleven: Fee for License and Renewal. 4 MCAR §§ 6.110-6.119

§ 6.110 Applications shall be accompanied by fees in the following amounts:

A. Application for certified public accountant examination by first time applicants. $100.00.

B. Application for certified public accountant re-examination in failed subjects. $25.00 per subject but not in excess of $100.00 (Accounting practice is considered to be two subjects.) 4 MCAR § 6.044 D. provides that applicants must apply for re-examination in all failed subjects.

C. Application for reciprocal certificate and license for certified public accountant. $75.00.

D. Application for certificate and license for licensed public accountant. $75.00.

E. Application for reciprocal certificate and license for licensed public accountant. $75.00

§§ 6.111 through 6.119 Unchanged

Chapters Twelve through Fourteen Unchanged

Chapter Fifteen: Code of Professional Conduct. 4 MCAR §§ 6.150-6.159

§ 6.150 In practice of accounting and in rendering professional accounting services a CPA and LPA shall adhere to the following code.

DEFINITIONS

The following definitions of terminology are applicable wherever such terminology is used in the rules and interpretations.

Board. The Minnesota State Board of Accountancy.

Certified Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Licensed Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Client. The person(s) or entity which retains a certified public accountant or his firm or a licensed public accountant or his firm, engaged in the practice of public accounting, for the performance of professional services.

Enterprise. Any person(s) or entity, whether organized for profit or not, for which a CPA or LPA provides services.

Firm. A partnership or professional corporation or association engaged in the practice of public accounting, including individual partners or shareholders hereof.

Financial statements. Statements and footnotes related thereto that purport to show financial position which relates to a point in time or changes in financial position which relate to a period of time, and statements which use cash or other incomplete basis of accounting. Balance sheets, statements of income, statements of retained earnings, statements of changes in financial position and statements of changes in owners' equity are financial statements.

Incidental financial data included in management advisory services reports to support recommendations to a client, and tax returns and supporting schedules do not, for this purpose, constitute financial statements; and the statement, affidavit or signature of preparers required on tax returns neither constitutes an opinion on financial statements nor requires a disclaimer of such opinion.

Institute. The American Institute of Certified Public Accountants.

Interpretations of Rules of Professional Conduct. Pronouncements issued by the Division of Professional Ethics to provide guidelines as to the scope and application of the Code of Professional Conduct.

Practice of public accounting. Holding oneself out to be a CPA or LPA and at the same time performing for a client one or more types of services rendered by public accountants.

Professional services. One or more types of services performed in the practice of public accounting.

APPLICABILITY OF RULES

These rules are adopted under the authority granted by Minn. Stat. § 326.18 (1974) which delegates to the board the power and duty to make rules of professional conduct. The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality and integrity. To this end, a certified public accountant or licensed public accountant shall at all times maintain independence of thought and action, hold the affairs of his clients in strict confidence, strive continuously to improve his professional skills, observe general accepted auditing standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct.

Acceptance of licensure as a CPA or LPA implies that the licensee has assumed an obligation to be diligent in the performance of professional service, and fair and honest in relations with clients, fellow practitioners and the public, and has a proper appreciation of his duties to the community and state. In recognition thereof the board has promulgated the following rules of professional conduct which each licensee agrees to regard as binding upon him.

Remaining portion of Applicability of Rules Unchanged

INDEPENDENCE, INTEGRITY AND OBJECTIVITY

Rules 101 through 103 Unchanged

COMPETENCE AND TECHNICAL STANDARDS

Rules 201 through 204 Unchanged

RESPONSIBILITIES TO CLIENTS

Rules 301 through 304 Unchanged

OTHER RESPONSIBILITIES AND PRACTICES

Rules 401 through 409 Unchanged

§ 6.151 Unchanged

Chapter Sixteen: Continuing Education. 4 MCAR § 6.160

§ 6.160 Continuing education rules. Pursuant to the provision of Minn. Stat. § 214.12 (1976), the board prescribes the following rules establishing requirements of continuing education to be met from time to time by licensees in order to maintain their professional knowledge and competence, as a condition to continuing to practice as certified public accountants or licensed public accountants. These rules shall become effective for certified public accountants on January 1, 1978, and for licensed public accountants on January 1, 1981.

A. through C. Unchanged

D. Continuing education policies. The board has adopted the following policies to assist licensees in complying with the accountancy statute and rules as they pertain to continuing education:

1. Who must comply-exceptions.

a. Unchanged

b. Unchanged

c. Attorney-licensees CPAs. Persons occupying the dual status of Attorney at Law and Certified Public Accountant or Licensed Public Accountant are excepted from continuing education requirements only if they do not engage

in the practice of public accounting under their accounting licenses.

d. Unchanged

2. Qualifying programs-credit hours granted.

a. through h. Unchanged

3. through 5. Unchanged

6. Reciprocity. An individual who holds a valid and unrevoked certified public accountant or licensed public accountant certificate issued by any state or political subdivision of the United States or a comparable certificate or degree issued by any foreign country, and who receives a license to practice in this State under the appropriate provisions of the accountancy law, will be required to comply with the continuing education requirement on a pro rata basis when his license is next renewed and each succeeding three year period thereafter.

7. through 8. Unchanged

E. All certified public accountant licensees holding a license on or before December 31, 1977, may use acceptable continuing education programs from May 31, 1977, to meet the required number of hours for the first reporting period. All licensed public accountant licensees having made application for license on or before July 1, 1980, may use acceptable continuing education programs from January 1, 1980, to meet the required number of hours for the first reporting period.

Chapter Seventeen: 4 MCAR §§ 6.170-6.179 Unchanged

Chapter Eighteen: 4 MCAR §§ 6.180-6.189 Unchanged

Chapter Ninteen: 4 MCAR §§ 6.190-6.199 Unchanged

Chapter Twenty: Professional Corporations. §§ 6.200-6.209

§ 6.200 A corporation shall not include the words "Certified Public Accountant," "Licensed Public Accountant, or the initials CPA or LPA in its corporate name.

§ 6.201 through 6.209. Unchanged

Chapter Twenty One: Contested Cases.

§ 6.210 Unchanged

OFFICE OF THE REVISOR OF STATUTES

Certificate of Approval of Adopted Rules

Agency: Board of Accountancy

Rule Numbers: 4 MCAR SS 6.001-6.210

Rule Title: Adopted Rules Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants

Type of Rules: Permanent X

Temporary _____

Documents Incorporated by Reference:

None

The attached Rules are approved as to form.

Steven C. Cross
Revisor of Statutes

APPROVED AS TO LEGALITY
Aug 7 1981
WARREN SPANNAUS, ATTORNEY GENERAL
BY H Theodora Gruda
SPECIAL ASSISTANT ATTORNEY GENERAL

Name: Paul M. Marinac
Paul M. Marinac

Title: Assistant Revisor

Phone: 296-0948

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
AUG 10 1981
Joan Anderson Growe
Secretary of State
3 pm

STATE OF MINNESOTA

BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

ORDER ADOPTING RULES

Notice of the Board's intent to adopt the above-entitled rules without a public hearing was published in the State Register on June 1, 1981 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes section 15.0412, subdivision 4 on May 26, 1981. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than seven written requests for a public hearing within the 30 day comment period, reviewing and considering the comments, and determining the need for and reasonableness of the above-captioned rules,

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants are adopted this 27th day of July, 1981 pursuant to authority vested in the Board by Minnesota Statutes sections 214.06, 214.02 and 326.18.

STATE OF MINNESOTA

Leonard A. Rapoport

LEONARD A. RAPOPORT
Chairman
Minnesota Board of Accountancy

ADMIN 1000 (Rev. 1-73)
SF-00005-01

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : LEONARD A. RAPAPORT
Chairman
Minnesota Board of Accountancy

DATE: August 10, 1981

ATTN : Marian A. Flanagan
Executive Secretary

FROM : H. Theodore Grindal
Special Assistant
Attorney General
by Judith V. Nelson

PHONE: 6-1288

SUBJECT: In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants

Enclosed herewith are the rules you have submitted for approval. These rules have been approved by this office and filed with the Secretary of State. Please note that they have not been filed with the State Register; this must be done promptly by your agency.

Upon receipt and before transmittal to your agency, however, it is important that you recheck these rules as to:

1. Affixation of stamps of the Attorney General and Secretary of State to the last page of the rules;

2. Coverage by these stamps of all rules submitted; and

3. Inclusion of all pages to the rules in the approved set.

If you have any questions in this regard, please contact me.

HTG:rjg

Enc.

cc: Duane Harves
Susan Robertson

ADMIN 1000 (Rev. 1/78)
SF-00006-01

DEPARTMENT Board of Accountancy
Commerce Department

STATE OF MINNESOTA

Office Memorandum

TO : Jerry Anderson
Special Assistant Attorney General

DATE: July 28, 1981

FROM : Marian A. Flanagan
Executive Secretary

PHONE: 296-7937

SUBJECT: In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

Enclosed and filed herewith for approval by the Attorney General pursuant to Minn. Stat. § 15.0412, subd. 4h (1980), please find the above referenced rule, as adopted by the State Board of Accountancy, together with supporting documentation as required by law and by the rules of the Attorney General.

Please be advised that a copy of these rules have been filed simultaneously with the Revisor of Statutes pursuant to Minn. Stat. § 15.0412, subds. 4f and 10 (1980).

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT Attorney General

Office Memorandum

TO : Jerry Anderson
Special Assistant Attorney General

DATE: July 28, 1981

FROM : Barry R. Greller
Special Assistant Attorney General

PHONE: 296-9417

SUBJECT: In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

Enclosed herewith for filing with your office and for review by the Attorney General pursuant to Minn. Stat. § 15.0412, subd 4h (1980), please find the following documents in connection with the above referenced rules:

1. Rules As Adopted - original and 3 copies.
2. Order Adopting - original and 2 copies
3. Certificate of Board's Resolution Adopting a Rule - original.
4. Notice of Intent to Solicit Outside Opinion - 1 copy.
5. Order of Notice of Intent to Adopt a Rule Without Public Hearing - original.
6. Certificate of Board's Authorizing Resolution - original
7. Notice of Intent to Adopt a Rule Without Public Hearing - original.
8. Affidavit for Mailing Notice of Intent - original.
9. Mailing List Certicate - original.
10. Rules As Proposed - 1 copy.
11. Findings of Fact and Conclusions - original.
12. Statement of Need and Reasonableness - original
13. Written Comments on the rule or requests for public hearing received by the agency - None were received.
14. Certificate of Compliance with Rulemaking Procedures - original.
15. Affidavit of Mailing Notice of Submission to the Attorney General and accompanying Notice. No requests were received for notice of submission.

Please contact me if you have any questions in this regard.

Additional Changes Suggested or Approved

by the Board of Accountancy

(Drafted to Revisor's Draft of Adopted Rules)

Page 1, line 9, after "MCAR" insert "S"

Page 1, line 18, after "he" insert "individually"

Page 2, line 27, strike the period

Page 2, line 30, strike "Applicants" and insert "Applications"

Page 3, line 2, strike "re-reexamination" and insert "reexamination"

Page 4, line 24, strike "or" and insert "of"

Page 4, line 31, strike "Unchanged" and insert "[Unchanged.]"

Page 5, line 11, strike "License"

Page 5, line 15, strike "(2)" and insert "2"

Page 5, lines 19, 28, and 33, after "MCAR" insert "S"

Page 5, line 29, strike "license" and insert "licensing"

Page 6, lines 4 and 8, after "MCAR" insert "S"

Page 6, line 11, after "MCAR" insert "SS"

Page 6, line 22, strike "D" and insert "E"

Page 8, line 7, strike the period and insert "means"

Page 8, line 11, strike the period and insert "means"

Page 9, line 23, insert missing text and strike

Page 10, line 30, after "(" insert "4 MCAR"

Page 10, line 33, after the second comma insert """

Page 10, line 35, after "S" insert "S"

TITLE 11 PUBLIC SAFETY
Part 1 Public Safety Department
11 MCAR § 1.0082 (adopted) 1860
11 MCAR §§ 1.4092-1.4099 (proposed) 1631
11 MCAR §§ 2.201-2.202, 2.210, 2.220, 2.230, 2.240, 2.245 (proposed) 1857
Part 2 Corrections Department
11 MCAR §§ 2.171-2.182 (proposed) 1803
TITLE 12 SOCIAL SERVICE
Part 2 Public Welfare Department
12 MCAR § 2.029 (adopted temporary) 1774
12 MCAR §§ 2.108, 2.034 (adopted) 1888
TITLE 13 TAXATION
Part 1 Revenue Department
13 MCAR §§ 1.0001-1.0007 (proposed) 1572
13 MCAR §§ 1.0001-1.0007 (withdrawn) 1887
13 MCAR §§ 1.0022, 1.0027 (proposed) 1572
13 MCAR § 1.6016 (adopted) 1861
13 MCAR § 1.6301 (proposed) 1820
TITLE 14 TRANSPORTATION
Part 1 Transportation Department
10 MCAR § 1.7001-1.7013 (adopted) 1776

PROPOSED RULES

Pursuant to Minn. Laws of 1980, § 15.0412, subd. 4h, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules;

and

4. that the rule may be modified if modifications are supported by the data and views submitted.

If, during the 30-day comment period, seven or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of § 15.0412, subds. 4 through 4g, which state that if an agency decides to hold a public hearing, it must publish in the *State Register* a notice of its intent to do so. This notice must appear at least 30 days prior to the date set for the hearing, along with the full text of the proposed rules. (If the agency has followed the provisions of subd. 4h and has already published the proposed rules, a citation to the prior publication may be substituted for republication.)

Pursuant to Minn. Stat. § 15.0412, subd. 5, when a statute, federal law or court order to adopt, suspend or repeal a rule does not allow time for the usual rulemaking process, temporary rules may be proposed. Proposed temporary rules are published in the *State Register*, and for at least 30 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Board of Accountancy

Proposed Amendment to and Adoption of Rules Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the State Board of Accountancy ("board") proposes to adopt the above-entitled rules without a public hearing. The board has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 15.0412, subd. 4h (1980).

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

provisions of Minn. Stat. § 15.0412, subds. 4-4f. If a public hearing is requested, identification of the particular objection, the suggested modifications to the proposed language, and the reasons or data relied on to support the suggested modifications is desired.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Marian Flanagan
Executive Secretary
State Board of Accountancy
500 Metro Square Building
7th and Robert Streets
Saint Paul, Minnesota 55101
Telephone: (612) 296-7937

Authority for the adoption of these rules is contained in Minn. Stat. §§ 214.06, 214.12, and 326.18 (1980). Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules, and that identifies the data and information relied upon to support the proposed rules, has been prepared and is available from Ms. Flanagan upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final rules as adopted will be delivered to a designee of the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of these rules for approval, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Ms. Flanagan.

A copy of the proposed rules is attached to this notice. Additional copies may be obtained by contacting Ms. Flanagan.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five (5) days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, subd. 11 (1980) as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including his own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 40 State Office Building, Saint Paul, Minnesota 55155, telephone (612) 296-5615.

May 13, 1981

Leonard A. Rapoport, Chairman
Minnesota Board of Accountancy

Amendments as Proposed

Chapter One: Definitions and General (4 MCAR §§ 6.001-6.019)

4 MCAR § 6.001 Board. Board means the Minnesota State Board of Accountancy.

4 MCAR § 6.002 CPA. CPA means certified public accountant.

4 MCAR § 6.003 LPA. LPA means licensed public accountant.

~~4 MCAR § 6.003~~ 4 MCAR § 6.004 Certificate. Certificate means a certificate for a CPA or LPA issued by the board.

4 MCAR § ~~6.004~~ 6.005 Person. Person means any individual, partnership, corporation, joint stock company, unincorporated association or society, municipal corporation, or any government or governmental subdivision, unit or agency, other than a court of law.

4 MCAR § ~~6.005~~ 6.006 In public practice and rendering professional service. In public practice and rendering professional service mean:

A. When used in reference to a CPA or LPA, that he or as an employer performs professional accounting services for a fee within this state.

B. When used in reference to a CPA partnership or LPA partnership, that it performs professional accounting services for a fee within this state.

C. When used in reference to a CPA corporation or LPA corporation, that it performs professional accounting services for a fee within this state.

4 MCAR § ~~6.006~~ 6.007 Contested case. Contested case means a proceeding before the board in which the legal rights, duties or privileges of specific parties are required by law or constitutional right to be determined after a board hearing.

4 MCAR § ~~6.007~~ 6.008 Party. Party means any person whose legal rights, duties or privileges may be determined in a contested case. The term party shall include the board except when the board participates in the contested case in a neutral or quasi-judicial capacity only.

4 MCAR § ~~6.008~~ 6.009 License. License means a license for a certified public accountant or licensed public accountant issued by the board.

4 MCAR § 6.010-6.019 [Unchanged.]

Chapters Two through Three [Unchanged.]

Chapter Four: ~~Licensure~~ Certificate; Qualifications of Accountant (4 MCAR §§ 6.040-6.049)

~~Licenses~~ Certificate; To Whom Granted

~~License; Granting~~ Certificate; Examination

4 MCAR § 6.040 The following requirements are to be observed in submitting applications to the board for examination, re-examination~~,~~ for the certificate ~~and license after completing experience,~~ as certified public accountant and reciprocal certificate ~~and license~~ as certified public accountant.:

A. [Unchanged.]

B. [Unchanged.]

C. Applicants for CPA examination or re-examination not reaching the board 60 or more days prior to the initial examination date may, at the board's discretion, be deferred for consideration for a subsequent examination.

4 MCAR § 6.041 An application for CPA examination or re-reexamination shall expire five years from the date of the board's approval to sit for the initial examination. Once expired, the board may refuse to consider a new application or may require the applicant to be re-examined in all subjects.

4 MCAR § 6.042 [Unchanged.]

4 MCAR § 6.043 Examinations for CPA applicants.

A. [Unchanged.]

B. Ample notice will be given to each applicant of the time and place selected for holding the examination and each applicant must be present and prepared to engage in the work promptly at the hours appointed. An applicant who is unable to be present must notify the board as soon as reasonabley possible. Failure to do so will be considered, at the discretion of the board, just cause for exclusion and forfeiture of the amount of the fee. An applicant who is unable to be present at the examination for which his application was approved, shall notify the board at least 60 days prior to a subsequent examination to which he desires to be admitted and furnish current information on forms provided by the board. Cheating on the examination is conduct unbecoming to a professional person and upon discovery will incur severe penalties. Instances of cheating during the course of the examination may, but shall not be limited to:

1. Communications between candidates inside or outside of the examination room, or copying another's answers.

2. Communication with others outside of the examination room.

3. Substitution by a candidate of another person to sit in the examination room in his stead and write one or more of the examination papers for him.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

4. Use of crib sheets, notes or other unauthorized materials.

Penalties imposed for cheating may include the following: Grade of zero on the examination, immediate expulsion from the examination room, and temporary or permanent suspension of the candidate's right to take the examination again.

C. [Unchanged.]

D. [Unchanged.]

E. ~~In instances w~~Where an applicant has passed the examination, ~~prior to completion of his experience requirements, a letter will be issued to him by the board indicating that he has successfully completed the examination but that the certificate and license are being withheld until such requirements have been met. Upon completion of the required experience (or not more than ninety days prior thereto if the applicant is regularly engaged in public accounting employment expected to continue in a prior application. After the board is satisfied that all experience and other requirements have been met~~ a certificate as certified public accountant ~~and license will~~ shall be issued to him without an additional fee. Such certificate shall indicate that this certificate is not a license to practice.

4 MCAR § 6.044 Re-examinations for CPA applicants.

A. through E. [Unchanged.]

4 MCAR § 6.045 Examination in other states for CPA applicants.

A. through B. [Unchanged.]

4 MCAR § 6.046 Education for CPA applicants.

A. through C. [Unchanged.]

4 MCAR §§ 6.047-6.049 [Unchanged.]

Chapter Five: ~~License~~ Certificate without Examination (4 MCAR §§ 6.050-6.059)

4 MCAR § 6.050 Reciprocity. Ordinarily a reciprocal CPA certificate ~~and license~~ will not be granted unless the state of origin grants similar privileges to holders of Minnesota certificates ~~and licenses~~, and the applicant conforms to all requirements which would be imposed by the state or origin upon the holder of a Minnesota CPA certificate seeking reciprocal recognition in that jurisdiction.

4 MCAR §§ 6.051 through 6.052 [Unchanged.]

4 MCAR § 6.053 Application for a reciprocal CPA certificate must be supported by a statement of the applicant's need for a Minnesota certificate.

4 MCAR §§ 6.054-6.059 Unchanged

Chapter Six: Qualifying Experience for CPA Examination and Granting of License for Certified Public Accountant and Licensed Public Accountant (4 MCAR §§ 6.060-6.069)

4 MCAR § 6.060 It is the intent of this requirement that the applicant should have had practical public accounting experience of reasonable variety and importance, requiring independent thought and judgment on important accounting, auditing and income tax matters, consistent with the competence generally expected of a certified public accountant or licensed public accountant.

4 MCAR §§ 6.061 through 6.069 [Unchanged.]

Chapter Seven: License Licensure as ~~Renewal of~~ Certified Public Accountants or Licensed Public Accountants (4 MCAR §§ 6.070-6.079)

4 MCAR § 6.070 A license shall be granted to any person who meets the requirements of Minn. Stat. § 326.19, subd. (2) as a certified public accountant or Minn. Stat. § 326.191 as a licensed public accountant who applies for licensure on forms provided by the board.

4 MCAR ~~§ 6.070~~ 6.071 Each individual holder of an unrevoked Minnesota certificate or license as a Certified Public Accountant ~~and~~ or Licensed Public Accountant ~~license~~ who engages in or intends to be engaged in the practice of public accounting within the state of Minnesota during all or part of a calendar year is required to apply for and obtain from the board an annual license for that year. The application for the annual license and the appropriate fee shall be submitted to the board within thirty (30) days after engaging in public practice in any year ~~except that an individual shall be licensed for the balance of the year in which he received his certificate without payment of the fee.~~

4 MCAR ~~§ 6.071~~ 6.072 Each November the board will notify each current licensee ~~and each individual who has received a certificate during that year~~ of the license requirements for the succeeding year. However, it is the responsibility of each ~~certificate holder and~~ licensee in public practice to apply for a license and pay the appropriate fee.

4 MCAR ~~§ 6.072~~ 6.073 The following requirements are to be observed in making applications for annual license issued to an individual holder of a Minnesota certificate ~~and license~~.

A. through B. [Unchanged.]

4 MCAR ~~§ 6.073~~ 6.074 Failure to apply for license and pay the appropriate fee by a CPA or LPA at the beginning of the year in public practice shall be deemed unprofessional conduct and may be cause for suspension or revocation of his certificate ~~and license~~.

4 MCAR ~~§ 6.074~~ 6.075 The annual license granted by the Board to a licensee shall be prominently displayed in the principal office of the licensee.

4 MCAR ~~§ 6.075~~ 6.076-6.079 [Reserved for future use.]

Chapter Eight through Chapter Ten [Unchanged.]

Chapter Eleven: Fee for License and Renewal (4 MCAR §§ 6.110-6.119)

4 MCAR § 6.110 Applications shall be accompanied by fees in the following amounts:

A. Application for certified public accountant examination by first time applicants. $100.00.

B. Application for certified public accountant re-examination in failed subjects. $25.00 per subject but not in excess of $100.00 (Accounting practice is considered to be two subjects.) 4 MCAR § 6.044 D. provides that applicants must apply for re-examination in all failed subjects.

C. Application for reciprocal certificate and license for certified public accountant. $75.00.

D. Application for certificate and license for licensed public accountant. $75.00.

E. Application for reciprocal certificate and license for licensed public accountant. $75.00.

4 MCAR §§ 6.111 through 6.119 [Unchanged.]

Chapters Twelve through Fourteen [Unchanged.]

Chapter Fifteen: Code of Professional Conduct (4 MCAR §§ 6.150-6.159)

4 MCAR § 6.150 In practice of accounting and in rendering professional accounting services a CPA and LPA shall adhere to the following code.

DEFINITIONS

The following definitions of terminology are applicable wherever such terminology is used in the rules and interpretations.

Board. The Minnesota State Board of Accountancy.

Certified Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Licensed Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Client. The person(s) or entity which retains a certified public accountant or his firm or a licensed public accountant or his firm, engaged in the practice of public accounting, for the performance of professional services.

Enterprise. Any person(s) or entity, whether organized for profit or not, for which a CPA or LPA provides services.

Firm. A partnership or professional corporation or association engaged in the practice of public accounting, including individual partners or shareholders hereof.

Financial statements. Statements and footnotes related thereto that purport to show financial position which relates to a point

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

in time or changes in financial position which relate to a period of time, and statements which use cash or other incomplete basis of accounting. Balance sheets, statements of income, statements of retained earnings, statements of changes in financial position and statements of changes in owners' equity are financial statements.

Incidental financial data included in management advisory services reports to support recommendations to a client, and tax returns and supporting schedules do not, for this purpose, constitute financial statements; and the statement, affidavit or signature of preparers required on tax returns neither constitutes an opinion on financial statements nor requires a disclaimer of such opinion.

Institute. The American Institute of Certified Public Accountants.

Interpretations of Rules of Professional Conduct. Pronouncements issued by the Division of Professional Ethics to provide guidelines as to the scope and application of the Code of Professional Conduct.

Practice of public accounting. Holding oneself out to be a CPA or LPA and at the same time performing for a client one or more types of services rendered by public accountants.

Professional services. One or more types of services performed in the practice of public accounting.

APPLICABILITY OF RULES

These rules are adopted under the authority granted by Minn. Stat. § 326.18 (1974) which delegates to the board the power and duty to make rules of professional conduct. The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality and integrity. To this end, a certified public accountant or licensed public accountant shall at all times maintain independence of thought and action, hold the affairs of his clients in strict confidence, strive continuously to improve his professional skills, observe general accepted auditing standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct.

Acceptance of licensure as a CPA or LPA implies that the licensee has assumed an obligation to be diligent in the performance of professional service, and fair and honest in relations with clients, fellow practitioners and the public, and has a proper appreciation of his duties to the community and state. In recognition thereof the board has promulgated the following rules of professional conduct which each licensee agrees to regard as binding upon him.

[Remaining portion of Applicability of Rules unchanged.]

INDEPENDENCE, INTEGRITY AND OBJECTIVITY

Rules 101 through 103 [Unchanged.]

COMPETENCE AND TECHNICAL STANDARDS

Rules 201 through 204 [Unchanged.]

RESPONSIBILITIES TO CLIENTS

Rules 301 through 304 [Unchanged.]

OTHER RESPONSIBILITIES AND PRACTICES

Rules 401 through 409 [Unchanged.]

4 MCAR § 6.151 [Unchanged.]

Chapter Sixteen: Continuing Education (4 MCAR § 6.160)

4 MCAR § 6.160 Continuing education rules. Pursuant to the provision of Minn. Stat. § 214.12 (1976), the board prescribes the following rules establishing requirements of continuing education to be met from time to time by licensees in order to maintain their professional knowledge and competence, as a condition to continuing to practice as certified public accountants or licensed public accountants. These rules shall become effective for certified public accountants on January 1, 1978, and for licensed public accountants on January 1, 1981.

A. through C. [Unchanged.]

D. Continuing education policies. The board has adopted the following policies to assist licensees in complying with the accountancy statute and rules as they pertain to continuing education:

1. Who must comply-exceptions.

   a. [Unchanged.]

   b. [Unchanged.]

c. Attorney-licensees ~~CPAs~~. Persons occupying the dual status of Attorney at Law and Certified Public Accountant or Licensed Public Accountant are excepted from continuing education requirements only if they do not engage in the practice of public accounting under their accounting licenses.

d. [Unchanged.]

2. Qualifying programs-credit hours granted.

a. through h. [Unchanged.]

3. through 5. [Unchanged.]

6. Reciprocity. An individual who holds a valid and unrevoked certified public accountant or licensed public accountant certificate issued by any state or political subdivision of the United States or a comparable certificate or degree issued by any foreign country, and who receives a license to practice in this state under the appropriate provisions of the accountancy law, will be required to comply with the continuing education requirement on a pro rata basis when his license is next renewed and each succeeding three year period thereafter.

7. through 8. [Unchanged.]

E. All certified public accountant licensees holding a license on or before December 31, 1977, may use acceptable continuing education programs from May 31, 1977, to meet the required number of hours for the first reporting period. All licensed public accountant licensees having made application for license on or before July 1, 1980, may use acceptable continuing education programs from January 1, 1980, to meet the required number of hours for the first reporting period.

Chapter Seventeen: 4 MCAR §§ 6.170-6.179 [Unchanged.]

Chapter Eighteen: 4 MCAR §§ 6.180-6.189 [Unchanged.]

Chapter Nineteen: 4 MCAR §§ 6.190-6.199 [Unchanged.]

Chapter Twenty: Professional Corporations (§§ 6.200-6.209)

4 MCAR § 6.200 A corporation shall not include the words "Certified Public Accountant," "Licensed Public Accountant, or the initials CPA or LPA in its corporate name.

4 MCAR § 6.201 through 6.209 [Unchanged.]

Chapter Twenty One: Contested Cases

4 MCAR § 6.210 [Unchanged.]

Department of Agriculture
Plant Industry Division

Proposed Rules Governing Seed Potato Certification and Proposed Repeal of Existing Rules Agr 121-126

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Department of Agriculture proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Agriculture has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, § 15.0412, subdivision 4h (1980).

Persons interested in these rules shall have 30 days to submit comment on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

RULES AS PROPOSED

RULES OF THE MINNESOTA STATE BOARD OF ACCOUNTANCY

Chapter One: Definitions and General. 4 MCAR §§ 6.001 - 6.019

§ 6.001 Board. Board means the Minnesota State Board of Accountancy.

§ 6.002 CPA. CPA means certified public accountant.

§ 6.003 LPA. LPA means licensed public accountant.

§ ~~6.003~~ 6.004 Certificate. Certificate means a certificate for a CPA or LPA issued by the board.

§ ~~6.004~~ 6.005 Person. Person means any individual, partnership, corporation, joint stock company, unincorporated association or society, municipal corporation, or any government or governmental sub-division, unit or agency, other than a court of law.

§ ~~6.005~~ 6.006 In public practice and rendering professional service. In public practice and rendering professional service mean:

A. When used in reference to a CPA or LPA, that he or as an employer performs professional accounting services for a fee within this state.

B. When used in reference to a CPA partnership or LPA partnership, that it performs professional accounting services for a fee within this state.

C. When used in reference to a CPA corporation or LPA corporation, that it performs professional accounting services for a fee within this state.

§ ~~6.006~~ 6.007 Contested case. Contested case means a proceeding before the board in which the legal rights, duties or privileges of specific parties are required by law or constitutional right to be determined after a board hearing.

§ ~~6.007~~ 6.008 Party. Party means any person whose legal rights, duties or privileges may be determined in a contested case. The term party shall include

the board except when the board participates in the contested case in a neutral or quasi-judicial capacity only.

§ 6.008 6.009 License. License means a license for a certified public accountant or licensed public accountant issued by the board.

§ 6.010 through 6.019 Unchanged

Chapter Two through Three Unchanged

Chapter Four: ~~Licensure~~ Certificate; Qualifications of Accountant. 4 MCAR §§ 6.040 - 6.049

~~Licenses~~ Certificate; To Whom Granted

~~License; Granting~~ Certificate; Examination

§ 6.040 The following requirements are to be observed in submitting applications to the board for examination, re-examination, for the certificate ~~and license after completing experience,~~ as certified public accountant and reciprocal certificate ~~and license~~ as certified public accountant:

A. Unchanged

B. Unchanged

C. Applications for CPA examination or re-examination not reaching the board 60 or more days prior to the initial examination date may, at the board's discretion, be deferred for consideration for a subsequent examination.

§ 6.041 An application for CPA examination or re-reexamination shall expire five years from the date of the board's approval to sit for the initial examination. Once expired, the board may refuse to consider a new application or may require the applicant to be re-examined in all subjects.

§ 6.042 Unchanged

§ 6.043 Examinations for CPA applicants.

A. Unchanged

B. Ample notice will be given to each applicant of the time and place selected for holding the examination, and each applicant must be present and prepared to engage in the work promptly at the hours appointed. An applicant who is unable to be present must notify the board as soon as reasonable possible. Failure to do so will be considered, at the discretion of the board, just cause for exclusion and forfeiture of the amount of the fee. An applicant who is unable to be present at the examination for which his application was approved, shall notify the board at least 60 days prior to a subsequent examination to which he desires to be admitted and furnish current information on forms provided by the board. Cheating on the examination is conduct unbecoming to a professional person and upon discovery will incur severe penalties. Instances of cheating during the course of the examination may include but shall not be limited to:

a. Communications between candidates inside or outside of the examination room, or copying another's answers.

b. Communication with others outside of the examination room.

c. Substitution by a candidate of another person to sit in the examination room in his stead and write one or more of the examination papers for him.

d. Use of crib sheets, notes or other unauthorized materials.

Penalties imposed for cheating may include the following: Grade of zero on the examination, immediate explusion from the examination room, and temporary or permanent suspension of the candidate's right to take the examination again.

C. Unchanged

D. Unchanged

E. ~~In instances w~~Where an applicant has passed the examination, ~~prior to completion of his experience requirements, a letter will be issued to him by the~~

~~board-indicating-that-he-has-successfully-completed-the-examination-but-that-the certificate-and-license-are-being-withheld-until-such-requirements-have-been-met. Upon-completion-of-the-required-experience-(or-not-more-than-ninety-days-prior thereto-if-the-applicant-is-regularly-engaged-in-public-accounting-employment expected-to-continue-for-the-necessary-period),-the-applicant-shall-submit-on-a form-provided-by-the-board-a-schedule-of-all-experience-not-included-in-a-prior application.--After-the-board-is-satisfied-that-all-experience-and-other-require-ments-have-been-met~~ a certificate as certified public accountant ~~and-license will~~ shall be issued to him without an additional fee. Such certificate shall indicate that this certificate is not a license to practice.

§ 6.044 Re-examinations for CPA applicants.

A. through E. Unchanged

§ 6.045 Examination in other states for CPA applicants.

A. through B. Unchanged

§ 6.046 Education for CPA applicants.

A. through C. Unchanged

§§ 6.047 - 6.049 Unchanged

Chapter Five: ~~License~~ Certificate Without Examination. 4 MCAR §§ 6.050-6.059

§ 6.050 Reciprocity. Ordinarily a reciprocal CPA certificate ~~and-license~~ will not be granted unless the state of origin grants similar privileges to holders of Minnesota certificates ~~and-licenses~~, and the applicant conforms to all requirements which would be imposed by the state of origin upon the holder of a Minnesota CPA certificate seeking reciprocal recognition in that jurisdiction.

§§ 6.051 through 6.052 Unchanged

§ 6.053 Application for a reciprocal CPA certificate must be supported by a statement of the applicant's need for a Minnesota certificate.

§§ 6.054~~-6.509~~ Unchanged

6,059

Chapter Six: Qualifying Experience for CPA Examination and Granting of License for Certified Public Accountant and Licensed Public Accountant. 4 MCAR §§ 6.060-6.069

§ 6.060 It is the intent of this requirement that the applicant should have had practical public accounting experience of reasonable variety and importance, requiring independent thought and judgment on important accounting, auditing and income tax matters, consistent with the competence generally expected of a certified public accountant or licensed public accountant.

§§ 6.061 through 6.069 Unchanged

Chapter Seven: ~~License~~ Licensure as ~~Renewal of~~ Certified Public Accountants or Licensed Public Accountants. 4 MCAR §§ 6.070-6.079

§ 6.070 A license shall be granted to any person who meets the requirements of Minn. Stat. § 326.19, subd. (2) as a certified public accountant or Minn. Stat. §326.191 as a licensed public accountant who applies for licensure on forms provided by the board.

§ ~~6.070~~ 6.071 Each individual holder of an unrevoked Minnesota certificate or license as a Certified Public Accountant ~~and~~ or Licensed Public Accountant ~~license~~ who engages in or intends to be engaged in the practice of public accounting within the state of Minnesota during all or part of a calendar year is required to apply for and obtain from the board an annual license for that year. The application for the annual license and the appropriate fee shall be submitted to the board within thirty (30) days after engaging in public practice in any year. ~~except that an individual shall be licensed for the balance of the year in which he received his certificate without payment of the fee.~~

§ ~~6.071~~ 6.072 Each November the board will notify each current licensee ~~and each individual who has received a certificate during that year~~ of the license requirements for the succeeding year. However, it is the responsibility of each ~~certificate holder and~~ licensee in public practice to apply for a license and pay the appropriate fee.

for annual license issued to an individual holder of a Minnesota certificate and ~~license~~.

A. through B. Unchanged

§ 6.073 6.074 Failure to apply for license and pay the appropriate fee by a CPA or LPA at the beginning of the year in public practice shall be deemed unprofessional conduct and may be cause for suspension or revocation of his certificate ~~and license~~.

§ 6.074 6.075 The annual license granted by the Board to a licensee shall be prominently displayed in the principal office of the licensee.

§ 6.075 6.076-6.079 Reserved for future use.

Chapter Eight through Chapter Ten Unchanged

Chapter Eleven: Fee for License and Renewal. 4 MCAR §§ 6.110-6.119

§ 6.110 Applications shall be accompanied by fees in the following amounts:

A. Application for certified public accountant examination by first time applicants. $100.00.

B. Application for certified public accountant re-examination in failed subjects. $25.00 per subject but not in excess of $100.00 (Accounting practice is considered to be two subjects.) 4 MCAR § 6.044 D. provides that applicants must apply for re-examination in all failed subjects.

C. Application for reciprocal certificate and license for certified public accountant. $75.00.

D. Application for certificate and license for licensed public accountant. $75.00.

E. Application for reciprocal certificate and license for licensed public accountant. $75.00

§§ 6.111 through 6.119 Unchanged

Chapters Twelve through Fourteen Unchanged

Chapter Fifteen: Code of Professional Conduct. 4 MCAR §§ 6.150-6.159

§ 6.150 In practice of accounting and in rendering professional accounting services a CPA and LPA shall adhere to the following code.

DEFINITIONS

The following definitions of terminology are applicable wherever such terminology is used in the rules and interpretations.

Board. The Minnesota State Board of Accountancy.

Certified Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Licensed Public Accountant or licensee. A person holding such certificate or license issued under the Accountancy Law of Minnesota.

Client. The person or entity which retains a certified public accountant or his firm or a licensed public accountant or his firm, engaged in the practice of public accounting, for the performance of professional services.

Enterprise. Any person or entity, whether organized for profit or not, for which a CPA or LPA provides services.

Firm. A partnership or professional corporation or association engaged in the practice of public accounting, including individual partners or shareholders thereof.

Financial statements. Statements and footnotes related thereto that purport to show financial position which relates to a point in time or changes in financial position which relate to a period of time, and statements which use cash or other incomplete basis of accounting. Balance sheets, statements of income, statements of retained earnings, statements of changes in financial position and statements of changes in owners' equity are financial statements.

Incidental financial data included in management advisory services reports to support recommendations to a client, and tax returns and supporting schedules do not, for this purpose, constitute financial statements; and the statement, affidavit or signature of preparers required on tax returns neither constitutes an opinion on financial statements nor requires a disclaimer of such opinion.

Institute. The American Institute of Certified Public Accountants.

Interpretations of Rules of Professional Conduct. Pronouncements issued by the Division of Professional Ethics to provide guidelines as to the scope and application of the Code of Professional Conduct.

Practice of public accounting. Holding oneself out to be a CPA or LPA and at the same time performing for a client one or more types of services rendered by public accountants.

Professional services. One or more types of services performed in the practice of public accounting.

APPLICABILITY OF RULES

These rules are adopted under the authority granted by Minn. Stat. § 326.18 ~~(1974)~~ which delegates to the board the power and duty to make rules of professional conduct. The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality and integrity. To this end, a certified public accountant or licensed public accountant shall at all times maintain independence of thought and action, hold the affairs of his clients in strict confidence, strive continuously to improve his professional skills, observe generally accepted auditing standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct.

Acceptance of licensure as a CPA or LPA implies that the licensee has assumed an obligation to be diligent in the performance of professional service, and fair and honest in relations with clients, fellow practitioners and the public, and has a proper appreciation of his duties to the community and state. In recognition thereof the board has promulgated the following rules of professional conduct which each licensee agrees to regard as binding upon him.

Remaining portion of Applicability of Rules Unchanged

INDEPENDENCE, INTEGRITY AND OBJECTIVITY

Rules 101 through 103 Unchanged

COMPETENCE AND TECHNICAL STANDARDS

Rules 201 through 204 Unchanged

RESPONSIBILITIES TO CLIENTS

Rules 301 through 304 Unchanged

OTHER RESPONSIBILITIES AND PRACTICES

Rules 401 through 409 Unchanged

§ 6.151 Unchanged

Chapter Sixteen: Continuing Education. 4 MCAR § 6.160

§ 6.160 Continuing education rules. Pursuant to the provision of Minn. Stat. § 214.12 ~~(1976)~~, the board prescribes the following rules establishing requirements of continuing education to be met from time to time by licensees in order to maintain their professional knowledge and competence, as a condition to continuing to practice as certified public accountants or licensed public accountants. These rules shall become effective for certified public accountants on January 1, 1978, and for licensed public accountants on January 1, 1981. test dropped

A. through C. Unchanged

D. Continuing education policies. The board has adopted the following policies to assist licensees in complying with the accountancy statute and rules as they pertain to continuing education:

1. Who must comply-exceptions.

a. Unchanged

b. Unchanged

c. Attorney-licensees CPAs. Persons occupying the dual status of Attorney at Law and Certified Public Accountant or Licensed Public Accountant are excepted from continuing education requirements only if they do not engage

in the practice of public accounting under their accounting licenses.

d. Unchanged

2. Qualifying programs-credit hours granted.

a. through h. Unchanged

3. through 5. Unchanged

6. Reciprocity. An individual who holds a valid and unrevoked certified public accountant or licensed public accountant certificate issued by any state or political subdivision of the United States or a comparable certificate or degree issued by any foreign country, and who receives a license to practice in this State under the appropriate provisions of the accountancy law, will be required to comply with the continuing education requirement on a pro rata basis when his license is next renewed and each succeeding three year period ~~thereafter~~.

7. through 8. Unchanged

E. All certified public accountant licensees holding a license on or before December 31, 1977, may use acceptable continuing education programs from May 31, 1977, to meet the required number of hours for the first reporting period. All licensed public accountant licensees having made application for license on or before July 1, 1980, may use acceptable continuing education programs from January 1, 1980, to meet the required number of hours for the first reporting period.

Chapter Seventeen: 4 MCAR §§ 6.170-6.179 Unchanged

Chapter Eighteen: 4 MCAR §§ 6.180-6.189 Unchanged

Chapter Ninteen: 4 MCAR §§ 6.190-6.199 Unchanged

Chapter Twenty: Professional Corporations. §§ 6.200-6.209

§ 6.200 A corporation shall not include the words "Certified Public Accountant," "Licensed Public Accountant, or the initials CPA or LPA in its corporate name.

§ 6.201 through 6.209. Unchanged

Chapter Twenty One: Contested Cases.

§ 6.210 Unchanged

//

Suggested changes:

Page 2, line 12, strike the first comma and insert "and"

Page 5, bottom of page text missing

Page 7, lines 9 and 12, strike "person(s)" and insert "person"

Page 8, line 11, strike "(1974)"

Page 9, line 13, strike "(1976)"

Page 9, after line 18, text dropped

Page 10, line 13, strike "thereafter"

OFFICE OF THE REVISOR OF STATUTES
Disapproval of Form of Rules

__X__ The form of the attached rules is not approved. The revisor requests the changes described below before the rules will be approved.

Page 3, line 2, after "examination" insert a comma
Page 3, line 4, strike "reasonable" and insert "reasonably"
Page 3, line 7, strike the comma
Page 3, line 12, after "may" insert "include"
Page 4, line 21, strike the comma
Page 4, line 27, strike "6.509" and insert "6.059"
Page 7, line 4, strike the first period and insert "means"
Page 7, line 5, strike the period and insert "means"
Page 7, line 7, strike the period and insert "means"
Page 7, line 9, strike the period and insert "means"
Page 7, line 12, strike the period and insert "means"
Page 7, line 14, strike the period and insert "means"
Page 7, line 16, strike "hereof" and insert "thereof"
Page 7, line 17, strike the period and insert "means"
Page 8, line 1, strike the period and insert "means"
Page 8, line 8, strike the period and insert "means"
Page 8, line 19, strike "general" and insert "generally"

Steven C. Cross
Revisor of Statutes

Name: Paul M. Marinac

Title: Paul M. Marinac
Assistant Revisor

Phone: 296-0948

- -

_____ The changes requested by the revisor are approved by the agency.

_____ The changes requested by the revisor are not approved by the agency

_____
Agency's Representative

- -

_____ The attorney general agrees that the changes requested by the revisor are form changes, not substantive changes.

_____
Assistant Attorney General

Planning Council on Developmental Disabilities and successful performance relative to the work program established in the grant agreement. The request for Proposal Guidelines to be used in the preparation of an application are available upon written request from the address below. Deadline for receipt of applications is May 23, 1980 (whether postmarked or hand carried). To obtain a Request for Proposal Packet please write to:

Regional Technical Assistance RFP, Marylee Fithian
State Planning Agency
200 Capitol Square Building
550 Cedar Street
St. Paul, MN 55101

OFFICIAL NOTICES

Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

Board of Accountancy

Notice of Intent to Solicit Outside Opinion on Rules Regarding Licensing, Fees, Professional Conduct and Continuing Education

Notice is hereby given that the State Board of Accountancy has begun consideration of proposed rules governing licensing, fees, professional conduct and continuing education for certified public accountants and licensed public accountants in accordance with Minn. Stat. §§ 214.06, 214.12 and 326.18 (1978 & Supp. 1979). In order to adequately determine the nature and utility of such rules, the Board of Accountancy hereby requests information and comments from all interested individuals or groups concerning the subject matter of the proposed rules.

The proposed rules, if adopted, would amend existing rules governing licensure, professional conduct and continuing education for certified public accountants and would make these rules applicable to licensed public accountants. The rules will also establish license and renewal fees for licensed public accountants.

All interested or affected persons or groups are requested to participate. Statements of information and comment may be made orally or in writing. Written statements of information and comment may be addressed to:

Marian Flanagan
Executive Secretary
Board of Accountancy
500 Metro Square Building
Saint Paul, Minnesota 55101

Oral statement of information and comment will be received during regular business hours over the telephone at (612) 296-7937.

All statements of information and comment must be received by May 16, 1980. Any written materials received by the Board will become part of the hearing record.

Karen S. Champlin, Chairman
Board of Accountancy

Department of Public Service
Public Service Commission

Notice of Intent to Solicit Outside Opinion Concerning the Adoption of the Consumer Information Standards Set Forth in Section 115(f) of the Federal Public Utility Regulatory Policies Act (PURPA)

Notice is hereby given that the Federal Public Utility Regulatory Policies Act (PURPA) Sections 113 and 115(f) require state public utility regulatory authorities, including the Minnesota Public Service Commission, to consider certain standards concerning information to electrical consumers, and adopt such standards if appropriate and consistent with state law. Therefore, the commission is hereby soliciting outside opinion on the appropriateness of the PURPA standards and more specifically, the adequacy of PSC 281 and 313.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

ORDER FOR NOTICE OF INTENT TO ADOPT RULES WITHOUT PUBLIC HEARING

IT IS ORDERED this 13th day of May, 1981 that a Notice of Intent to Adopt Rules Without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the State Board of Accountancy for that purpose and be published in the State Register.

STATE OF MINNESOTA

Leonard A. Rapoport

LEONARD A. RAPOPORT
Chairman
Minnesota Board of Accountancy

STATE OF MINNESOTA

BOARD OF ACCOUNTANCY

IN THE MATTER OF THE PROPOSED AMENDMENT TO)
AND ADOPTION OF RULES OF THE STATE BOARD OF)
ACCOUNTANCY GOVERNING LICENSURE AND FEES,)
CONTINUING PROFESSIONAL EDUCATION AND THE)
PROFESSIONAL CONDUCT OF CERTIFIED PUBLIC)
ACCOUNTANTS AND LICENSED PUBLIC ACCOUNTANTS.)

CERTIFICATE OF BOARD'S AUTHORIZING RESOLUTION

I, William F. Denny, do hereby certify that I am Secretary of the Board of Accountancy, a board duly authorized under the laws of the State of Minnesota, and that the following is a true, complete and correct copy of a resolution adopted at a meeting of the Board of Accountancy duly and properly called and held on the 2nd day of March, 1981; that a quorum was present at said meeting; that a majority of those present voted for the resolution; that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified:

"RESOLVED, that Leonard A. Rapoport, Chairman of the Board of Accountancy, be and he hereby is granted the authority and directed to give public notice for the purpose of promulgating new rules and amending existing rules of the Board of Accountancy with respect to licensure and fees, the granting of certified public accountant certificates upon completion of an examination, continuing professional education, and the professional conduct of certified public accountants and licensed public accountants, as well as to perform any and all acts incidental thereto, including but without being limited thereto, the signing of a notice of intent to adopt rules without a public hearing and a statement of need and reasonableness."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of March, 1981.

William F. Denny

WILLIAM F. DENNY
SECRETARY
MINNESOTA STATE BOARD OF ACCOUNTANCY

ATTESTED:

Martha M. Head

MARTHA M. HEAD
VICE CHAIRMAN
MINNESOTA STATE BOARD OF ACCOUNTANCY

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING

Notice is hereby given that the State Board of Accountancy ("Board") proposes to adopt the above-entitled rules without a public hearing. The Board has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 15.0412, subd. 4h (1980).

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minn. Stat. § 15.0412, subds. 4-4f. If a public hearing is requested, identification of the particular objection, the suggested modifications to the proposed language, and the reasons or data relied on to support the suggested modifications is desired.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Marian Flanagan
Executive Secretary
State Board of Accountancy
500 Metro Square Building
7th and Robert Streets
Saint Paul, Minnesota 55101
Telephone: (612) 296-7937

Authority for the adoption of these rules is contained in Minn. Stat. §§ 214.06, 214.12, and 326.18 (1980). Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules, and that

identifies the data and information relied upon to support the proposed rules, has been prepared and is available from Ms. Flanagan upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to a designee of the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of these rules for approval, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Ms. Flanagan.

A copy of the proposed rules is attached to this Notice. Additional copies may be obtained by contacting Ms. Flanagan.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five (5) days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, subd. 11 (1980) as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including his own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 40 State Office Building, Saint Paul, Minnesota 55155, telephone (612) 296-5615.

Dated: May 13, 1981

Leonard A. Rapoport

LEONARD A. RAPOPORT
CHAIRMAN
MINNESOTA BOARD OF ACCOUNTANCY

STATE OF MINNESOTA

BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

AFFIDAVIT OF MAILING

Marian A. Flanagan, being first duly sworn deposes and says:

That on the 26th day of May, 1981, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Intent to Adopt Rules Without a Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the State Board of Accountancy for the purpose of receiving notice of the proposed adoption of rules by this Board.

Dated:

Marian A. Flanagan
Executive Secretary
State Board of Accountancy

Subscribed and sworn to before me
this 10 day of July, 1981.

Joan M. Schaeppi

JOAN M. SCHAEPPI
NOTARY PUBLIC, MINNESOTA
WASHINGTON COUNTY
My Commission Expires April 5 1985

STATE OF MINNESOTA

BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

CERTIFICATE

I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minn. Stat. § 15.0412, subd. 4, that their names be placed on file with and maintained by the State Board of Accountancy for the purpose of receiving notice of the proposed adoption of rules by this Board is accurate and complete as of 1:30 p.m. on the 26th day of May, 1981.

Marian A. Flanagan

Marian A. Flanagan
Executive Secretary
State Board of Accountancy

Dated: July 9, 1981

5-26-81

ADDRESSES FOR NOTICE OF RULE CHANGE

POST Board
500 Metro Square Bldg.
St. Paul, MN 55101

John M. Broeker
2850 Metro Drive
Suite 800
Mpls, MN 55420

Broeker, Hartfeldt, Hedges & Grant
2850 Metro Dr - Ste 800
Mpls, MN 55420

Jean Dawson, Editor
The Minnesota Government Report
B-12, Press Room
State Capitol Bldg.

Bob Franklin, City Editor
Mpls Tribune
425 Portland Ave.
Mpls, MN 55488

Conrad M. Fredin
Attorney at Law
811 First Nat'l Bank Bldg.
Duluth, MN 55802

Paul J. Huber, Ltd.
1821 University Ave.
St. Paul, MN 55104

Phillips Legislative Service
459 Rice Street
St. Paul, MN 55103

Thomas M. Polt
Attorney at Law
McCarthy Bldg.
Eyota, MN 55934

Peter S. Popovich
Peterson, Popovich, Knutson & Flynn
314 Minnesota Bldg.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

FINDINGS OF FACT AND CONCLUSIONS

The above-entitled matter came on for consideration by the Board of Accountancy following publication in the State Register on June 1, 1981 of notice of the Board's intent to adopt rules without a public hearing and following the mailing of such notice to all persons on the list maintained by the Board pursuant to Minn. Stat. § 15.0412, subd. 4 (1980), on May 26, 1981. After affording interested and affected persons an opportunity to submit comments for 30 days after such notice, and having considered all the records and files herein, I find the following:

1. The Board has received no comments, either oral or in writing, and has received no requests for a public hearing in connection with the above-entitled matter.

2. The above-entitled rules are reasonable and necessary for the reasons set forth in the Board's Statement of Need and Reasonableness, dated May 13, 1981.

3. The above-entitled rules, as published in the State Register, were adopted by the Board without change at its meeting on July 2, 1981, as set forth in the Certificate of Board's Resolution Adopting Rules, dated July 2, 1981.

Dated: July 27th, 1981.

STATE OF MINNESOTA

Leonard A. Rapoport

LEONARD A. RAPOPORT
BOARD OF ACCOUNTANCY
Chairman

STATE OF MINNESOTA

BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

CERTIFICATE OF BOARD'S RESOLUTION ADOPTING RULES

WFD 7/2/81

I, William F. Denney, do hereby certify that I am a member and the Secretary of the Board of Accountancy, a board duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Board of Accountancy, duly and properly called and held on the 2nd day of July, 1981, that a quorum was present at said meeting, that a majority of those present voted for the resolution, and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that the rules relating to Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants be and they hereby are approved and adopted, pursuant to authority vested in us by Minnesota Statutes sections 214.06, 214.12 and 326.18 and that Leonard A. Rapoport, the Chairman of the Board of Accountancy, be and hereby is authorized to sign an order adopting these rules and further is authorized to perform the necessary acts to provide that these rules shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2nd day of July, 1981.

William F. Denny

WILLIAM F. DENNY
Secretary
Minnesota State Board of Accountancy

ATTESTED:

Martha M. Head

Vice Chairman

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

IN THE MATTER OF THE PROPOSED AMENDMENT)
TO AND ADOPTION OF RULES OF THE STATE)
BOARD OF ACCOUNTANCY GOVERNING LICENSURE) STATEMENT OF NEED
AND FEES, CONTINUING PROFESSIONAL) AND REASONABLENESS
EDUCATION AND THE PROFESSIONAL CONDUCT)
OF CERTIFIED PUBLIC ACCOUNTANTS AND)
LICENSED PUBLIC ACCOUNTANTS.)

The Minnesota Board of Accountancy presents herein its statement of the need for and reasonableness of its proposed rules relating to the amendment to and adoption of rules governing licensure and fees, continuing professional education and the professional conduct of certified public accountants and licensed public accountants. The above-captioned rules are amendments to existing rules. These rules were last amended on October 19, 1979.

The authority of the Board of Accountancy to adopt these rules and the need for and reasonableness of the rules as proposed are as follows:

I. Authority Of The Board To Promulgate And Adopt Rules

Minn. Stat. §§ 214.06 and 214.12 empower the Board of Accountancy to set fees and to promulgate by rule requirements for the renewal of licenses designed to promote the continuing professional competence of licensees and to improve professional skills. In addition, Minn. Stat. § 326.18 (1980) authorizes the Board of Accountancy to promulgate and adopt rules necessary to implement and enforce the provisions of Minn. Stat. §§ 214.12 and 326.165 - 326.23, including rules of professional conduct, rules of continuing education for licensees, rules for the examination of licensees, and all other rules necessary and proper to carry into effect the purposes of Minn. Stat. §§ 326.165 to 326.23 (1980).

II. Rules Affecting The Licensure And Professional Conduct Of Licensed Public Accountants

The Board of Accountancy proposes to expand the scope of its existing rules governing the licensure and professional conduct

of certified public accountants by making the rules applicable to licensed public accountants. Licensed public accountants are a previously unregulated group of public accountants which were first made subject to the Board's regulatory authority in 1979, pursuant to Minn. Laws 1979 ch. 326, § 5. The 1979 legislation established licensed public accountants as a dying class in that only persons who had been actively engaged in public accounting practice for a specified time period as of July 1, 1979 were made eligible for licensure as licensed public accountants. Minn. Stat. § 326.191 (1980). All other persons desiring to be engaged in the practice of public accounting must obtain certified public accountant's licenses. It is the intent of these proposed rules to make uniform the licensing and regulatory requirements applicable to certified public accountants and licensed public accountants.

The proposed rules affected by this change, as renumbered, include 4 MCAR §§ 6.003, 6.004, 6.006, 6.009, 6.040, 6.041, 6.044-6.046, 6.050, 6.053, 6.060, 6.070-6.075, 6.110, 6.150, 6.160 and 6.200.

The proposed rules are reasonable and necessary to provide a uniform system of regulation and licensing for all accountants licensed by the Board. Minn. Stat. § 326.223 (1980) makes it clear that the Legislature contemplated that licensed public accountants be considered on a par with certified public accounts with respect to the performance of professional services required by statute or rule. Similarly, the public should be entitled to expect a minimum level of competence and professional integrity from accountants licensed by the State in their general practice of accounting. These proposed rules will serve to bring all licensed accountants under the same professional standards and code of professional ethics.

As the Board is aware that many licensed public accountants currently adhere to the auditing standards and accounting principles mandated under the proposed rules, and as the Board advised all licensed public accountants that they would be

expected to adhere to these rules at the time of licensure, there should be no substantial impact on the practices of most licensed public accountants. All licensees will, of course, have a continuing obligation to remain current with respect to the procedures and standards required by these rules in the future.

Similarly, the public has a right to expect that all accountants adhere to a uniform code of ethics. The code of ethics set forth in the proposed rules has been effective in governing the conduct of certified public accountants and should be made uniformly applicable to all licensed accounting professionals.

III. Rules Relating To The Two-Tier System Of Certification And Licensure

The Board of Accountancy has proposed certain technical changes in its rules to reflect the adoption by the Legislature of what is commonly known as a two-tier system of certification and licensure of certified public accountants. Under prior law, a person was not eligible for the certified public accountant's certificate and license until he had both passed an examination and satisfied the applicable work experience requirements. Pursuant to Minn. Laws 1980 ch. 591, a person may now receive a certificate upon successful completion of an examination, although a license to practice will not be issued until qualify public accounting experience has been obtained.

The proposed rules affected by this change, as renumbered, are 4 MCAR §§ 6.040-6.049 and 6.070-6.075.

The proposed rules are reasonable and necessary to reflect the legislative change authorizing the Board to issue certified public accountant's certificates to persons who have successfully completed an examination but are not otherwise eligible for the issuance of a license to practice as a certified public accountant.

IV. Rule Relating To Cheating On Examinations

The Board proposes to amend 4 MCAR § 6.043(B) by adding specific language regarding instances of cheating on the certified

public accountant examination. The proposed rule is reasonable and necessary to advise the public of the Board's position with regard to those acts which may be considered cheating and the severe penalties that may be imposed for instances of cheating. The Board has, in the past, been concerned that its position regarding cheating was not clearly set forth in its rules and proposes this rule in order to remedy that situation.

V. Rule Relating To Fees For Licensed Public Accountants

The Board of Accountancy proposes to amend 4 MCAR § 6.110 to specify fees for the licensure of licensed public accountants. The proposed amendment is identical to a temporary rule which became effective on October 19, 1979. The proposed rule, which has been approved by the Commissioner of Finance in accordance with Minn. Stat. § 214.06 (2980), is reasonable and necessary to collect fees which the Board is required to assess by law to reimburse the State for the Board's anticipated expenditures during the biennium in the performance of its official duties.

Dated: May 13, 1981

Leonard A. Rapoport

LEONARD A. RAPOPORT
Chairman
Minnesota Board of Accountancy

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the State Board of Accountancy Governing Licensure and Fees, Continuing Professional Education and the Professional Conduct of Certified Public Accountants and Licensed Public Accountants.

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Special Assistant Attorney General Barry R. Greller, do hereby declare that I have examined the above-captioned rules and all related documents and, based on my examination and my personal familiarity with the applicable procedures, that the Administrative Procedure Act, and the rules of the Attorney General have been followed without exception.

Barry R. Greller

BARRY R. GRELLER
Special Assistant
Attorney General

Dated: July 27, 1981.