ARKANSAS REGISTER

Proposed Rule Cover Sheet

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Name of Department Department of Labor & Licensing

Agency or Division Name Arkansas State Board of Public Accountancy

Other Subdivision or Department, If Applicable

Previous Agency Name, If Applicable

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ARKANSAS STATE BOARD of PUBLIC ACCOUNTANCY

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November 26, 2025

Arkansas Secretary of State Executive Office
State Capitol
500 Woodlane Avenue, Suite 256
Little Rock, AR 72201

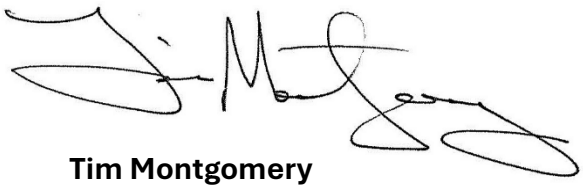
Re: For Website Publication: Arkansas State Board of Public Accountancy Proposed Rules Governing Licensure Pathways, Substantial Equivalency, and Other Rule Changes

Attached in the accompanying email is a copy of the proposed rule changes for the Arkansas State Board of Public Accountancy (Board): Title 17. Chapter XLII. Subchapter A. Parts 235 and 236. This submission also includes a Public Notice that will be advertised in the Arkansas Democrat-Gazette from November 28, 2025 through November 30, 2025

On November 10, 2025, the Governor's Office approved the proposed rules for public comment release. On November 14, 2025, the Board approved the proposed rules for public comment release. The public comment period will run from November 28, 2025 through December 31, 2025. Once the public comment period ends, the Board will meet to give final approval for these proposed rule changes. If there are no substantive changes needed, the Board will submit the proposed rule changes to the ALC Administrative Rules Subcommittee for approval.

Thank you for your assistance. If you have any questions or require further information, please do not hesitate to call me at (501) 682-5533.

Respectfully submitted,



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Proposed Rulemaking

Title

Promulgated by:
Arkansas State Board of Public Accountancy

Title 17. Professions, Occupations, and Businesses
Chapter XLII. Arkansas State Board of Public Accountancy, Department of Labor and Licensing
Subchapter A. Generally
Part 235. Code of Professional Conduct
Subpart 1. Code of Professional Conduct, Generally

17 CAR § 235-101. Purpose and intent.

(a) The Rules of Conduct set out in this part rest upon the premises that the reliance of the public in general, and of the business community in particular, on sound financial reporting and on the implication of professional competence, which inheres in the authorized use of legally restricted title relating to the practice of public accountancy, imposes on persons engaged in such practice certain obligations both to their clients and to the public.

(b) These obligations, which the Rules of Conduct are intended to enforce where necessary, include the obligation to:

(1) Maintain independence of thought and action;

(2) Strive continuously to improve one's professional skills;

(3) Observe, where applicable, generally accepted accounting principles and generally accepted auditing standards;

(4) Promote confidence;

(5) Uphold the standards of the public accountancy professional; and

(6) Maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy.

(c) Acceptance of licensure to engage in the practice of public accountancy, or to use titles which imply a particular competence so to engage, involves acceptance by the licensee of such obligations, and accordingly of a duty to abide by the Rules of Conduct.

17 CAR § 235-102. Applicability.

(a) The Rules of Conduct are intended to have application to all kinds of professional services performed in the practice of public accountancy, including tax and management advisory services, and to apply as well to all licensees, whether or not engaged in the practice of public accountancy except where the wording of this part clearly indicates that the applicability is more limited.

(b)(1) A licensee who is engaged in the practice of public accountancy outside the United States will not be subject to discipline by the Arkansas State Board of Public Accountancy for departing, with respect to such foreign practice, from any of the rules, so long as his or her conduct is in accordance with the standards of professional conduct applicable to the practice of public accountancy in the country in which he or she is practicing.

(2) However, even in such a case, if a licensee's name is associated with financial statements in such manner as to imply that he or she is acting as an independent public accountant and under circumstances that would entitle the reader to assume that United States practices are followed, he or she will be expected to comply with 17 CAR §§ 235-301 – 235-303.

(c) In the interpretation and enforcement of this part, the Arkansas State Board of Public Accountancy will give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings, and opinions issued by the boards of other jurisdictions and by appropriately authorized committees on ethics of professional organizations.

17 CAR § 235-103. Definitions.

As used in this part:

(1) "Associated with" means:

(A) Any written or nonwritten contractual relationship between the licensee and a nonlicensed office or business whereby compensation is paid to or received from the nonlicensed office or business by the licensee firm in connection with the performance of professional services; or

(B) A situation where the licensee or a relative (spouse, child, parent, or sibling) of the licensee owns an interest in the nonlicensed office or business;

(2) "CPA" means certified public accountant;

(3) "CPA License" and "License" mean:

(A) A certificate issued under Arkansas Code § 17-12-301 or -308; and

(B) A registration issued under Arkansas Code § 17-12-401 et seq.

(4) "Licensee" means the holder of a CPA license.

Subpart 2. Rules of Conduct — Independence, Integrity, and Objectivity

~~**17 CAR § 235-201. Definitions.**~~

~~For the purposes of 17 CAR §§ 235-202 and 235-506 – 235-508:~~

~~(1) "Associated with" means:~~

~~(A) Any written or nonwritten contractual relationship between the licensee or registered firm and a nonlicensed office or business whereby compensation is paid to or received from the nonlicensed office or business by the licensee or registered firm in connection with the performance of professional services;~~

~~(B) A situation where a relative (spouse, child, parent, or sibling) of the licensee owns an interest in the nonlicensed office or business; or~~

~~(C) A situation where any licensed owner or employee of the firm, registered firm, or licensee owns an interest in the nonlicensed office or business; and~~

~~(2) "Registered firm" means any partnership, corporation, professional corporation, and limited liability company of certified public accountants or public~~

~~accountants registered with the Arkansas State Board of Public Accountancy pursuant to Arkansas Code § 17-12-401 et seq.~~

17 CAR § 235-2012. Independence.

(a) A licensee in public practice shall be independent in the performance of professional services as required by professional standards as defined in 17 CAR § 236-7012.

(b) When a licensee ~~or registered firm~~ is associated with a nonlicensed office or business, the licensee ~~or registered firm~~ shall disclose the licensee's ~~or registered firm's~~ lack of independence when performing attest services or compilation services for a client who has paid or is expected to pay a commission or contingent fee to such nonlicensed office or business.

17 CAR § 235-2023. Integrity and objectivity.

(a) In the performance of professional services, a licensee:

(1) Shall maintain objectivity and integrity;

(2) Shall be free of conflicts of interest; and

(3) Shall not knowingly misrepresent facts nor subordinate ~~his or her~~ judgment to others.

(b) In tax practice, however, a licensee may resolve doubt in favor of the~~his or her~~ client as long as there is reasonable support for their~~his or her~~ position.

17 CAR § 235-2034. Incompatible occupations.

A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs the licensee's~~his or her~~ independence or objectivity in rendering professional services.

Subpart 3. Rules of Conduct — Competence and Technical Standards

17 CAR § 235-301. General standards.

A licensee shall comply with the following standards:

(1) The licensee ~~or licensee's firm~~ shall undertake only those professional services that can reasonably be expected to be completed with professional competence;

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

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

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

17 CAR § 235-302. Compliance with standards.

A licensee who performs auditing, review, compilation, management consulting, tax, or other professional services shall comply with professional standards as defined in 17 CAR § 236-701~~2~~.

17 CAR § 235-303. Accounting principles.

(a)(1) A licensee shall not express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such financial statements or data contain any departure from an accounting principle promulgated by bodies identified in Professional Standards, 17 CAR § 236-701 et seq., to establish such principles that have a material effect on the financial statements or data taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements or data would otherwise have been misleading.

(2) In such a case, the licensee's report must:

(A) Describe the departure;

(B) The approximate effects thereof, if practicable; and

(C) The reasons why compliance with the principle would result in a misleading statement.

(b) For purposes of this section, generally accepted accounting principles are considered to be defined by:

(1) Pronouncements issued by the Financial Accounting Standards Board and its predecessor entities; and

(2) Similar pronouncements issued by other entities having similar generally recognized authority.

17 CAR § 235-304. Prospective financial statements or data.

A licensee shall not, in the performance of professional services, permit his or her name to be used in conjunction with any prospective financial statements or data in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the prospective financial statements or data.

Subpart 4. Rules of Conduct — Responsibilities to Clients

17 CAR § 235-401. Confidential client information.

(a) ~~(a)~~ A licensee shall not disclose, without the consent of his or her client, any confidential information pertaining to his or her client obtained in the course of performing professional services.

(b) A licensee shall not transfer client records to a purchaser until a notification of at least thirty (30) days has been provided to his or her client, allowing each client the opportunity to opt out of the transfer and to take possession of their records.

(~~b~~c) This section does not:

(1) Relieve a licensee of any obligations under 17 CAR §§ 235-302 and 235-303;

(2) Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of court;

(3) Prohibit a licensee's compliance with applicable laws and government regulations;

(4) Prohibit review of a licensee's professional practice under Arkansas State Board of Public Accountancy authorization; or

(5) Preclude a licensee from initiating a complaint with, or responding to any inquiry made by, the board or any investigative or disciplinary body established by law or formally recognized by the board.

(~~c~~d) Members of the board and professional practice reviewers shall not use to their own advantage or disclose any confidential client information which comes to their attention in carrying out those activities.

(~~d~~e) This prohibition shall not restrict a licensee's exchange of information in connection with the investigative or disciplinary proceedings described in subdivision (b)(5) of this section or the professional practice reviews described in subdivision (b)(4) of this section.

17 CAR § 235-402. Records.

(a)(1) Licensees should make every attempt to resolve record request disputes in a professional and timely manner.

(2) In cases where agreement cannot be reached, this section will apply.

(3) For purposes of the definitions below, the term "client" includes both current and former clients.

(b)(1) Client-provided records are accounting or other records belonging to the client that were provided to the licensee, by or on behalf of, the client ~~or former client~~, including hardcopy or electronic reproductions of such records.

(2)(A) A licensee shall return client-provided records to a client within a reasonable time after the client ~~or former client~~ has made a request for those records.

(B) A reasonable time shall not exceed ten (10) business days, though the

Arkansas State Board of Public Accountancy may determine that the records must be returned sooner in cases in which time is of the essence.

(3) The licensee shall provide these records to the client, regardless of the status of the client's account and cannot charge a fee to provide such records.

(4) Such records shall be returned to the client in the same format, to the extent possible, that they were provided to the licensee by the client.

(5) The licensee may make copies of such records and retain those copies.

(c)(1) Licensee-prepared records are accounting or other records that the licensee was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, with the result that the client's ~~or former client's~~ financial information is incomplete.

(2) Examples include:

(A) Adjusting, closing, combining, or consolidating journal entries, including computations supporting such entries; and

(B) Supporting schedules and documents that are proposed or prepared by the licensee as part of an engagement.

(3)(A) These records shall ~~also~~ be furnished to the client within a reasonable time after the client has made a request for the records, not to exceed twenty (20) business days.

(B) The board may determine that the records must be returned sooner in cases in which time is of the essence.

(4) The licensee may charge a reasonable fee for providing such records, and the records provided should be in a format that the client can reasonably expect to use for the purpose of accessing such work papers.

(5)(A) Licensees may require outstanding fees related to the engagement involving the specific records being requested to be paid before providing copies of licensee-prepared records to the client.

(B) Licensee-prepared records must be provided to the client for all periods in which fees have been paid.

(d)(1) Licensee work products are deliverables set forth in the terms of the engagement, such as tax returns or audit reports.

(2) Work products should be provided to the client as soon as possible, except that such work products may be withheld if:

(A) There are fees due to the licensee for the specific work product;

(B) The work product is incomplete;

(C) Professional standards require withholding the work products, i.e., holding an audit report due to outstanding audit issues; or

(D) Threatened or outstanding litigation exists concerning the engagement or licensee's work.

(3) Licensees may charge a reasonable fee for providing copies of work products after the originals have been provided to the client.

(e)(1) Licensee working papers are items prepared solely for purposes of the engagement and include items prepared by the licensee, such as audit programs, analytical review schedules, and statistical sampling results and analyses, which reflect testing or other work performed by the licensee.

(2) Working papers remain the property of the licensee who developed the working papers, and licensees are under no obligation to provide copies to clients or other parties unless required by law or requested by the board.

(f)(1) It is recommended that a licensee obtain a receipt or other written documentation of the delivery of records to a client.

(2)(A) Licensees are not required to convert records that are not in electronic format to electronic format or to convert electronic records into a different type of electronic format.

(B) However, if the client requests records in a specific format and the records are available in such a format within the licensee's custody and control, the client's request should be honored.

(C) In addition, the licensee is not required to provide the client with formulas, unless the formulas support the client's underlying accounting or other

records, or the licensee was engaged to provide such formulas as part of a completed work product.

(g) Documentation or work documents required by professional standards for attest services shall be maintained in paper or electronic format by a licensee for a period of not less than five (5) years from the date of any report issued in connection with the attest service.

(h)(1) Licensees must comply with the rules and regulations of authoritative federal regulatory bodies, such as the Internal Revenue Service, the United States Securities and Exchange Commission, or the Public Company Accounting Oversight Board when the licensee performs services for a client and is subject to the rules and regulations of such regulatory body.

(2) Failure to comply with the more restrictive provisions contained in the regulations of the applicable regulatory body will constitute a violation of this part.

Subpart 5. Rules of Conduct — Other Responsibilities and Practices

17 CAR § 235-501. Discreditable acts.

A licensee shall not commit any act discreditable to the profession.

17 CAR § 235-502. Acting through others.

A licensee shall not permit others to carry out on his or her behalf, either with or without compensations, acts which, if carried out by the licensee, would place him or her in violation of this part.

17 CAR § 235-503. Advertising and other forms of solicitation.

(a) A licensee shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is:

(1) False;

(2) Misleading; or

(3) Deceptive.

(b) Solicitation by the use of coercion, overreaching, or harassing conduct is prohibited.

17 CAR § 235-504. Firm names.

(a) A licensee may practice public accounting only in a form of organization permitted by the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

(b)(1) A licensee shall not practice public accountancy under a name which is misleading in any way, as to:

(A) The legal form of the firm;

(B) The persons who are partners, managers, members, officers, or shareholders of the firm; or

(C) Any matter with respect to which public communications are restricted by 17 CAR § 235-503.

(2) ~~However, n~~Names of one (1) or more past partners, members, or shareholders may be included in the firm name of a partnership, limited liability company, corporation, or its successor~~., and a~~

(3) A partner or member surviving the death or withdrawal of all other partners or members may continue to practice under a partnership or limited liability company name for up to two (2) years after becoming a sole practitioner.

(c) A fictitious firm name (that is, one not consisting of the names or initials of one (1) or more present or former partners, members, or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Arkansas State Board of Public Accountancy as not being false or misleading.

(d) A firm may not include the term "Associates" or "Company" unless the firm has at least two (2) full time CPAs on staff.

17 CAR § 235-505. Practice in a nonlicensed office or business~~unregistered entity~~.

A licensee shall not practice public accountancy or use their CPA title or designation in association with a sole proprietor, partnership, corporation, or other entity which is

not ~~registered~~ licensed with the Arkansas State Board of Public Accountancy, unless the appropriate disclaimer is used as provided in 17 CAR § 236-1403.

17 CAR § 235-506. Notification by licensees who are associated with a nonlicensed office or business.

(a)(1) A licensee ~~or registered firm~~ that is associated with a nonlicensed office or business which performs professional services as defined in Arkansas Code § 17-12-103(175) of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., shall notify the Arkansas State Board of Public Accountancy of such associations~~offices or businesses~~ within thirty (30) days after the creation of the relationship.

(A) The notification must be in writing and clearly labeled "Notice of Association with an Unregistered Entity."

(B) A separate notice must be provided for each such association with a nonlicensed office or business.

(2) Notice must be similarly given by the licensee ~~or firm~~ when the relationship terminates.

~~(3) No form is provided for such notices, but they must be in writing and whether in letter form or otherwise, they must clearly be labeled with "Notice of Association With, or Ownership of, Nonlicensed Office or Business."~~

~~(4) A separate notice must be provided for each such nonlicensed office or business.~~

(b) Information to be contained in the notices shall include:

(1) Name of the nonlicensed office or business;

(2) Name and percentage of ownership for each owner of the nonlicensed office or business~~or owners and percentage of ownership of each (if more than one (1))~~;

(3) Name of the manager of the nonlicensed office or business;

(4) Address and phone number of the nonlicensed office or business;

~~(5) Phone number of office or business;~~

(56) Nature of professional services performed;

(6~~7~~) Effective date of relationship or termination; and

(7~~8~~) Additional information that may be requested by the board.

17 CAR § 235-507. Disclosure of ~~Referral or~~ recommendation or referral between a licensee ~~or firm in which a licensee is an owner or employee~~ and a nonlicensed office or business ~~performing professional services with which the licensee or firm is associated~~.

(a) Any licensee ~~or registered firm~~ that accepts a client ~~that~~ results~~ings~~ from a recommendation or referral by a nonlicensed office or business with which the licensee or firm is associated shall disclose such association or ownership to the client at the time the client is accepted.

(b) Similarly, a licensee ~~or registered firm~~ that refers or recommends a client to a nonlicensed office or business with which the licensee or firm is associated must disclose that relationship to the client at the time of the referral or recommendation.

(c) No form is provided for such notices, but they must be in writing and delivered to the client.

17 CAR § 235-508. Notification to client of acceptance of commissions or referral fees.

(a) A licensee ~~or registered firm~~ that is paid or expects to be paid a commission, or who accepts a referral fee, shall disclose the existence of such commission or referral fee to the client at the time the referral is made.

(b) A licensee ~~or registered firm~~ who pays a referral fee to obtain a client shall disclose to the client the existence of such payment of the fee prior to accepting the client.

(c) No form is provided for such notices, but they must be in writing and delivered to the client.

17 CAR § 235-509. Communications.

(a) A licensee shall, when requested, respond to communications from the Arkansas State Board of Public Accountancy within thirty (30) days of the mailing of such communications by registered or certified mail.

(b) The Executive Director of the board may require a response earlier than thirty (30) days if he or she determines that an earlier response is necessary to prevent public harm.

17 CAR § 235-510. Failure to file tax returns.

The willful failure by the licensee to file an income tax return, including his or her own, and the resulting conviction or plea of guilty or nolo contendere in connection therewith, shall be considered conduct discreditable to the public accounting profession.

17 CAR § 235-511. Criminal convictions — Disciplinary actions.

(a)(1) A licensee who is convicted of or pleads guilty or nolo contendere to any crime other than a traffic violation, regardless of whether the adjudication of guilt or sentence is withheld, suspended, or deferred in any court of this state, another state, or the federal government, shall make a written report thereof to the Arkansas State Board of Public Accountancy within thirty (30) days after the conviction or plea.

(2) The report shall include:

(A) The date of the offense and of the conviction or plea;

(B) The name and address of the court;

(C) The specific crime for which convicted or to which the plea is entered;

(D) The fine, penalty, and/or other sanctions imposed; and

(E) Copies of the charging document and judgment of conviction or other disposition, including probation or suspension of sentence.

(3) The report shall also include the licensee's explanation of the circumstances which led to the charge and conviction or plea, along with any other information which the licensee wishes to submit.

(b)(1) A licensee who after the initiation of an investigation, hearing, or other administrative action surrenders or who has a professional, vocational, or occupational

license, permit certification, or registration to practice public accountancy by an agency of any state or the federal government denied, revoked, suspended, or cancelled or who is subject to any sanctions, including probation, involving such license, permit certification, or registration shall make a written report thereof to the board within thirty (30) days after such action.

(2) The report shall include:

(A) The date of the action;

(B) The name and address of the regulatory agency which has taken the action; and

(C) Copies of documents pertaining thereto.

(3) The report shall also include the licensee's explanation of the circumstances which led to the action, along with any additional information the licensee wishes to submit.

(c)(1) An applicant for a license who has been convicted of or pleaded guilty or nolo contendere, as described in subsection (a) of this section, to any crime other than a traffic violation or who after initiation of an investigation, hearing, or other administrative action has surrendered or has had a professional, vocational, or occupational license, permit, certification, or registration denied, revoked, suspended, or canceled or who has been subjected to any sanctions, including probation, as described in subsection (b) of this section, involving such a license, permit, certification, or registration shall furnish the written report referred to in subsection (a) and/or (b) of this section to the board at the time the application is submitted if such action has already occurred.

(2) Otherwise, such report shall be made immediately after the action occurs.

Proposed Rulemaking

Title

Promulgated by:
Arkansas State Board of Public Accountancy

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(1) Maintain independence of thought and action;

(2) Strive continuously to improve one's professional skills;

(3) Observe, where applicable, generally accepted accounting principles and generally accepted auditing standards;

(4) Promote confidence;

(5) Uphold the standards of the public accountancy professional; and

(6) Maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy.

(c) Acceptance of licensure to engage in the practice of public accountancy, or to use titles which imply a particular competence so to engage, involves acceptance by the licensee of such obligations, and accordingly of a duty to abide by the Rules of Conduct.

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(2) However, even in such a case, if a licensee's name is associated with financial statements in such manner as to imply that he or she is acting as an independent public accountant and under circumstances that would entitle the reader to assume that United States practices are followed, he or she will be expected to comply with 17 CAR §§ 235-301 – 235-303.

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Subpart 2. Rules of Conduct — Independence, Integrity, and Objectivity

17 CAR § 235-201. Independence.

(a) A licensee in public practice shall be independent in the performance of professional services as required by professional standards as defined in 17 CAR § 236-701.

(b) When a licensee is associated with a nonlicensed office or business, the licensee shall disclose the licensee's lack of independence when performing attest services or compilation services for a client who has paid or is expected to pay a commission or contingent fee to such nonlicensed office or business.

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(a) In the performance of professional services, a licensee:

(1) Shall maintain objectivity and integrity;

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(3) Shall not knowingly misrepresent facts nor subordinate judgment to others.

(b) In tax practice, however, a licensee may resolve doubt in favor of the client as long as there is reasonable support for their position.

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A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs the licensee's independence or objectivity in rendering professional services.

Subpart 3. Rules of Conduct — Competence and Technical Standards

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A licensee shall comply with the following standards:

(1) The licensee shall undertake only those professional services that can reasonably be expected to be completed with professional competence;

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

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A licensee who performs auditing, review, compilation, management consulting, tax, or other professional services shall comply with professional standards as defined in 17 CAR § 236-701.

17 CAR § 235-303. Accounting principles.

(a)(1) A licensee shall not express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such financial statements or data contain any departure from an accounting principle promulgated by bodies identified in Professional Standards, 17 CAR § 236-701 et seq., to establish such principles that have a material effect on the financial statements or data taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements or data would otherwise have been misleading.

(2) In such a case, the licensee's report must:

(A) Describe the departure;

(B) The approximate effects thereof, if practicable; and

(C) The reasons why compliance with the principle would result in a misleading statement.

(b) For purposes of this section, generally accepted accounting principles are considered to be defined by:

(1) Pronouncements issued by the Financial Accounting Standards Board and its predecessor entities; and

(2) Similar pronouncements issued by other entities having similar generally recognized authority.

17 CAR § 235-304. Prospective financial statements or data.

A licensee shall not, in the performance of professional services, permit his or her name to be used in conjunction with any prospective financial statements or data in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the prospective financial statements or data.

Subpart 4. Rules of Conduct — Responsibilities to Clients

17 CAR § 235-401. Confidential client information.

(a) A licensee shall not disclose, without the consent of his or her client, any confidential information pertaining to his or her client obtained in the course of performing professional services.

(b) A licensee shall not transfer client records to a purchaser until a notification of at least thirty (30) days has been provided to his or her client, allowing each client the opportunity to opt out of the transfer and to take possession of their records.

(c) This section does not:

(1) Relieve a licensee of any obligations under 17 CAR §§ 235-302 and 235-303;

(2) Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of court;

(3) Prohibit a licensee's compliance with applicable laws and government regulations;

(4) Prohibit review of a licensee's professional practice under Arkansas State Board of Public Accountancy authorization; or

(5) Preclude a licensee from initiating a complaint with, or responding to any inquiry made by, the board or any investigative or disciplinary body established by law or formally recognized by the board.

(d) Members of the board and professional practice reviewers shall not use to their own advantage or disclose any confidential client information which comes to their attention in carrying out those activities.

(e) This prohibition shall not restrict a licensee's exchange of information in connection with the investigative or disciplinary proceedings described in subdivision (b)(5) of this section or the professional practice reviews described in subdivision (b)(4) of this section.

17 CAR § 235-402. Records.

(a)(1) Licensees should make every attempt to resolve record request disputes in a professional and timely manner.

(2) In cases where agreement cannot be reached, this section will apply.

(3) For purposes of the definitions below, the term "client" includes both current and former clients.

(b)(1) Client-provided records are accounting or other records belonging to the client that were provided to the licensee, by or on behalf of, the client, including hardcopy or electronic reproductions of such records.

(2)(A) A licensee shall return client-provided records to a client within a reasonable time after the client has made a request for those records. (B) A reasonable time shall not exceed ten (10) business days, though the Arkansas State Board of Public Accountancy may determine that the records must be returned sooner in cases in which time is of the essence.

(3) The licensee shall provide these records to the client, regardless of the status of the client's account and cannot charge a fee to provide such records.

(4) Such records shall be returned to the client in the same format, to the extent possible, that they were provided to the licensee by the client.

(5) The licensee may make copies of such records and retain those copies.

(c)(1) Licensee-prepared records are accounting or other records that the licensee was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, with the result that the client's financial information is incomplete.

(2) Examples include:

(A) Adjusting, closing, combining, or consolidating journal entries, including computations supporting such entries; and

(B) Supporting schedules and documents that are proposed or prepared by the licensee as part of an engagement.

(3)(A) These records shall be furnished to the client within a reasonable time after the client has made a request for the records, not to exceed twenty (20) business days.

(B) The board may determine that the records must be returned sooner in cases in which time is of the essence.

(4) The licensee may charge a reasonable fee for providing such records, and the records provided should be in a format that the client can reasonably expect to use for the purpose of accessing such work papers.

(5)(A) Licensees may require outstanding fees related to the engagement involving the specific records being requested to be paid before providing copies of licensee-prepared records to the client.

(B) Licensee-prepared records must be provided to the client for all periods in which fees have been paid.

(d)(1) Licensee work products are deliverables set forth in the terms of the engagement, such as tax returns or audit reports.

(2) Work products should be provided to the client as soon as possible, except that such work products may be withheld if:

(A) There are fees due to the licensee for the specific work product;

(B) The work product is incomplete;

(C) Professional standards require withholding the work products, i.e., holding an audit report due to outstanding audit issues; or

(D) Threatened or outstanding litigation exists concerning the engagement or licensee's work.

(3) Licensees may charge a reasonable fee for providing copies of work products after the originals have been provided to the client.

(e)(1) Licensee working papers are items prepared solely for purposes of the engagement and include items prepared by the licensee, such as audit programs, analytical review schedules, and statistical sampling results and analyses, which reflect testing or other work performed by the licensee.

(2) Working papers remain the property of the licensee who developed the working papers, and licensees are under no obligation to provide copies to clients or other parties unless required by law or requested by the board.

(f)(1) It is recommended that a licensee obtain a receipt or other written documentation of the delivery of records to a client.

(2)(A) Licensees are not required to convert records that are not in electronic format to electronic format or to convert electronic records into a different type of electronic format.

(B) However, if the client requests records in a specific format and the records are available in such a format within the licensee's custody and control, the client's request should be honored.

(C) In addition, the licensee is not required to provide the client with formulas, unless the formulas support the client's underlying accounting or other records, or the licensee was engaged to provide such formulas as part of a completed work product.

(g) Documentation or work documents required by professional standards for attest services shall be maintained in paper or electronic format by a licensee for a period of not less than five (5) years from the date of any report issued in connection with the attest service.

(h)(1) Licensees must comply with the rules and regulations of authoritative federal regulatory bodies, such as the Internal Revenue Service, the United States Securities and Exchange Commission, or the Public Company Accounting Oversight Board when the licensee performs services for a client and is subject to the rules and regulations of such regulatory body.

(2) Failure to comply with the more restrictive provisions contained in the regulations of the applicable regulatory body will constitute a violation of this part.

Subpart 5. Rules of Conduct — Other Responsibilities and Practices

17 CAR § 235-501. Discreditable acts.

A licensee shall not commit any act discreditable to the profession.

17 CAR § 235-502. Acting through others.

A licensee shall not permit others to carry out on his or her behalf, either with or without compensation, acts which, if carried out by the licensee, would place him or her in violation of this part.

17 CAR § 235-503. Advertising and other forms of solicitation.

(a) A licensee shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is:

(1) False;

(2) Misleading; or

(3) Deceptive.

(b) Solicitation by the use of coercion, overreaching, or harassing conduct is prohibited.

17 CAR § 235-504. Firm names.

(a) A licensee may practice public accounting only in a form of organization permitted by the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

(b)(1) A licensee shall not practice public accountancy under a name which is misleading in any way, as to:

(A) The legal form of the firm;

(B) The persons who are partners, managers, members, officers, or shareholders of the firm; or

(C) Any matter with respect to which public communications are restricted by 17 CAR § 235-503.

(2)Names of one (1) or more past partners, members, or shareholders may be included in the firm name of a partnership, limited liability company, corporation, or its successor.

(3) A partner or member surviving the death or withdrawal of all other partners or members may continue to practice under a partnership or limited liability company name for up to two (2) years after becoming a sole practitioner.

(c) A fictitious firm name (that is, one not consisting of the names or initials of one (1) or more present or former partners, members, or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Arkansas State Board of Public Accountancy as not being false or misleading.

(d) A firm may not include the term "Associates" or "Company" unless the firm has at least two (2) full time CPAs on staff.

17 CAR § 235-505. Practice in a nonlicensed office or business.

A licensee shall not practice public accountancy or use their CPA title or designation in association with a sole proprietor, partnership, corporation, or other entity which is not licensed with the Arkansas State Board of Public Accountancy, unless the appropriate disclaimer is used as provided in 17 CAR § 236-1403.

17 CAR § 235-506. Notification by licensees who are associated with a nonlicensed office or business.

(a)(1) A licensee that is associated with a nonlicensed office or business which performs professional services as defined in Arkansas Code § 17-12-103(17) of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., shall notify the Arkansas State Board of Public Accountancy of such associations within thirty (30) days after the creation of the relationship.

(A) The notification must be in writing and clearly labeled "Notice of Association with an Unregistered Entity."

(B) A separate notice must be provided for each such association with a nonlicensed office or business.

(2) Notice must be similarly given by the licensee when the relationship terminates.

(b) Information to be contained in the notices shall include:

(1) Name of the nonlicensed office or business;

(2) Name and percentage of ownership for each owner of the nonlicensed office or business;

(3) Name of the manager of the nonlicensed office or business;

(4) Address and phone number of the nonlicensed office or business;

(5) Nature of professional services performed;

(6) Effective date of relationship or termination; and

(7) Additional information that may be requested by the board.

17 CAR § 235-507. Disclosure of recommendation or referral between a licensee and a nonlicensed office or business.

(a) Any licensee that accepts a client resulting from a recommendation or referral by a nonlicensed office or business with which the licensee or firm is associated shall disclose such association or ownership to the client at the time the client is accepted.

(b) Similarly, a licensee that refers or recommends a client to a nonlicensed office or business with which the licensee or firm is associated must disclose that relationship to the client at the time of the referral or recommendation.

(c) No form is provided for such notices, but they must be in writing and delivered to the client.

17 CAR § 235-508. Notification to client of acceptance of commissions or referral fees.

(a) A licensee that is paid or expects to be paid a commission, or who accepts a referral fee, shall disclose the existence of such commission or referral fee to the client at the time the referral is made.

(b) A licensee who pays a referral fee to obtain a client shall disclose to the client the existence of such payment of the fee prior to accepting the client.

(c) No form is provided for such notices, but they must be in writing and delivered to the client.

17 CAR § 235-509. Communications.

(a) A licensee shall, when requested, respond to communications from the Arkansas State Board of Public Accountancy within thirty (30) days of the mailing of such communications by registered or certified mail.

(b) The Executive Director of the board may require a response earlier than thirty (30) days if he or she determines that an earlier response is necessary to prevent public harm.

17 CAR § 235-510. Failure to file tax returns.

The willful failure by the licensee to file an income tax return, including his or her own, and the resulting conviction or plea of guilty or nolo contendere in connection therewith, shall be considered conduct discreditable to the public accounting profession.

17 CAR § 235-511. Criminal convictions — Disciplinary actions.

(a)(1) A licensee who is convicted of or pleads guilty or nolo contendere to any crime other than a traffic violation, regardless of whether the adjudication of guilt or sentence is withheld, suspended, or deferred in any court of this state, another state, or the federal government, shall make a written report thereof to the Arkansas State Board of Public Accountancy within thirty (30) days after the conviction or plea.

(2) The report shall include:

(A) The date of the offense and of the conviction or plea;

(B) The name and address of the court;

(C) The specific crime for which convicted or to which the plea is entered;

(D) The fine, penalty, and/or other sanctions imposed; and

(E) Copies of the charging document and judgment of conviction or other disposition, including probation or suspension of sentence.

(3) The report shall also include the licensee's explanation of the circumstances which led to the charge and conviction or plea, along with any other information which the licensee wishes to submit.

(b)(1) A licensee who after the initiation of an investigation, hearing, or other administrative action surrenders or who has a professional, vocational, or occupational

license, permit certification, or registration to practice public accountancy by an agency of any state or the federal government denied, revoked, suspended, or cancelled or who is subject to any sanctions, including probation, involving such license, permit certification, or registration shall make a written report thereof to the board within thirty (30) days after such action.

(2) The report shall include:

(A) The date of the action;

(B) The name and address of the regulatory agency which has taken the action; and

(C) Copies of documents pertaining thereto.

(3) The report shall also include the licensee's explanation of the circumstances which led to the action, along with any additional information the licensee wishes to submit.

(c)(1) An applicant for a license who has been convicted of or pleaded guilty or nolo contendere, as described in subsection (a) of this section, to any crime other than a traffic violation or who after initiation of an investigation, hearing, or other administrative action has surrendered or has had a professional, vocational, or occupational license, permit, certification, or registration denied, revoked, suspended, or canceled or who has been subjected to any sanctions, including probation, as described in subsection (b) of this section, involving such a license, permit, certification, or registration shall furnish the written report referred to in subsection (a) and/or (b) of this section to the board at the time the application is submitted if such action has already occurred.

(2) Otherwise, such report shall be made immediately after the action occurs.

Proposed Rulemaking

Title

Promulgated by:
Arkansas State Board of Public Accountancy

Title 17. Professions, Occupations, and Businesses

Chapter XLII. Arkansas State Board of Public Accountancy, Department of Labor and Licensing

Subchapter A. Generally

Part 236. State Board of Public Accountancy Rules

Subpart 1. Generally

17 CAR § 236-101. Definitions.

(a) As used in this part:

(1) "Act" means the Public Accountancy Act of 1975, as amended, codified as Arkansas Code § 17-12-101 et seq.;

(2) "AICPA" means the American Institute of Certified Public Accountants.

(3~~2~~) "Attest" means provision of the following services:

(A) An audit or other engagement to be performed in accordance with the AICPA "Statements on Auditing Standards";

(B) A review of a financial statement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(C) An examination of prospective financial information to be performed in accordance with the AICPA "Statements on Standards for Attestation Engagements";

(D) An engagement to be performed in accordance with PCAOB auditing standards; and

(E) An examination, review, or an agreed upon procedures engagement to be performed in accordance with the AICPA Statements on Standards for Attestation Engagements other than an engagement described in subdivision (2)(C) of this section;

(~~4~~3) "Board" means the Arkansas State Board of Public Accountancy;

(~~5~~4) "Certificate" means a certificate as "certified public accountant" issued under Arkansas Code § 17-12-301 or a corresponding certificate as "certified public accountant" issued after examination under the laws of any state;

(~~6~~5) "Client" means the person or entity which retains a licensee for the performance of professional services;

(~~7~~6) "Commission" means an allowance or consideration paid upon completion of the transaction for recommending or referring a product or service to be supplied by another person;

(~~8~~7) "Compilation" means providing a service of any compilation engagement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(9) "CPA" means Certified Public Accountant.

(~~10~~8) "Examination" means the examination required for a ~~certificate~~ license as a certified public accountant prescribed by Arkansas Code § 17-12-301 et seq.;

(~~11~~9)(A) "Financial statements" means statements and footnotes related thereto that purport to show actual or anticipated financial position which relates to a point in time or changes in financial position which relate to a period of time, including statements which use a cash or other comprehensive basis of accounting.

(B) The term includes balance sheets, statements of income, statements of changes in comprehensive income, statements of retained earnings, statements of cash flows, and statements of changes in owners' equity but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules;

(12~~10~~) "Firm" means a partnership, corporation, limited liability company, sole proprietorship, or other entity required to be registered with the Arkansas State Board of Public Accountancy under the provisions of Arkansas Code § 17-12-401 et seq.;

(13~~11~~)(A) "Generally Accepted Accounting Principles" means accounting principles or standards generally accepted in the United States.

(B) For purposes of this part, Generally Accepted Accounting Principles are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority;

(14~~12~~)(A) "Generally Accepted Auditing Standards" means the generally accepted auditing standards adopted by the Arkansas State Board of Public Accountancy.

(B) The Arkansas State Board of Public Accountancy shall take into consideration interpretations of Generally Accepted Auditing Standards as issued by the American Institute of Certified Public Accountants and other pronouncements having similar generally recognized authority;

(15~~13~~) "Home office" means the location specified by the client as the address to which a service described in Arkansas Code § 17-12-311(a)(4) is directed;

(16~~14~~) "Licensee" means the holder of a license, meaning a certificate issued under Arkansas Code § 17-12-301 or registered under Arkansas Code § 17-12-312 or Arkansas Code § 17-12-401 et seq. or, in each case, a certificate or permit issued or a registration under corresponding provisions of prior law;

(17) "NASBA" means National Association of State Boards of Accountancy.

(18) "Official transcript" means a transcript that is sent from official school officials directly to the board.

(19) "PCAOB" means Public Company Accounting Oversight Board.

(20~~15~~) "Permit to practice" means a permit to practice public accountancy issued under prior provisions of the Public Accountancy Act of 1975 or under corresponding provisions of the law of other states;

(21~~16~~) "Practice of, or practicing public accounting" means the performance of or an offer to perform attest services as defined in this section or the performance or an offer to perform professional services for the general public;

(2217) "Preparation of financial statements" means providing a service of any preparation of financial statements engagement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(2318)(A) "Principal place of business" means the primary location from which professional services are performed.

(B) A person or firm may only have one (1) principal place of business at any one (1) time.

(C) Individuals who perform professional services at multiple locations, such as individuals who perform attest services on assignment as needed in multiple jurisdictions, may designate as their principal place of business the location that most often serves as the individual's home base of operations;

(2419) "Professional services" means services arising out of, or related to, specialized knowledge or skills performed by certified public accountants ~~or public accountants~~, including:

(A) Issuing reports on financial statements;

(B) Providing management or financial advisory services or consulting;

(C) Preparing tax returns;

(D) Providing advice on tax matters;

(E) Providing forensic accounting services; or

(F) Providing internal auditing services;

(2520) "Public communication" means a communication made in identical form to multiple persons or to the world at large, as by:

(A) Television;

(B) Radio;

(C) Motion picture;

(D) Newspaper;

(E) Pamphlet;

(F) Mass mailing;

(G) Letterhead;

(H) Business card;

(I) Electronic transmission; ~~or~~

(J) Directory; or

(K) Social Media.

(2621) "Returning military veteran" means a former member of the United States Armed Forces who was discharged from active duty under circumstances other than dishonorable;

(2722) "State" means the State of Arkansas;

(2823) "Substantial equivalency" means ~~a determination by the National Association of State Boards of Accountancy National Qualification Appraisal Service that~~:

(A) The education, examination, and experience requirements of the state in which the individual holds a valid license are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act; or

(B) The individual CPA's education, examination, and experience requirements are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act; or~~and~~

(C) The individual CPA's education, examination, and experience requirements are comparable to or exceed the education, examination, and experience requirements contained in this part; and

(2924) "UAA" means the Uniform Accountancy Act issued jointly by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy, as amended from time to time.

(b) **Definitions — Pronouns.** Masculine terms shall include the feminine and, when the context requires, shall include:

(1) Partnerships;

(2) Limited liability companies; and

(3) Corporations.

Subpart 2. Board Rules and Meetings

17 CAR § 236-201. Arkansas State Board of Public Accountancy.

Any interested person may obtain information, including copies of all forms and instructions used by the Arkansas State Board of Public Accountancy, or make submissions or requests by writing the board at its principal office and official address which is on its official website~~appended hereto in Appendix One~~.

17 CAR § 236-202. Rules.

Arkansas Code § 17-12-203 provides that the Arkansas State Board of Public Accountancy may prescribe rules for the conduct of its affairs and for the administration of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

17 CAR § 236-203. Annual meeting.

(a) The annual meeting of the Arkansas State Board of Public Accountancy shall be held in June of each year at the office of the board, or at such other place as the board may have designated by previous resolution and, at such time, the president, secretary, and treasurer shall be elected to
serve until their successors are elected.

(b) The office of secretary and treasurer may be held by the same individual.

(c) The election of such officers shall be the first order of business at such meeting after hearing the reports of outgoing officers, and the newly elected officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.

17 CAR § 236-204. Other meetings.

In addition to the annual meeting and in addition to future meetings, the time and place of which may be fixed by resolution of the Arkansas State Board of Public Accountancy, any meeting may be called by the president of the board or by joint call of two (2) of its members.

17 CAR § 236-205. Rules of order.

Meetings of the Arkansas State Board of Public Accountancy shall be conducted in accordance with Robert's Rules of Order insofar as compatible with the laws of the state governing the board or its own resolutions as to its conduct.

17 CAR § 236-206. Open meetings.

All meetings of the Arkansas State Board of Public Accountancy shall be conducted in accordance with applicable state laws, including the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq.

17 CAR § 236-207. Rules of conduct.

The rules of conduct are set out in 17 CAR § 235-101 et seq.

Subpart 3. ~~Examinations~~Education, Examination, and Experience

17 CAR § 236-301. Semester hours and~~ — A~~accreditationed colleges, universities, schools, and programs — Credit for courses.

(a) As used in this part:

(1)(A) "Accreditation" refers to the process of quality control of the education process.

(B) The applicant's degree must have been granted by a four-year degree-granting college or university that is accredited by an accrediting agency recognized by the U.S. Department of Education as listed on their website under Institutional Accrediting Agencies~~one (1) or more recognized accrediting agencies (including their predecessor or successor agencies)~~.

(C)~~(i) The Arkansas State Board of Public Accountancy recognizes the following six (6) accrediting agencies:~~

~~*(a)* Middle States Commission on Higher Education;~~

~~*(b)* New England Commission of Higher Education;~~

~~*(c)* Higher Learning Commission;~~

~~*(d)* Northwest Commission on Colleges and Universities;~~

~~*(e)* Southern Association of Colleges and Schools Commission on Colleges; and~~

~~*(f)* WASC Senior College and University Commission.~~

~~(ii)~~Accreditation status for ~~C~~colleges and universities ~~accredited by these associations are listed~~ is also available on the Council for Higher Education Accreditation's website; ~~and~~

(2)(A) "Semester hour" means the conventional college semester hour.

(B) Quarter hours may be converted to semester hours by multiplying them by two-thirds (2/3)~~.~~; and

(3) "Upper level" means credit couses that are junior level or above at a college or university.

(b) A candidate is considered as graduating from an accredited educational institution if at the time the educational institution grants the applicant's degree, it is accredited at the appropriate level as outlined in this part.

(c) If an educational institution was not accredited at the time an applicant's degree was received but is so accredited at the time the application is filed with the board, the institution will be deemed to be accredited for the purpose of subsection (b) of this section, provided that:

(1) The educational institution certifies that the applicant's total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited;

(2) The educational institution furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify the applicant as an accounting major are substantially equivalent to postaccrediting courses; and

(3) The applicant has met the educational requirements outlined in 17 CAR § 236-302.

(d) If an applicant's degree was received at an accredited educational institution pursuant to subsection (b) or (c) of this section, but the educational program that was used to qualify the applicant as an accounting major included courses taken at

nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which the applicant's degree was received, provided the accredited institution either has:

(1) Accepted such courses by including them in its official transcript; or

(2) Certified to the board that it will accept such courses for credit toward graduation.

(e) A graduate of a four-year degree-granting college or university not accredited at the time the applicant's degree was received, or at the time the application was filed, will be deemed to be a graduate of an accredited educational institution if:

(1) A credentials evaluation service that is a member of the National Association of Credential Evaluation Services, or one approved by the board, certifies that the applicant's degree is equivalent to a degree from an accredited educational institution defined in subdivision (a)(2) of this section; or

(2) The following:

(A) An accredited educational institution as defined by subdivision (a)(2) of this section accepts applicant's nonaccredited baccalaureate degree for admission to a graduate business degree program;

(B) The applicant satisfactorily completes at least fifteen (15) semester hours, or the equivalent, in postbaccalaureate education at the accredited institution, of which at least nine (9) semester hours, or the equivalent, shall be in accounting; and

(C) The accredited educational institution certifies that the applicant is in good standing for continuation in the graduate program or has maintained a grade point average in these courses that is necessary for graduation.

(f) The advanced subjects completed to qualify under subdivision (e)(2) of this section may not be used to satisfy the requirements of subsection (g) of this section.

(g) The accounting and business concentration or equivalent shall consist of the semester hours specified in 17 CAR § 236-3~~02~~11.

17 CAR § 236-302. ~~Education r~~Requirements for examination.

(a)~~(1)~~ An applicant will be deemed to have met the education requirement for examination if the applicant has earned ~~a graduate or an undergraduate degree, either of which includes at least thirty (30) hours in business as listed in subsection (c) of this section and~~ at least ~~thirty (30)~~ eighteen (18) upper-level ~~or twenty (20) graduate~~ semester credit hours (SCH) in accounting ~~(or a combination thereof) as listed in subsection (b) of this section,~~ from a college or university that meets the criteria for accreditation defined in ~~17 CAR § 236-301(a)(2)~~this subpart. The applicant must earn a grade of "C" or better in each accounting course.

~~(2) Applicants must meet the accounting education requirements defined in subsection (b) of this section and the business education requirements defined in subsection (d) of this section.~~

~~(b)(1) The accounting component of the applicant's educational program must include at least:~~

~~(A) Thirty (30) semester credit hours (SCH) of undergraduate accounting courses above the principles level;~~

~~(B) Twenty (20) SCH of graduate-level accounting courses; or~~

~~(C) A combination thereof.~~

~~(2) The accounting component must include coverage of:~~

~~(A) Financial accounting;~~

~~(B) Management accounting;~~

~~(C) Governmental and not-for-profit accounting;~~

~~(D) Federal taxation;~~

~~(E) Auditing and attestation; and~~

~~(F) Accounting information systems.~~

~~(3) The applicant must earn a grade of "C" or better in each course included in the accounting component.~~

~~(c)(1) The business component of the applicant's educational program must include at least:~~

~~(A) Thirty (30) SCH of undergraduate courses in business, other than accounting; or~~

~~(B) Twenty (20) SCH of graduate business courses other than accounting; or~~

~~(C) A combination thereof.~~

~~(2) The applicant must earn a grade of "C" or better in each course included in the business component.~~

(b~~d~~) The Arkansas State Board of Public Accountancy recognizes the essential need to include coverage of ethics and written communication in the accounting component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the accounting component.

~~(e)(1) Content areas specified in the accounting component may be covered in stand-alone courses at some institutions or may be integrated or embedded within related courses at other institutions.~~

~~(2) Institutions that use an integrated approach that covers multiple subjects will be responsible for providing the board with documentation to establish the courses within which each content area is covered.~~

~~(f) **Internship credit.**~~

~~(1) The accounting or business component (but not both) may include a maximum of three (3) SCH earned for an accounting internship.~~

~~(2) Internship credit may not be used to fulfill the subject matter requirements listed subsection (b) of this section.~~

~~(3) The business component may include a maximum of three (3) SCH earned for a business internship, other than in accounting.~~

~~(g) **Independent study.**~~

~~(1) The accounting or business component (but not both) may include a maximum of three (3) SCH earned for an independent study.~~

~~(2) When appropriately documented by the institution, these hours may be used to fulfill part of the subject matter requirements listed in subsection (b) of this section.~~

17 CAR § 236-303. Applications for examination.

(a) Applications to take the Certified Public Accountant Examination must be submitted through the Arkansas State Board of Public Accountancy's online exam process.~~made on a form provided by the Arkansas State Board of Public Accountancy and received by the board on or before a date specified by the board in the application form, see 17 CAR § 236-308.~~

(b)~~(1)~~ An application will not be considered filed until the applicable fees required by this part and all required supporting documents have been received, including:

(A) Proof of identity as determined by the board;

(B) Official transcripts; and

(C) Proof the educational requirement has been satisfied.~~; and~~

~~(D)(i) Proof that the candidate has received the applicable degree, or certification from the school on a form prescribed by the board that the degree has, in fact, been earned, but will be conferred at a later date.~~

~~(ii) In the case where the degree is to be conferred at a later date, the applicant shall not be credited with any score or scores until the official transcript showing that the degree has been conferred is received by the board.~~

~~(2) All transcripts and verification of receipt of degree must be sent from the appropriate school officials directly to the board.~~

~~(c) The candidate must cause official transcripts documenting the degree conferred to be received by the board office within thirty (30) days after the degree is conferred.~~

(c~~d~~) The board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

17 CAR § 236-304. Time and place of examination.

(a) A notice to schedule (NTS) will be sent to eligible candidates via the address indicated on the application ~~form~~.

(b) The candidate will have six (6) months from the date the NTS is issued to schedule and take the approved examination sections.

(c) Utilizing the NTS, candidates are required to contact the test delivery provider identified by the Arkansas State Board of Public Accountancy to schedule the time and place for the examination at an approved test site.

(d) If a candidate requires rescheduling, the candidate must contact the test delivery provider.

(e) Scheduling reexaminations must be made in accordance with 17 CAR § 236-307.

17 CAR § 236-305. Examination content.

(a) The examination required by Arkansas Code § 17-12-301 shall test the knowledge and skills required for performance as an entry-level certified public accountant.

(b) The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Arkansas State Board of Public Accountancy may require.

17 CAR § 236-306. Determining and reporting examination grades.

~~(a) A candidate shall be required to pass all test sections of the Certified Public Accountant Examination in order to qualify for a certificate.~~

(a~~b~~) The candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Arkansas State Board of Public Accountancy.

(b~~c~~) Upon receipt of grades reported by the examination provider, the board will review and may adopt the examination grades and will report the adopted grades to the qualified candidate (one who has met all requirements of 17 CAR §§ 236-302 and 236-303).

17 CAR § 236-307. Retake and granting of credit requirements.

(a)(1)(A)(i) A candidate shall be required to pass all required test sections of the Uniform Certified Public Accountant Examination in order to qualify for a licensecertificate.

(ii) A candidate may take the required test sections individually and in any order.

(iii) Credit for any test section or sections passed shall be valid for thirty (30) months from the date that the score was released, without having to attain a minimum score on any failed test section or sections and without regard to whether the candidate has taken other test sections.

(B) Candidates must pass all three (3) Core Test sections and one (1) of the three (3) Discipline Test sections of the Uniform CPA Examination within a rolling thirty-month period, which begins on the date that the score of the first test section or sections passed is released.

(2)(A) Candidates cannot retake a failed test section until their grade for any previous attempt of that same test section has been releasedin the same examination window.

(B) Testing windows may be implemented by the AICPA for new examination releases or other valid reasons.An examination window refers to a three-month period in which candidates have an opportunity to take the CPA examination (comprised of two (2) months in which the examination is available to be taken and one (1) month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed).

(C) Thus, candidates will be able to test two (2) out of the three (3) months within an examination window.

(3) If the Arkansas State Board of Public Accountancy determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subdivision (a)(2) of this section will no longer be effective, and a candidate can retake a test section once their grade for any previous attempt of that same test section has been released.

(34)(A) In the event that all three (3) Core Test sections and one (1) of the Discipline Test sections of the Uniform CPA Examination are not passed within the rolling thirty-month period, credit for any test section or sections passed outside the thirty-month period will expire and that test section or sections must be retaken.

(B) If a Discipline Test section loses credit, then any one (1) of the three (3) Discipline Test sections may be taken.

(b) The board may, in particular cases, extend the term of conditional credit validity notwithstanding the requirements of subdivision (a)(1) of this section upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.

(c) A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time official credit for passing all of the three (3) Core Test sections and one (1) of the three (3) Discipline Test sections of the examination.

17 CAR § 236-308. Candidate testing fee.

(a)(1) The candidate shall, for each applicable test section, pay to the Arkansas State Board of Public Accountancy or its designee fees charged by the AICPA, NASBA, and the test delivery provider, as well as the application and section fees established by the board.

(2)(A) Testing fees may be waived for a candidate that qualifies for any special program adopted by the board and therefore not collected upon applicationThe application and section fees are nonrefundable and nontransferable.

(B) Testing fees may be reimbursed for a candidate that qualifies for any special program adopted by the board.

(3)(A) The fFees collected by the board for the AICPA, NASBA, and the test delivery provider are collected by the board and held for transfer to the entities.

(B)(i) Those fees are nontransferable, but may be partially refunded if extreme hardship precludes the applicant from scheduling or taking the exam.

(ii) Extreme hardship is defined as a medical emergency of the candidate or the candidate's immediate family, or a death in the immediate family.

(iii) Any other extreme hardship situation will be reviewed on a case-by-case basis by the board.

(iv) Documentation of such circumstances must be submitted along with a written request as soon as possible, but no later than thirty (30) days from the date the candidate was scheduled for the applicable section or sections or thirty (30) days from the expiration of the NTS, whichever occurs first.

(4) The fees to sit for the examination are enumerated in Subpart 11 of this part.

(b) A first-time applicant is defined as an applicant who has never:

(1) Sat for any section of the CPA examination as an Arkansas ~~applicant~~candidate; or

(2) Received official scores as an Arkansas candidate.

(c) A re-exam applicant is defined as an applicant taking any section of the CPA examination after sitting as a first-time Arkansas ~~applicant~~candidate.

17 CAR § 236-309. Cheating.

(a) Cheating by a candidate in applying for, taking, or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a candidate on any test section of the examination and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(b) For purposes of this section, the following actions or attempted activities, among others, may be considered cheating:

(1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;

(2) Communication between candidates inside or outside the test site or copying another candidate's answers while the examination is in progress;

(3) Communication with others inside or outside the test site while the examination is in progress;

(4) Substitution of another person to sit in the test site in the stead of a candidate;

(5) Reference to crib sheets, textbooks, or other material or electronic media (other than that provided to the candidate as part of the examination) inside or outside the test site while the examination is in progress;

(6) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; and

(7) Retaking or attempting to retake a test section by an individual holding a valid ~~certificate~~ license or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been:

(A) Directed to retake a test section pursuant to an order of the Arkansas State Board of Public Accountancy; or

(B) Expressly authorized by the board to participate in a "secret shopper" program.

(c) In any case where it appears that cheating has occurred or is occurring, the board or its representatives may either:

(1) Summarily expel the candidate involved from the examination; or

(2) Move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.

(d)(1) In any case where the board believes that it has evidence that a candidate has cheated on the examination, including those cases where the candidate has been expelled from the examination, the board shall conduct an investigation and may conduct a hearing consistent with the requirements of the Arkansas Administrative Procedure Act, Arkansas Code § 25-15-201 et seq., following the examination session for the purpose of determining whether or not there was cheating, and if so, what remedy should be applied.

(2) In such proceedings, the board shall decide:

(A) Whether the candidate shall be given credit for any portion of the examination completed in that session; and

(B) Whether the candidate shall be barred from taking the examination and if so, for what period of time.

(e) In any case where the board or its representative permits a candidate to continue taking the examination, it may, depending on the circumstances:

(1) Admonish the candidate;

(2) Seat the candidate in a segregated location for the rest of the examination;

(3) Keep a record of the:

(A) Candidate's seat location and identifying information; and

(B) Names and identifying information of the candidates in close proximity of the candidate; and/or

(4) Notify the National Candidate Database and the AICPA and/or the test center of the circumstances so that the candidate may be more closely monitored in future examination sessions.

(f) In any case in which a candidate is refused credit for any test section of an examination taken, disqualified from taking any test section, or barred from taking the examination in the future, the board will provide to the board of accountancy of any other state to which the candidate may apply for the examination information as to the board's findings and actions taken.

17 CAR § 236-310. Security and irregularities.

Notwithstanding any other provisions under this part, the Arkansas State Board of Public Accountancy may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a:

(1) Breach of examination security;

(2) Unauthorized acquisition or disclosure of the contents of an examination;

(3) Suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or

(4) For any other reasonable cause or unforeseen circumstance.

17 CAR § 236-311. ~~Education r~~Requirements for licensure.

(a) Any candidate who successfully completes the CPA examination must also complete the education and experience requirements required for licensure~~one hundred fifty (150) SCH of education in order to be licensed~~.

(b) **Education Requirements**.

(1) To meet the education requirement, an applicant must have earned a baccalaureate or post-baccalaureate degree, either of which meets the accounting education requirements defined in subsection (2) of this section and the business education requirements defined in subsection (3) of this section ~~Successful candidates must complete this education requirement within three (3) years of the date the last CPA exam section was passed~~.

(2)(A) The accounting component of the applicant's educational program must include at least:

(i) Twenty-seven (27) semester credit hours (SCH) of upper-level accounting courses;

(ii) Eighteen (18) SCH of graduate-level accounting courses; or

(iii) A combination thereof.

(B) The accounting component must include coverage of:

(i) Financial accounting;

(ii) Management or cost accounting;

(ii) Federal taxation;

(iv) Auditing and attestation; and

(v) Accounting information systems.

(C) The applicant must earn a grade of "C" or better in each course included in the accounting component.

(3)(A) The business component of the applicant's educational program must include at least:

(i) Twenty-four (24) SCH of undergraduate courses in business, other than accounting;

(ii) Sixteen (16) SCH of graduate business courses other than accounting; or

(ii) A combination thereof.

(B) The applicant must earn a grade of "C" or better in each course included in the business component.

(4)(A) Content areas specified in the accounting component may be covered in stand-alone courses at some institutions or may be integrated or embedded within related courses at other institutions.

(B) Institutions that use an integrated approach that covers multiple subjects will be responsible for providing the board with documentation to establish the courses within which each content area is covered.

(5)(A) The accounting and business component may include a maximum of six (6) SCH earned for an internship, with a maximum of three (3) SCH counting toward the accounting component.

(B) Internship credit may not be used to fulfill the subject matter requirements listed subsection (2) of this section.

(6)(A) The accounting or business component (but not both) may include a maximum of three (3) SCH earned for an independent study course.

(B) When appropriately documented by the institution, the independent study course may be used to fulfill part of the subject matter requirements listed in subsection (2) of this section.

(7)(A) Successful candidates must complete this education requirement within three (3) years of the date the last CPA exam section was passed.

(B) Candidates who are unable to complete this education requirement within three (3) years due to extreme hardship (medical or other) may apply to the Arkansas State Board of Public Accountancy for an extension.

(c) **Experience Requirements**~~Candidates who are unable to complete this education requirement within three (3) years due to extreme hardship (medical or other) may apply to the Arkansas State Board of Public Accountancy for an extension~~.

(1) The experience required to be demonstrated for issuance of an initial license pursuant to Arkansas Code § 17-12-309 shall meet the requirements of this subpart.

(2)(A) Experience shall include providing any type of services or advice involving the use of any of the following skills:

(i) Accounting or attest;

(ii) Management or financial advisory;

(iii) Tax; or

(iv) Consulting.

(B) Acceptable experience shall include employment in:

(i) Industry;

(ii) Government;

(iii) Academia; or

(iv) Public practice.

(3)(A) The applicant shall have their experience verified to, and on a form approved by, the board by a licensee as defined in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or from another state.

(B) The board shall look at such factors as the complexity and diversity of the work.

(4) A year of experience shall consist of full- or part-time employment that:

(A) Includes no fewer than two thousand (2,000) hours of performance of services described in subsection (2) of this section; and

(B) Extends over a period of no less than a year and no more than three (3) years.

(5) Applicants may appeal to the board for extension of time in cases of extreme medical or other hardships.

(d) **Licensure Pathways.**

An applicant is eligible for CPA licensure upon:

(A) Passing all required parts of the Uniform CPA Examination per 17 CAR § 236-307(a)(1)(B); and

(B) Obtaining a post-baccalaureate degree meeting the requirements of subsection (b) of this section and gaining one (1) year of experience meeting the requirements of subsection (c) of this section;

(C) Obtaining a baccalaureate degree meeting the requirements of subsection (b) of this section, obtaining 30 semester credit hours above the baccalaureate degree, and gaining one (1) year of experience meeting the requirements of subsection (c) of this section; or

(D) Obtaining a baccalaureate degree meeting the requirements of subsection (b) of this section and gaining two (2) years of experience meeting the requirements of subsection (c) of this section.

17 CAR § 236-312. Requirements for relicensure.

Anyone applying for relicensure who meets the conditions established in Arkansas Code § 17-1-107(b)(1) and can demonstrate that he or she passed the Certified Public Accountants (CPA) exam with scores sufficient for licensure at the time the individual's initial license was issued shall not be required to:

(1) Retake the CPA exam in order to be relicensed; or

(2) Take additional college courses to meet current standards for licensure, as long as the education standards were met at the time of initial licensure.

Subpart 4. Foreign Accountants

17 CAR § 236-401. Qualifications for issuance of a reciprocal ~~certificate~~ license to a holder of a substantially equivalent foreign designation.

See Arkansas Code § 17-12-308(c) for the qualifications for issuance of a reciprocal ~~certificate~~ license to the holder of a substantially equivalent foreign designation.

17 CAR § 236-402. Background check requirement.

Such an applicant is also required to undergo a federal and state background check, as is required of nonforeign accountants for a ~~certificate~~ license as a certified public accountant.

Subpart 5. ~~Practice Under~~ Substantial Equivalency

17 CAR § 236-501. Individuals and firms practicing under substantial equivalency.

(a) **Individuals practicing under substantial equivalency.**

(1) ~~Pursuant to Arkansas Code § 17-12-311, a CPA~~ An individual whose principal place of business is not in this state and who holds a ~~current~~ valid active license in good standing as a CPA from any state ~~other than Arkansas whose principal place of business is not in this state may perform certain professional services in~~shall have all the practice privileges of this state without the need to obtain a license~~registering with~~ from the Arkansas State Board of Public Accountancy under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-501 provided that the individual was required to show evidence of having met the following requirements:~~.~~

(A) at the time of initial licensure:

(i) passed the uniform CPA examination; and

(ii) met one of the following educational pathways;

(a) a post-baccalaureate degree meeting the requirements of 17 CAR § 236-311(b) and not less than one year of work experience as defined in 17 CAR § 236-311(c);

(b) a baccalaureate degree plus an additional 30 semester credit hours meeting the requirements of 17 CAR § 236-311(b) and not less than one year of work experience as defined in 17 CAR § 236-311(c); or

(c) a baccalaureate degree meeting the requirements of 17 CAR § 236-311(b) and not less than two years of work experience as defined in 17 CAR § 236-311(c); and

(B) upon the last license renewal, met the continuing professional education requirements of 17 CAR § 236-1203.

(2) ~~To qualify for practice under substantial equivalency, the NASBA National Qualification Appraisal Service must have determined that:~~An individual whose principal place of business is not in this state, and who holds a valid active license as a Certified Public Accountant from any state as of December 31, 2025 and, as of such date, has

practice privileges in this state under this section, shall continue to have all the privileges of licensees in this state without the need to obtain a license under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-501, as long as the individual holds a valid active license as a Certified Public Accountant from any state.

~~(A) The education, examination, and experience requirements of the state in which the individual holds a valid license are comparable to or exceed the education, examination, and experience requirements contained in the UAA; or~~

~~(B)(i) The CPA holds a valid license issued by a state whose education, examination, and experience requirements are not comparable to those contained in the UAA, but the individual CPA's education, examination, and experience requirements are comparable to or exceed the education, examination, and experience requirements contained in the UAA.~~

~~(ii) If requested by the board, the individual and the firm for which the individual CPA is performing services in this state shall provide a copy of the NASBA National Qualification Appraisal Service verification letter.~~

(3) ~~A~~An individual who ~~qualifies for practice privileges under substantial equivalency may~~ qualifies for practice privileges under this section may offer or render professional services in person, by mail, by telephone, or by electronic means without:

(A) Notifying the board;

(B) Registering with the board; or

(C) Paying a fee.

(4) An individual who qualifies for practice privileges under ~~substantial equivalency~~ this section may perform the following services for a client with its home office in this state only through a firm that has registered under Arkansas Code § 17-12-401:

(A) A financial statement audit or other engagement to be performed in accordance with the "Statements of Auditing Standards";

(B) An examination of prospective financial information to be performed in accordance with "Statements on Standards for Attestation Engagements"; or

(C) An engagement to be performed in accordance with PCAOB standards.

(5) An individual licensee ~~who performs professional services under substantial equivalency~~ exercising the privilege afforded under this section and the firm which employs that individual licensee consent and agree, as a condition of the ~~exercise~~ granting of this privilege, to:

(A) The personal and subject matter jurisdiction and disciplinary authority of the board;

(B) Comply with the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules of the board;

(C) Cease offering or rendering professional services in this state individually and on behalf of a firm if the license from the state of the individual's principal place of business is no longer valid; and

(D) The appointment of the board issuing the individual's ~~license~~ and the firm's license as the individual's agent upon whom process may be served in any action or proceeding of the board against the licensee.

~~(6) An individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from this state's education requirements in Arkansas Code § 17-12-302 for purposes of determining substantial equivalency under Subpart 5 of this part.~~

(~~7~~6) An individual who held a~~n Arkansas~~ CPA ~~certificate or~~ license issued by this state~~at one time whose Arkansas CPA certificate or license~~ and has since been revoked or surrendered in connection with a disciplinary investigation or proceeding is prohibited from practicing public accounting or using the title "Certified Public Accountant" or "CPA" in this state whether or not such an individual may otherwise qualify for practice privileges under this section.

~~(8) If a CPA does not qualify under the substantial equivalency standards in Arkansas Code § 17-12-311, the board may issue a reciprocal certificate or license to the holder of a certificate, license, or other authority by another state provided that the CPA qualifies pursuant to Arkansas Code § 17-12-308.~~

(b) **Firms practicing under substantial equivalency.**

(1) A firm that does not have an office in this state may perform professional services other than those listed in subdivision (a)(4) of this section, for a client having its home office in this state, without notifying the board, registering with the board, or paying a fee, provided that:

(A) The firm meets the applicable requirements of Arkansas Code § 17-12-401 and 17 CAR § 236-1302(gf);

(B) The firm performs the services through an individual who is:

(i) Registered with the board; or

(ii) Practicing under the provisions of substantial equivalency defined in subsection (a) of this section; and

(C) The firm can lawfully perform the services in the state where the individual with practice privileges has his or her principal place of business.

(2)~~(A) A firm may not perform certain services under substantial equivalency.~~

~~(B) The following services f~~For a client with its home office in this state, the services listed in subdivision (a)(4) of this section may only be performed through a firm that is registered in this state pursuant to Arkansas Code § 17-12-401.~~:~~

~~(i) A financial statement audit or other engagement to be performed in accordance with the Statements of Auditing Standards;~~

~~(ii) An examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements; and~~

~~(iii) An engagement to be performed in accordance with PCAOB standards.~~

(3) A firm ~~that is~~ exercising the privilege to practice afforded under this section ~~substantial equivalency as defined above~~ and the responsible individuals employed by the firm consent and agree to:

(A) The personal and subject matter jurisdiction and disciplinary authority of the board;

(B) Comply with the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules of the board;

(C) Cease offering or rendering services in this state individually and on behalf of a firm if the license from the state of the individual's or firm's principal place of business is no longer valid; and

(D) The appointment of the board issuing the individual's ~~license~~ and the firm's license as the individual's or firm's agent upon whom process may be served in an action or proceeding of the board against the licensee.

17 CAR § 236-502. Disclosure of state of licensure by individuals or firms with practice privileges.

(a)(1) Individuals or firms practicing public accounting in Arkansas or practicing public accounting for a client with its home office in Arkansas while exercising a practice privilege shall not make any representation tending to falsely indicate that the individual or firm is licensed under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-401.

(2) Such individuals or firms may truthfully identify themselves as licensed in any jurisdiction in which they hold a valid, active~~, unexpired~~ license to practice as certified public accountants.

(3)(A) ~~For example, a practitioner could not use the term "Arkansas CPA" or otherwise state or infer licensure in Arkansas but, if true,~~Acceptable titles for the individual or firm exercising the practice privilege afforded under this section include, but are not limited to, the following examples:~~could use titles such as "CPA or firm licensed in Texas" or "Oklahoma CPA".~~

(i) CPA (or CPA Firm) licensed in [name of state];

(ii) [Name of state] CPA;

(iii) CPA – [name of state]; or

(iii) CPA practicing under a practice privilege.

(B) Such individuals or firms could also use cards, stationery, or similar materials with the title "CPA" as long as the materials reflect the individual's or firm's principal place of business outside of Arkansas.

~~(C) Such individuals could also truthfully state that they are CPAs practicing under a practice privilege.~~

(b) Firms and individuals practicing public accounting in Arkansas shall provide, upon a client's or prospective client's request, accurate information on:

(1) The state or states of licensure;

(2) Principal place of business;

(3) Contact information; and

(4) Manner in which licensure status can be verified.

17 CAR § 236-503. Individuals ineligible for practice privileges.

(a) Unless prior approval is obtained from the Arkansas State Board of Public Accountancy, the practice privileges described in 17 CAR § 236-501 shall not be applicable if:

(1) The individual has been convicted of a felony ~~under~~ pursuant to Arkansas Code § 17-3-102 or corresponding~~the~~ laws of any jurisdiction;

(2) The individual has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud, such as:

(A) Forgery;

(B) Embezzlement;

(C) Obtaining money under false pretenses;

(D) Theft;

(E) Extortion;

(F) Conspiracy to defraud; or

(G) Similar offenses;

(3)(A) The individual's license to practice public accounting has been suspended, revoked, or otherwise disciplined by a licensing authority in this or another state, territory, or country for any cause other than failure to pay appropriate fees.

(B) "Disciplined" shall include the voluntary surrender of a license to resolve a pending disciplinary investigation or proceeding in Arkansas or other jurisdiction;

(4) The individual's right to practice public accounting before any state or federal agency or before the PCAOB has been suspended or revoked;

(5) The individual has applied for licensure as a certified public accountant in Arkansas or other jurisdiction and that application has been denied; and

(6) The individual's authority to exercise practice privileges has been revoked in Arkansas or any another jurisdiction.

(b) The board will determine upon request whether the criminal or disciplinary history or other regulatory action provides grounds for denial of practice privileges under substantial equivalency.

(c)(1) Individuals precluded from exercising practice privileges under this section may apply for licensure in Arkansas if otherwise qualified.

(2) The board will determine when an application is submitted whether the criminal or disciplinary history or other regulatory action provides grounds for denial of licensure.

Subpart 6. Ownership of Firms

17 CAR § 236-601. Definitions.

For purposes of this subpart:

(1)(A) "Actively participate" means the providing of personal services in the business entity licensed in Arkansas to practice public accounting, in the nature of management, performance of services for clients, or similar activities.

(B) Individuals and entities whose primary source of income from the business entity is provided as a result of passive investment will not be considered as actively participating in the business entity;

(2) "Business entity" or "CPA firm" means a proprietorship, partnership, corporation, limited liability company, or any other permissible form of practice which is licensed in Arkansas to practice public accounting;

(3)(A) "Equity capital" means:

(i) Capital stock, capital accounts, capital contributions, or undistributed earnings of a business entity licensed in Arkansas to practice public accounting; and

(ii) Loans and advances to a business entity licensed in Arkansas to practice public accounting made or held by its owners.

(B) "Equity capital" does not include an interest in bonuses, profit sharing plans, defined benefit plans, or loans to a business entity licensed in Arkansas to practice public accounting from banks, financial institutions, or other third parties that do not actively participate in such business entity;

(4)(A) "Good standing" as used in Arkansas Code § 17-12-401, § 17-12-402, and § 17-12-603(d) and 17 CAR § 236-604(a) means a CPA ~~or PA~~ who holds an active license for the current year issued by the applicable board.

(B) "Good standing" as used in Arkansas Code § 17-12-504(a) and (b) means a CPA~~, public accountant,~~ or CPA~~a~~ firm whose license, registration, or inactive license has not lapsed pursuant to Arkansas Code § 17-12-504(f)(2).

(5) "Owner" means a person who actively participates in a business entity licensed in Arkansas to practice public accounting, and who:

(A) Has an interest in profits and losses of such business entity;

(B) Owns all, or any portion, of the equity capital of such business entity; or

(C) Has a vote with respect to matters of such business entity; and

(6) "Profits and losses" means the net taxable income or loss, determined prior to payment of any form of compensation to owners, of a business entity licensed in Arkansas to practice public accounting.

~~**17 CAR § 236-602. Corporations.**~~

~~(a) Any corporation granted a license under the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., shall be subject to the Rules of Professional Conduct.~~

~~(b) Any shareholder who ceases to be eligible to be a shareholder shall be required to dispose of all of his or her shares within a reasonable period to a person qualified to be a shareholder or to the corporation.~~

17 CAR § 236-6023. General requirements.~~Partnerships, corporations, limited liability companies, sole proprietorships, and other permissible forms of practice — General requirements — Ownership.~~

(a) **Ownership**. A person who is not a certified public accountant ~~or public accountant~~ in this or some other state or jurisdiction but who actively participates within this state in the business conducted in Arkansas by a business entity licensed in Arkansas to practice public accounting may be an owner, director, officer, limited liability company member, or manager in any such business entity, under the following conditions:

(1) Such person shall not hold himself or herself out as a certified public accountant ~~or public accountant~~;

(2) The name of such person shall be provided to the Arkansas State Board of Public Accountancy by a business entity in connection with the granting or renewal of a license in Arkansas to such business entity; and

(3) Such person shall not have ultimate responsibility for the performance of audits, reviews, or compilations of financial statements or other forms of attestation related to financial information.

(b) ~~**Limitations —**~~ **Equity ownership.** Persons who are not certified public accountants ~~or public accountants~~ in this or any other state or jurisdiction but who are owners of a business entity licensed in Arkansas to practice public accounting shall neither:

(1) Hold, in the aggregate, more than a minority interest of such business entity's equity capital or voting rights; nor

(2) Receive, in the aggregate, more than a minority interest of such business entity's profits or losses.

(c) **Sole proprietorships**. A certified public accountant ~~or public accountant~~ operating as a sole proprietorship and engaged in Arkansas in the practice of public accounting is considered a firm.

(d) **Other requirements.**

(1) The principal executive officer of a business entity licensed in Arkansas to practice public accounting shall be a shareholder and a director who is a licensed certified public accountant.

(2) Directors and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accountancy.

(3) Any shareholder who ceases to be eligible to be a shareholder shall be required to dispose of all of his or her shares within a reasonable period to a person qualified to be a shareholder or to the corporation.

(e) **Other forms of practice.** This subpart shall be applied to individuals and to any business entity licensed in Arkansas to practice public accounting in a manner consistent with carrying out the intent of this subpart.

(f) **Professional Conduct**. Any firm granted a license under the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., shall be subject to the Rules of Professional Conduct.

(g) **Employment of Licensees on Inactive Status**. A business entity licensed in Arkansas to practice public accounting may employ a licensee on inactive status only as provided in Arkansas Code § 17-12-505(c)(4).

(he) ~~**Eligibility —**~~**Disqualification**~~**— Owners**~~. With respect to owners who are not licensed in this state or any other state or jurisdiction as certified public accountants ~~or public accountants~~, if at any time the board determines that any such owner no longer is eligible to be an owner by virtue of not being in compliance with the criteria set forth in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules, such owner and the business entity in which ownership exists shall be notified that if a board hearing is not requested within thirty (30) days of the date of mailing notification of such determination, an order will then be entered that such owner must divest himself or herself of ownership in the business entity within sixty (60) days of entry of the order.

~~(f) **Corporations — Other requirements.**~~

~~(1) The principal executive officer of a corporation licensed in Arkansas to practice public accounting shall be a shareholder and a director who is a licensed certified public accountant or public accountant.~~

~~(2) Directors and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accountancy.~~

17 CAR § 236-60~~3~~4. Application ~~procedures — F~~forms.

(a)(1) Each applicant for registration ~~as any type of licensed business entity~~ as a CPA firm under this subpart shall register with the Arkansas State Board of Public Accountancy prior to performing public accounting work in the state of Arkansas.

(2) ~~Except as described below, such~~ The application~~registration~~ form for an Arkansas registered business entity or sole proprietorship must include an affidavit signed by a general partner, shareholder, or member of such business entity who is a certified public accountant ~~or public accountant~~ of Arkansas in good standing~~,~~ attesting to the accuracy of the information in the application materials.

(3) ~~In the case of an entity practicing under substantial equivalency, such~~ The application ~~registration~~ form for an out-of-state registered business entity must include an affidavit signed by a general partner, shareholder, or member of such business entity who holds a current valid license in good standing as a certified public accountant in Arkansas or some other state or jurisdiction of the United States attesting to the accuracy of the information in the application materials.

(b) After the board has accepted the initial registration application and has issued a license to practice, the registered business entity may practice in the State of Arkansas under the title which appears on the license to practice as the name of the business entity.

(c)(1) Arkansas registered business entities shall renew their registration on an annual basis~~, on forms provided by the board~~.

(2) Failure or refusal to provide complete and accurate responses to all questions on the registration renewal ~~forms by the deadline noted on such forms~~ by December 31 of each year may be grounds for refusal to renew such registration.

(d) Arkansas registered business entities shall include on their initial registration ~~with the board,~~ and subsequent renewal applications~~of such registration,~~ a complete listing of the names and the state of residency of all owners and the percentage of ownership and voting rights of each owner.

(e) In the case of firms with multiple offices, the licensee shall identify on its original and each renewal application each office to be registered~~, as prescribed on a form approved by the board~~.

17 CAR § 236-60~~4~~5. Nonresident public accountants.

(a) A nonresident public accountant and an Arkansas ~~public accountant or~~ certified public accountant may form a partnership or corporation for the practice of public accountancy, which shall be registered with the Arkansas State Board of Public Accountancy, provided that:

(1) ~~t~~The nonresident public accountant holds a valid and unrevoked license in a jurisdiction having a regulatory law regarding public accountants; and~~, further provided that~~

(2) the nonresident public accountant shall not actively practice public accounting in Arkansas as an individual or as a partner or shareholder of the firm; and~~.~~

(3) the nonresident public accountant shall not hold himself or herself out as a public accountant in Arkansas.

(b) The board will not register such a partnership or corporation if the nonresident public accountant lives in a state which does not have a regulatory accountancy law.

17 CAR § 236-60~~5~~6. ~~Practice privileges for out-of-state public accounting~~Nonresident CPA firms.

~~**Nonresident firms.** Corporations, limited liability companies, partnerships, sole proprietorships, and other permissible forms of practice that are practicing in Arkansas under practice privileges are subject to the following:~~

(a~~1~~) **Ownership.** A person who does not hold a current valid license as a certified public accountant in Arkansas or some other state or jurisdiction of the United

States, but who actively participates within this state with a nonresident firm exercising practice privileges in Arkansas is subject to the following conditions:

——(1A) Such person shall not hold himself or herself out as a certified public accountant ~~or public accountant~~; and

——(2B) Such person shall not have ultimate responsibility for the performance of:

——(Ai) Audits, reviews, or compilations of financial statements;

——(B~~ii~~) PCAOB engagements; or

——(C~~iii~~) Any other form of attestation with regard to financial information;

——(b~~2~~) **Equity ownership ~~limitations~~.** Persons who are not certified public accountants ~~or registered public accountants~~ shall not:

——(1A) Hold, in the aggregate, more than a minority interest of such firm's equity ownership or voting rights; or

——(2B) Receive, in the aggregate, more than a minority interest of said entity's profits or losses; and

——(c~~3~~) ~~**Corporations, limited liability companies, partnerships, sole proprietorships, o**~~**O**~~**ther requirements.**~~

——(1A) The principal executive officer, managing member, or managing partner shall be a shareholder, member, or partner who is a licensed certified public accountant ~~or public accountant~~, who holds a current, valid license in this or another state or jurisdiction.

——(2B) Directors, members, partners, and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accounting.

17 CAR § 236-60~~6~~7. Notification of firm changes.

(a) ——CPA ~~F~~firms established pursuant to Arkansas Code §§ 17-12-401 and 17-12-402 shall file with the Arkansas State Board of Public Accountancy a written

notification of any of the following events concerning the practice of public accountancy within this state within thirty (30) days after its occurrence:

(1) Formation of a new firm;

(2) Addition of a partner, member, or shareholder;

(3) Retirement, withdrawal, or death of a:

(A) Partner;

(B) Member;

(C) Manager; or

(D) Shareholder;

(4) Any change in the name of the firm;

(5) Dissolution of the firm;

(6) Change in the management of any office location registered in this state;

(7) Establishment of a new office location providing accounting services in this state or the closing or change of address of an office location registered in this state; and

(8) The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or this part.

(b)

Subpart 7. Professional Standards

17 CAR § 236-701. Compliance ~~with professional standards~~.

(a) Licensees and licensee firms shall comply with the following professional standards in the performance of professional services, as applicable:~~.~~

~~**17 CAR § 236-702. "Professional standards" definition.**~~

~~"Professional standards" means the following, as in effect at the time the professional services were provided:~~

(1) Statements on Auditing Standards (SAS) and related auditing interpretations issued by the AICPA;

(2) Statements on Standards for Accounting and Review Services (SSARS) and related Accounting and Review Services interpretations issued by the AICPA;

~~(3) Statements on Standards on Consulting Services (SSCS) and related consulting services interpretations issued by the AICPA;~~

(~~4~~3) Statements on Standards for Attestation Engagements (SSAE) and related attestation engagements interpretations issued by the AICPA;

(~~5~~4) Statements Standards for ~~Accounting~~ Valuation Services ~~on Prospective Financial Information, Financial Forecasts and Projections, and reporting on pro forma financial information and related prospective financial information, forecasts, projections, and pro forma interpretations~~ (SSVS) issued by the AICPA;

~~(6) Statements on Responsibility in Tax Practice and related tax practice interpretations issued by the AICPA;~~

~~(7) Statements for Performing and Reporting on Quality Reviews and Interpretations of Standards for Performing and Reporting on Quality Reviews issued by the AICPA;~~

(~~8~~5) Government Auditing Standards: Standards for Audits of Governmental Organizations~~,~~ Programs, Activities, and Functions issued by the Comptroller General of the United States;

(~~9~~6) Generally Accepted Accounting Principles and interpretations of Generally Accepted Accounting Principles issued by the Financial Accounting Standards Board (FASB);

(~~10~~7) Generally Accepted Accounting Principles and interpretations of Generally Accepted Accounting Principles issued by the Governmental Accounting Standards Board (GASB); ~~and~~

(8) Regulations Governing Practice before the Internal Revenue Service (IRS) (Circular No. 230; 31 U.S.C. §330);

(9) Regulations administered by the United States Department of Labor (DOL) including the Employee Retirement Income Security Act (ERISA); and

(~~11~~10) Similar pronouncements by the ~~AICPA,~~ IRS, DOL, FASB, GASB, United States Securities and Exchange Commission, Public Company Accounting Oversight Board (PCAOB), AICPA, and other organizations having generally recognized authority over licensees of the board.

(b) The professional standards to be followed are those in effect at the time the professional services were provided.

17 CAR § 236-70~~23~~. Records retention for professional services.

(a)(1) Each licensee shall retain attest working papers for a minimum of five (5) years from the report date and in a readily accessible form.

(2) Failure to comply with the more restrictive record retention provisions contained in the rules and regulations of other federal regulatory bodies such as the Internal Revenue Service, the United States Department of Labor, the United States Securities and Exchange Commission, and the Public Company Accounting Oversight Board will constitute a violation of this section.

(b) In the event that a Arkansas State Board of Public Accountancy investigation or disciplinary action is pending ~~on~~ within the date identified in subsection (a) of this section or the licensee is notified by the board to retain attest work papers for a longer time, the licensee shall retain the subject work papers until receipt of written notice from the board that the investigation or disciplinary action has concluded or that the subject work papers need not be retained.

(c) The provisions of this section are not applicable to engagements that are subject to the jurisdiction of the PCAOB or the Comptroller General of the United States which are specifically regulated as to the time for the licensee's retention of audit work papers.

Subpart 8. ~~Communication, Change of Address or Business Affiliation~~Notifications for changes in address, employment or affiliation.

17 CAR § 236-801. ~~Notice of new residence or business address, or address of additional office — Notice of closing office — Return of certificate of registration~~Address changes.

(a)(1) Notice shall be given by the licensee to the Arkansas State Board of Public Accountancy within thirty (30) days ~~of any new residence or business address or the address of any additional office opened for the practice of public accounting in this state~~for any:~~.~~

(A) change in residence;

(B) change in business address;

(C) opening of a new office engaged in the practice of public accounting; and

(D) closing of an office engaged in the practice of public accounting.

(2) Address changes to be communicated to the board include mailing and electronic mail addresses.

~~(3) Notice must be similarly given by the licensee of the closing of any such offices.~~

(b) Changes in personal residence, business address, or email addresses may be made online on the board's website and serves as notification.

(c) Notification for the opening or closing of offices engaged in the practice of public accounting ~~No form is provided for such notices, but they~~ must be in writing and, whether in letter form or otherwise, ~~they~~ must be clearly headed with "Notice of New Office", "Closing of Office", or similar wording, and, in the case of a new office, the name and the certificate or registration number of the resident manager is to be furnished. No form is provided for such notice.

(d~~c~~) ~~A~~Upon closing, all offices ~~of~~engaged in the practice of public accounting~~, on closing,~~ must return any certificate of registration issued by the board.

17 CAR § 236-802. Notice of change of employment or business affiliation and of employer or business affiliate address.

The Arkansas State Board of Public Accountancy shall be notified by the licensee within thirty (30) days of any change of employment or business affiliation, together with the address (including email address) of the new employer or business affiliate.

17 CAR § 236-803. Supervised permit of firm operations upon death, incapacity, or bankruptcy.

Upon the death or incapacity of a licensee or the closing of an accounting firm for any reason, including bankruptcy, the Arkansas State Board of Public Accountancy may in its discretion, based upon the merits and circumstances of each case, permit the accounting firm to continue operating for a period of time not to exceed one hundred eighty (180) days under the supervision of a person approved by the board and subject to conditions prescribed by the board.

Subpart 9. Registration

17 CAR § 236-901. Initial application, reciprocal, or reinstatement.

Application for an initial or reciprocal license~~,~~ or the reinstatement~~,~~ or renewal of a license shall be made on a form provided by the Arkansas State Board of Public Accountancy, and in the case of application for renewal, shall be filed by January 1 of each year.

17 CAR § 236-902. Criminal background checks.

(a)(1) Each applicant for an initial license, including a reciprocal license, or for a new license under Arkansas Code § 17-12-504(h), shall apply, using forms furnished by and pursuant to instructions provided by the Arkansas State Board of Public Accountancy, for state and national criminal background checks to be conducted by the Identification Bureau of the Division of Arkansas State Police and the Federal Bureau of Investigation.

(2) The board may, in its discretion and on reasonable cause, require an applicant seeking the reinstatement of a license under Arkansas Code § 17-12-504(g) to apply for the criminal background checks as provided herein.

(b) The criminal background checks shall have been completed no earlier than six (6) months prior to the date of receipt of the application, unless the delay is beyond the control of the applicant.

(c) An applicant who seeks a waiver under Arkansas Code § 17-3-102(b) of disqualification from licensure resulting from a criminal conviction shall deliver to the board:

(1) File-marked copies of court documents pertinent to conviction, i.e., information, indictment, or other charging documents, and judgments, orders, final rulings, or other documents specifying conviction and sanctions and penalties; and

(2) Documentation from the appropriate governmental official regarding the applicant's status and compliance with regard to terms of:

(A) Probation;

(B) Parole;

(C) Restitution;

(D) Penalty; or

(E) Any other sanctions.

(d)(1) If the Executive Director notifies an applicant for licensure that his or her application has been denied on the grounds that the applicant is ineligible for licensure due to a criminal conviction covered by Arkansas Code § 17-3-102(a), then the applicant may request a waiver of the disqualifying condition and a hearing pursuant to Arkansas Code § 17-3-102(b).

(2) The request for a waiver and hearing shall be made in writing and submitted to the Executive Director.

(3) The request for waiver shall not be considered until the application, fees, applicable documentation, both federal and state criminal background check reports, and written request for waiver are received by the board.

(4) The board shall conduct the waiver hearing in accordance with the provisions of Arkansas Code § 17-3-102 and the hearing procedures set forth in Subpart 10 of this part.

17 CAR § 236-903. License renewal.

The Arkansas State Board of Public Accountancy will renew the license to the applicant who has complied with the registration in 17 CAR § 236-901 provided:

(1) The necessary information was furnished on the annual registration form;

(2) The required fee for said registration was paid; and

(3) There is no existing suspension of certificate, license, or right to apply.

17 CAR § 236-904. Firm registration.

(a)(1)~~(A)~~ A firm engaged in the practice of public accounting that has an office in this state must register with the Arkansas State Board of Public Accountancy.

~~(B) Application for an initial firm registration and subsequent renewal must be made on a form provided by the board.~~

(2) As defined in Subpart 6 of this part, a firm includes:

(A) A corporation;

(B) A partnership;

(C) A limited liability company;

(D) A sole proprietorship; and

(E) Other permissible forms of practice.

(b)(1) A firm engaged in the practice of public accounting that does not have an office in this state must register with the board in order to provide the services listed below for any client whose home office is in this state.

~~(2)(A) Applicants for an initial firm registration and subsequent renewals must be made on a form provided by the board.~~

~~(~~2B~~)~~ Services requiring firm registration include:

~~(~~Ai~~)~~ A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards;

~~—~~(B~~ii~~) An examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements; and

~~—~~(C~~iii~~) An engagement to be performed in accordance with PCAOB Standards.

(c) Applicants for an initial firm registration and subsequent renewals must be made on a form provided by the board.

(d~~c~~) In the case of firms with multiple offices, the licensee shall identify on its original and each renewal application each office to be registered, as prescribed on a form approved by the board.

17 CAR § 236-905. Temporary licensure.

Notwithstanding the provisions of 17 CAR §§ 236-901 – 236-904, the Arkansas State Public Accountancy Board may issue temporary licenses to certain persons under the conditions set forth in 17 CAR § 236-1803.

Subpart 10. Hearings Before the Board~~ — Notice — Procedure — Review~~

17 CAR § 236-1001. Investigations.

(a)(1) All investigations of possible violations of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., the Code of Professional Conduct, or this part shall be investigated by the Arkansas State Board of Public Accountancy investigator under the supervision of the board's Compliance Committee or CPE Compliance Committee.

(2) The Compliance Committee shall be comprised of one (1) member of the board, appointed by the President, and the board's Executive Director.

(3) The CPE Compliance Committee shall be comprised of one (1) member of the board, appointed by the President, and the board's Executive Director.

(b) Some possible minor violations may be expected to be of such nature that they can be disposed of informally by correspondence between the designee of the board acting under the board's instructions and the person or persons involved.

(c) The board may conduct any investigation by a staff person and/or may designate investigating officers to conduct investigations who shall be competent by reason of training or experience.

(d) No person or entity being investigated has a right to be present or to be heard during the investigation, but before any finding is recommended, such person or entity being investigated shall be:

(1) Advised of the nature of the conduct which is being investigated; and

(2) Given an opportunity to make a statement personally or by counsel, verbally or in writing, sworn or unsworn, explaining, refuting, or admitting the alleged misconduct, which shall be considered by the Compliance Committee in making any finding and recommendation to the board as to the disposition of the investigation.

(e) Upon completion of an investigation, the chair of the Compliance Committee shall present a summary of the result of the investigation and recommendation as to whether the board should make a finding of probable cause to order a hearing or other action on alleged violations of:

(1) The Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.;

(2) The Code of Professional Conduct; or

(3) This part.

17 CAR § 236-1002. Compliance Committee recommendation.

(a) The Arkansas State Board of Public Accountancy shall consider the recommendation by the Compliance Committee and may:

(1) Find probable cause;

(2) Find no probable cause; or

(3) Instruct the investigating officer or officers to further investigate the matter.

(b)(1) A finding of no probable cause by the board shall be final, and after such finding no further proceedings shall be had in the matter by the board unless new or additional evidence not available or made known to the board at the time of the finding is thereafter brought to the attention of the board.

(2) The board shall promptly notify the person or entity being investigated and any complaining party of the board's finding of no probable cause.

(c) If the board finds probable cause it may direct that:

(1) Disciplinary proceedings against a licensee be initiated under this part by the filing of a hearing notice, setting forth the particular act or acts of conduct for which the person may be disciplined;

(2) An action be instituted pursuant to Arkansas Code § 17-12-104 or § 17-12-105; or

(3) Other appropriate action be taken.

(d)(1) When a hearing notice is filed, it shall be given a docket number, and any motions or other papers thereafter filed in the case shall refer to such docket number.

(2)(A) At the time the hearing notice is filed, a copy thereof shall be mailed, under the direction of the board, by registered mail or certified mail, return receipt requested, to the respondent at the respondent's address as shown upon the records of the board, notifying the respondent that a hearing thereon will be held at a time and place to be specified, not less than thirty (30) days after the mailing of such notice.

(B) The notice of hearing shall state the legal authority and jurisdiction under which the hearing is to be held.

(3)(A) All pleadings, motions, and orders filed in the case, except applications for witness subpoenas, shall be served on each party.

(B)(i) Service shall be made by:

(a) Delivery of a copy of the document to be served to the party or the party's attorney; or

(b) Mailing or emailing it to the party at the party's last known address or email address.

(ii) Delivery of a copy within this section shall mean:

(a) Handing it to the attorney or to the party;

(b) Leaving it at the attorney's or the party's office with the attorney or the party's secretary or other person in charge of the office; or

(c) If there is no one in charge, leaving it in a conspicuous place therein.

(iii) If the office is closed or the attorney or party to be served has no office, leaving it at the attorney's or party's usual place of abode with some person of the attorney's or party's family above fifteen (15) years of age and informing such person of the contents thereof.

(iv) Service by mail shall be deemed complete upon mailing.

(v) When an attorney makes the service, a certificate of service conforming to that required by the Arkansas Rules of Civil Procedure shall be taken as prima facie proof of such service in compliance with this part.

(e) Upon the failure of a respondent to appear at a scheduled hearing, the board may proceed to hear evidence against the respondent and may enter such order as shall be justified by the evidence, provided however that within thirty (30) days from the date of any order, upon a showing of good cause for failure to respond, the board may reopen said proceedings.

(f) The respondent has a right to information pursuant to Arkansas Code § 25-15-208(a)(3).

(g) Hearings upon motions may be deferred until the final hearing, and rulings thereon may be reserved until the conclusion of the final hearing.

17 CAR § 236-1003. Computation of time.

(a)(1) In computing any period of time prescribed or allowed by this part, the day of the act or event from which the designated period of time begins to run shall not be included.

(2) The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday in which event the period shall run until the end of the next day which is neither Saturday, Sunday, nor legal holiday.

(3) When the period of time prescribed or allowed is less than seven (7) days, intermediate Saturdays, Sundays, and legal holidays shall be excluded in the computation.

(b) When a party has the right or is required to do some act or take some proceeding within a prescribed period after the service of a notice or other paper upon him or her and the notice or paper is served upon him by mail, three (3) days shall be added to the prescribed period.

17 CAR § 236-1004. Subpoenas.

(a)(1) Subpoenas for the attendance of the witnesses at hearings and for the production of documents shall be issued by the Arkansas State Board of Public Accountancy upon its own initiative or upon the written application of any party.

(2) The application shall state the:

(A) Name and address of the witness for whom the subpoena is to be issued;

(B) Party on whose behalf the witness is expected to testify;

(C) Time and place for the witness to appear; and

(D) Designated books, papers, documents, or tangible things, if any, to be produced.

(b) Subpoenas shall be served as required by Rule 45 of the Arkansas Rules of Civil Procedure, and the party at whose instance the subpoena is issued shall be responsible for obtaining service of the subpoena.

(c) Witness fees, expenses, and mileage, if requested by the witness, shall be paid by the party at whose instance the witness is summoned and shall be the same as prescribed by Rule 45 of the Arkansas Rules of Civil Procedure.

17 CAR § 236-1005. Hearings before the board.

(a)(1) If a hearing is to be conducted by the Arkansas State Board of Public Accountancy, its presiding officer or any designated hearing officer shall have the authority to:

(A) Administer oaths and affirmations;

(B) Rule upon offers of proof and receive relevant evidence;

(C) Regulate the course of the hearing;

(D) Hold conferences for the settlement or simplification of issues by consent of the parties; and

(E) Dispose of procedural requests or similar matters.

(2) However, the board shall determine any issue that would dispose of the matter without a determination on the substance of the matters at issue.

(b) The board, at the conclusion of the final hearing, or within a reasonable time thereafter, shall:

(1) Make findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged; and

(2) Enter an order stating the effective date and providing for the appropriate disciplinary action, if any, and recovery of the costs of the proceedings and investigations pursuant to Arkansas Code § 17-12-602 when the board deems such recovery appropriate.

(c) The board shall promptly notify the respondent and any complaining party of its findings and order.

17 CAR § 236-1006. Hearings before a hearing examiner or member of the board.

(a)(1) In the alternative, the Arkansas State Board of Public Accountancy may appoint a hearing examiner or member of the board, who may conduct hearings in the absence of the board.

(2) Such member or hearing examiner shall have the authority to:

(A) Administer oaths and affirmations;

(B) Rule upon offers of proof and receive relevant evidence;

(C) Regulate the course of the hearing;

(D) Hold conferences for the settlement or simplification of issues by consent of the parties; and

(E) Dispose of procedural requests or similar matters.

(b)(1) In the event that the respondent challenges the sufficiency of the proffered charges or the jurisdiction of the board, any recommended ruling in favor of the respondent shall be referred to the board for decision.

(2) Any recommended finding against the respondent shall be included in the board member's or hearing examiner's report.

(c)(1) Within thirty (30) days after the conclusion of the final hearing before the hearing examiner or member of the board or within such extended period of time as may be allowed by the board for good cause shown, the hearing examiner or member of the board shall make a report to the board.

(2) The report shall include:

(A) Recommended findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged;

(B) Recommendations as to whether or not the respondent should be found guilty of misconduct justifying disciplinary measures;

(C) Recommendations as to the disciplinary measures to be applied, if any; and

(D) A recommended form of order.

(d) A copy of the hearing examiner's or member of the board's report shall be served upon the respondent.

17 CAR § 236-1007. Review of hearing examiner's or member of the board's report.

(a) Within ten (10) days after the hearing examiner or member of the Arkansas State Board of Public Accountancy files his or her report with the board, or within such extended time as may be allowed by the board, the record of the proceedings, including the transcript of all the testimony and exhibits, shall be filed with the board.

(b)(1) Within thirty (30) days after the hearing examiner or member of the board files his or her report, or within such extended time as may be allowed by the board for good cause shown, the respondent may file with the board exceptions to the hearing

examiner's or member of the board's report and may file a brief in support of such exceptions.

(2) If the respondent files a brief, the Executive Director may, within twenty (20) days after the respondent's brief is filed with the board, or within such extended time as may be allowed by the board for good cause shown, file a brief in response.

(3) The parties shall also serve a copy of any such filings upon the opposing party or that party's counsel.

(c)(1) The board shall notify the respondent of the time and place of its meeting, at least ten (10) days in advance thereof, at which the board will review the hearing examiner's or member of the board's report.

(2)(A) The respondent or the respondent's counsel may attend and present oral argument in support of any exceptions filed under subsection (b) of this section.

(B) If the respondent or the respondent's counsel presents such oral argument, the Executive Director may, through counsel, present oral argument in response.

(C) Each side will be allowed a stated amount of time, designated by the board for argument.

(d) The board, after review of the record and the hearing examiner's report, and considering the briefs and oral argument, if any, shall, within a reasonable time:

(1) Make findings of fact as to each item of misconduct with which the respondent is charged;

(2) Make conclusions of law; and

(3) Enter an order stating the effective date and the disciplinary action pursuant to Arkansas Code § 17-12-602 or otherwise exonerating the respondent.

17 CAR § 236-1008. Disposition of procedural requests.

(a) In the event the hearing is to be conducted pursuant to 17 CAR § 236-1006, or if no decision has been made by the Arkansas State Board of Public Accountancy to appoint a hearing examiner or member of the board to hear the disciplinary matter, the

board may appoint one (1) of its members or a designated hearing officer to rule upon procedural requests or similar matters.

(b) Such rulings shall be reviewed by the board at its hearing on the matter or at the time it reviews the report of the hearing examiner or member of the board.

17 CAR § 236-1009. Evidence.

The admission of evidence shall be governed by Arkansas Code § 25-15-213(4).

17 CAR § 36-1010. Record of proceedings.

(a)(1) An accurate record of the testimony, evidence, and all proceedings made before a hearing examiner, a member of the Arkansas State Board of Public Accountancy, or before the board shall be reported, transcribed, indexed, and bound by a court reporter supplied by the board.

(2) Any party may contract with the court reporter for a transcript of the proceedings.

(b) In the event that judicial review is sought of any board action taken pursuant to this part, the board shall prepare or have prepared a certified transcript of record pursuant to Arkansas Code § 25-15-212 and submit the same to the reviewing court.

(c)(1) The party or parties seeking judicial review of an order rendered by the board may apply to the board for a stay of that order.

(2) The stay may be granted upon such conditions as shall be reasonable, and any order granting a stay shall specify the conditions upon which the stay is granted.

17 CAR § 236-1011. Publication of disciplinary sanctions.

(a)(1) The Arkansas State Board of Public Accountancy may cause to be published in the board's and NASBA's official publications (printed and electronic), and may publish in newspapers of general circulation in the state, the name of any ~~certificate~~ license or registration holder who is the subject of any disciplinary action.

(2) Such publication shall not occur until a final board order has been issued.

(b) The publication may contain a narrative factual summary of the actions and violations which were the basis for the disciplinary action.

Subpart 11. Fees

17 CAR § 236-1101. Required fees.

(a) The fees for various services of the Arkansas State Board of Public Accountancy ~~are as follows (~~must be paid in United States dollars~~)~~.

(b) CPA ~~E~~examination fees.

(1) Exam a~~A~~pplication fees ~~— First-time and section fees~~ (~~nonrefundable and~~ nontransferable).

First-time application fee	$50
Applying for one section	$75
Applying for two sections	$90
Applying for three sections	$105
Applying for four sections	$120

(2)(A) ~~Other costs~~Exam section fees are the fees charged by~~.~~

~~(B)(i) Fees for the~~ NASBA, the AICPA, and the test delivery provider~~.~~ ~~are also~~

(B) These fees are collected by the board and held for the candidate for transfer to these entities.

(i~~i~~) These entities set fees separate from the board.

(ii~~i~~) The board will display such fees on the examination application.

(iii) The board may, by resolution, waive exam section fees for some or all applicants.

(c) ~~Application~~ CPA license fees ~~(nonrefundable)~~.

(1) License application fees:

CPA/PA License $50

Reciprocal CPA License $50

Registration as a public accountant $50

Firm licenseregistration of partnership, limited liability company, or corporation composed of CPAs $110

Firm registration of partnership, limited liability company, or corporation composed of PAs $110

Firm registration of sole proprietor, partnership, limited liability company, or corporation composed of CPAs required to register under substantial equivalency $110

Reinstatement of individual or firm license $150

Duplicate or replacement certificatecertificate of licensure $40

Transfer of credits from another jurisdiction:

Transfer fee for each part $10

(2d) License renewalAnnual registration fees.

Individual – active status (License to practice) $110

Individual – Inactive statuslicense status $55

Firm registration: partnership, corporations, and limited liability company $110

Firm registration of sole proprietor, partnership, limited liability company, or corporation composed of CPAs required to register under substantial equivalency $110

Branch office~~Registration of each firm office~~ in excess of one (1) office $25

Late fee -~~ License to practice/firms~~ – license to practice and firms ~~–~~ per month $25

Late fee ~~–~~ ~~I~~inactive ~~license status~~ per month $10

(de)(1) Quality review fees.

~~–~~Compilation report - one (1) type~~Fee for first report~~ $100

~~–~~Compilation report – two (2) types~~Fee for each additional type of report submitted~~ $150

(2) Fees are due at the time reports are submitted for review in response to ~~QR~~practice review survey.

17 CAR § 236-1102. Waiver of initial licensing fees.

(a)(1) Pursuant to Acts 2021, No. 725, an applicant may receive a waiver of the initial licensure fee, if eligible.

(2) Eligible applicants are applicants who:

(A) Are receiving assistance through the:

(i) Arkansas, or current state of residence equivalent, Medicaid Program;

(ii) Supplemental Nutrition Assistance Program;

(iii) Special Supplemental Nutrition Program for Women, Infants, and Children;

(iv) Temporary Assistance for Needy Families Program; or

(v) Lifeline Assistance Program;

(B) Were approved for unemployment benefits within the last twelve (12) months; or

(C) Have an income that does not exceed two hundred percent (200%) of the federal poverty income guidelines.

(b) Applicants shall provide documentation as follows:

(1) For Medicaid, Supplemental Nutrition Assistance Program, Special Supplemental Nutrition Program for Women, Infants, and Children, Temporary Assistance for Needy Families Program, or Lifeline Assistance Program, documentation from the Department of Human Services, or current state of residence equivalent agency;

(2) For unemployment benefits approval in the last twelve (12) months, documentation from the Division of Workforce Services, or current state of residence equivalent agency; or

(3)(A) For the income provision in subdivision (a)(2)(C) of this section, a signed affidavit confirming that he or she has an income that does not exceed two hundred percent (200%) of the federal poverty income guidelines, as established by the United States Government.

(B) The applicant may be required by the Arkansas State Board of Public Accountancy to submit income tax related documents for verification purposes.

(c) The waiver does not include fees charged for the CPA exam or criminal background checks.

Subpart 12. Continuing Education

17 CAR § 236-1201. Purpose.

Pursuant to the provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., the Arkansas State Board of Public Accountancy prescribes the following rules amending requirements of continuing education to be met from time to time by licensees in order to maintain the highest standard of proficiency in the profession of public accountancy.

17 CAR § 236-1202. Definitions.

As used in this subpart:

(1)(A) "Authorship" means an education process designed to permit a participant to increase professional competence through research and writing:

(i) Articles;

(ii) Books; or

(iii) CPE programs.

(B) For the writer to receive CPE credit, the article, book, or CPE program must be in the subject areas specified in 17 CAR § 236-1203(a)(1) and formally accepted in writing for publication;

(2) "Continuing professional education (CPE)" means:

(A) An integral part of lifelong learning required to provide competent professional accounting service to the public; and

(B) The set of activities that enables accounting professionals to maintain and increase their professional competence;

(3)(A) "Group program" means an educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom setting or using the internet or video conferencing technology (noninteractive internet courses will not qualify in this area).

(B) Interactive webinars are considered group programs.

(C) The key component in interactive CPE courses is that the content is delivered in a manner so that the participants can interact with the remote instructor;

(4)(A) "Independent study" means an educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

(B) All independent study must be approved in advance by the Arkansas State Board of Public Accountancy; and

(5)(A) "Self-study program" means an educational process designed to permit a participant to learn a given subject without major involvement of an instructor.

(B) Self-study programs use a word count formula or a pilot test (a sampling of at least three (3) individuals) to measure the average completion time from which the recommended CPE credit is determined.

17 CAR § 236-1203. Basic requirements.

(a) An applicant for renewal of a license must have completed acceptable ~~continuing education~~CPE, except as otherwise provided in subsection (~~f~~b) of this section, in the amount of one hundred twenty (120) hours within thirty-six (36) months or forty (40) hours within twelve (12) months immediately preceding January 1 of the year for which the license is renewed.~~, and further provided that:~~

~~(1)(A) Through December 31, 2019, all license holders shall complete at least fifty percent (50%) of the required hours in the subject areas of:~~

~~(i) Accounting;~~

~~(ii) Accounting ethics;~~

~~(iii) Attest; or~~

~~(iv) Taxation.~~

(~~b~~B)(1) ~~Beginning January 1, 2020 (CPE taken for the 2021 license year and beyond), l~~Licensees engaged in the practice of public accounting shall complete at least forty percent (40%) of the required hours in ~~the~~ content subject areas.~~ of:~~

~~(i) Accounting;~~

~~(ii) Accounting ethics;~~

~~(iii) Attest; or~~

~~(iv) Taxation.~~

(2~~C~~) Licensees not engaged in the practice of public accounting shall complete at least twenty percent (20%) of the required hours in ~~the~~ content subject areas.~~ of:~~

(3) Content subject areas include:

(A~~i~~) Accounting;

(B~~ii~~) Accounting ethics;

(C~~iii~~) Attest; or

——(Div) Taxation;

——(c2) Licenseees holders engaged in any attest or compilation function shall complete at least twenty percent (20%) of the required hours in the subject areas of attest and accounting theory/practice;

——(d3)(1A) Licenseees holders must complete at least four (4) hours of CPE in the area of accounting professional conduct and ethics during the thirty-six (36) months immediately preceding the expiration date of their current license.

——(B) Licensees who received their initial license during the current calendar year are exempt from the ethics requirement until their first full calendar year of licensure.

——(2C)(Ai) Licensees must also complete one (1) hour of CPE on Arkansas State Board of Public Accountancy specific laws and rules (also known as Arkansas Ethics or ETA) during the thirty-six (36) months immediately preceding the expiration date of their current license.

——(Bii) This requirement may be satisfied by completing a web-based course via the Arkansas State Board of Public Accountancy's website or attending group training taught by a board member, board staff member, or a designee of the board, and will count towards the four-hour ethics requirement.

——(C) CPE hours obtained for the Arkansas Ethics requirement count towards the four (4) hour Ethics requirement of this subsection.

——(iii) The hour of CPE on board-specific rules and laws must be completed during the thirty-six (36) months immediately preceding the expiration date of the current license; and

——(3) The four (4) hour ethics requirement, including the one (1) hour Arkansas Ethics, is not required until your first full calendar year of initial licensure.

——(e4) Licensees who are in their first calendar year of licensure must obtain CPE hours prorated based on the date of initial licensure in order to renew their license.

(fb)(1) The board may make exceptions from continuing education requirements for reasons of individual hardship including, but not limited to:

(A) Health;

(B) Military service;

(C) Foreign residency; or

(D) Other good cause.

(2) No exception shall be made solely because of age or retirement.

(gc)(1) The board shall allow a full or partial exemption from continuing education requirements for the following licensees:

(A) An active duty military service member deployed outside of the State of Arkansas;

(B) A returning military veteran within one (1) year of his or her discharge from active duty; or

(C) The spouse of a person under subdivision (gc)(1)(A) or (B) of this section.

(2)(A) In order to receive a full or partial CPE exemption, a qualifying individual must submit a written request for an exemption to the board.

(B) The written request must explain whether a full or partial waiver of the CPE requirement is sought and why such waiver is appropriate under the individual's specific circumstances.

(C) In deciding the extent of any CPE waiver allowed under this part, the board will take into consideration factors including, but not limited to:

(i) Ability to access any CPE programs;

(ii) Ability to access various types of CPE;

(iii) Applicant's personal circumstances; and

(iv) The length of time on duty.

(hd) Responsibility for documenting the acceptability of the continuing education requirement rests with the applicant, who must retain such documentation for a period of five (5) years following the end of the year of completion of the continuing education hours.

17 CAR § 236-1204. Programs that qualify.

(a)(1) A program qualifies as acceptable continuing education if it is a formal program of learning that contributes directly to the professional competence of an individual licensed to practice as a certified public accountant.

(2) The responsibility for substantiating that a particular program meets the requirements of this section rests solely upon the licensee.

(b) Continuing education programs requiring attendance will qualify only if:

(1) An outline of the program is prepared in advance and preserved;

(2)(A) The program is at least one-half (1/2) hour (twenty-five-minute period) in length, excluding meal time and business session.

(B) Credit shall be based on contact hours.

(C) A fifty-minute period will be considered as being equal to one (1) hour.

(D) Hours devoted to preparation by the participant shall not be counted as a contact hour.

(E)(i) Effective January 1, 2020 (CPE taken for the 2021 license year and beyond), aA licensee may earn a maximum of four (4) hours of CPE each year by completing nano learning courses.

(iiF) A nano learning course is a tutorial program designed to permit a participant to learn a given subject in a ten-minute increment using electronic media and without interaction with a real-time instructor.

(iiiG) For purposes of calculating nano learning CPE credits, one (1) CPE hour shall consist of five (5) ten-minute courses.

(FH) For all other CPE coursesExcept for nano learning courses, credits must be earned in one-halffifth (1/25) hour (twenty-fiveten-minute) increments after the initial one-half (1/2) hour (twenty-five-minute) period;

(3)(A)(i) The program is conducted by a qualified instructor.

(ii) A qualified instructor or discussion leader is anyone whose background, training, education, or experience makes it appropriate for her or him to lead a discussion on the subject matter of the particular program.

(B)(i) A lecturer or discussion leader shall be afforded CPE credit for preparation and presentation of a program for twice the number of CPE hours applicable for participants to the extent that the program contributes to the professional accounting competence of the ~~applicant~~licensee.

(ii) Such credit does not pertain to the teaching of academic courses or other CPE courses that do not meet the criteria of subsection (a) of this section.

(C) Repetition of the same course material in the same year will not be allowable for credit as continuing education;

(4) A record of registration or attendance is maintained; and

(5) The sponsor of the program is either approved registered or exempt from registration pursuant to the provisions of 17 CAR § 236-1205.

(c) The following ~~programs~~ are ~~examples deemed~~recognized as programs that ~~to~~ qualify, provided subsections (a) and (b) of this section are met:

(1) Programs or seminars sponsored by accredited higher educational institutions~~, see 17 CAR § 236-1205(f)(2)~~, government agencies, NASBA, and professional organizations of certified public accountants~~; and public accountants, firms of certified public accountants and public accountants, and industrial firms that meet the guidelines of subsection (b) of this section;~~

(2) Technical sessions at meetings of recognized national and state accounting organizations and their chapters; ~~and~~

(3) In-firm education programs; and

(~~4~~3)(A) University or college courses offered by accredited institutions~~, see 17 CAR § 236-1205(f)(2),~~ through classroom, correspondence, or distance learning.

(B) Courses taught must be upper-level college courses and may only be used for CPE one (1) time in a three-year period.

(C)(i) For credit courses, each semester hour of credit shall equal fifteen (15) hours towards the requirement, and a quarter hour credit shall equal ten (10) hours.

(ii) For noncredit short courses, credit is computed by contact hours.

(d)(1) Individual study programs, distance learning, independent study, and self-study for which evidence of satisfactory completion is issued by the provider organization prior to January 1 of the year for which the licensee is being renewed ~~may qualify~~.

(2)(A) The Arkansas State Board of Public Accountancy shall accept the hours of continuing education credit recommended by the provider organization (subject to the constraints of subdivision(b)(2) of this section).

(B) NASBA's Quality Assurance Services (QAS) hours will be accepted if the course is QAS registered.

(3) Sponsors of such programs, excluding those offered by providers listed in sub<u>section</u>~~divisions~~ (c)~~(1) – (c)(3)~~ of this section, must be registered or exempt from registration pursuant to the provisions of 17 CAR § 236-1205, see subsection (f) of this section.

(e) Articles, books, or CPE programs, as indicated in 17 CAR § 236-1202(1), may qualify for self-declared CPE credit if the article, book, or CPE program contributes to the professional competence of the licensee and has been formally accepted for publication in writing prior to the effective date of the license year, see subsection (f) of this section.

(f) Combined credit awarded in subsections (d) and (e) of this section shall not exceed eighty percent (80%) of the total CPE hours required.

(g)(1) Acceptable continuing education will not include any education leading to completion of the requirements to acquire a CPA ~~certificate~~<u>license</u>.

(2) Included in this category is any:

(A) Academic work necessary to qualify to take the CPA examination per 17 CAR § 236-303(b); and

(B) CPA review course or courses offered for the specific purpose of preparing to take the CPA examination.

(h) Continuing education programs accepted in other jurisdictions that have a sponsor review program will be accepted.

(i)(1) A nonresident licensee seeking renewal of their license shall be determined to have met the CPE requirement by meeting the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located.

(2) All active licensees, regardless of residence, must complete one (1) hour of Arkansas ethics CPE ~~on board specific rules and laws~~ as authorized by 17 CAR § 236-1203(a)(3).

(3) Nonresident licensees may be asked to demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located through a CPE audit, as authorized by 17 CAR § 236-1206(c).

(4) If a nonresident licensee's principal place of business state has no CPE requirements for renewal of a certificate/license, the nonresident licensee must comply with all board CPE requirements for renewal of their Arkansas license.

(j)(1) Specialized knowledge courses are those courses that are related to a concentrated, specialized skill set.

(2) This field of study also includes subjects related to specialized industries, such as:

(A) Not-for-profit organizations;

(B) Health care; or

(C) Oil and gas.

(3) Specialized knowledge courses may not be used to meet the content CPE requirements of 17 CAR § 236-1203(ba)~~(1)~~.

(k) Programs in the following subject areas are not acceptable continuing education:

(1) Spirituality;

(2) Personal health and/or fitness;

(3) Sports and recreation;

(4) Foreign languages and cultures; and

(5) Other subjects which will not contribute directly to the professional competence of the licensee.

17 CAR § 236-1205. Approved sponsors.

(a) The sponsor of any continuing education program or programs~~,~~ which are not exempt under subsection (f) of this section~~,~~ must, prior to offering such program or programs~~,~~ register with the National Registry of CPE Sponsors, administered by the National Association of State Boards of Accountancy (NASBA).~~as follows~~:

(1)(A) Those sponsors offering programs totaling more than sixteen (16) credit hours per year or offering programs more than five (5) times per year must register with the National Registry of CPE Sponsors~~, administered by the National Association of State Boards of Accountancy (NASBA)~~.

(B) Sponsors of such programs in self-study format may register with NASBA's Quality Assurance Service as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.~~; and~~

(2)~~(A)~~ Those sponsors offering group-live programs in Arkansas which total sixteen (16) credit hours or less per year and offering programs five (5) times or less per year may ~~must either~~ register with ~~the~~ the National Registry of CPE Sponsors' State CPE Roster program ~~administered by NASBA or register with the Arkansas State Board of Public Accountancy annually using a registration form prescribed by the board~~ as an alternative to the National Registry.

~~(B) Sponsors of such programs in self-study format may register with NASBA's Quality Assurance Services as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.~~

(b)(1) The sponsor of any continuing education program registered with ~~NASBA's~~ the National Registry of CPE Sponsors or Quality Assurance Service shall comply with the requirements of the registry.

(2) Those sponsors ~~registering with the board as well as those~~ exempt under subsection (f) of this section shall keep detailed records of the following:

(A) The date and location of the program presentation;

(B) The names and biographies of each instructor or discussion leader;

(C) A list of licensees attending each program presentation, and the license numbers of such attendees; ~~and~~

(D) A written outline or slide presentation of the program ~~presentation.;~~ and

(E) For online programs, verification of participant attendance throughout the program.

(c) The records required by subsection (b) of this section shall be retained for a period of five (5) years after the end of the year of each program presentation.

(d) The sponsor of any continuing education program approved by the National Registry or exempt from registration pursuant to this part must advise attendees of such approval or exemption, together with the:

(1) Sponsor number if not exempt;

(2) Field of study~~Subject code~~; ~~and~~

(3) Delivery type; and

(~~4~~3) Number of continuing education hours allowable.

(e) The board may withdraw approval of any continuing education program if the sponsor of such program fails to comply with the provisions of this part.

(f) The following are exempt from registering with the ~~board and the NASBA~~National Registry of CPE Sponsors:

(1) Professional accounting and legal organizations such as:

(A) The American Institute of Certified Public Accountants;

(B) The Arkansas Society of Certified Public Accountants;

(C) The National Society of Public Accountants;

(D) The Arkansas Society of Public Accountants;

(E) The ~~NASBA~~National Association of State Boards of Accountancy;

(F) The Institute of Management Accountants;

(G) The American Accounting Association;

(H) The American Bar Association;

(I) The Arkansas Bar Association; and

(J) Other similar organizations;

(2) Universities or colleges that are accredited per 17 CAR § 236-301;

(3) Firms, both accounting and industrial, offering organized in-firm education programs which meet the requirements of 17 CAR § 236-1204(a) and (b); and

(4) Governmental entities.

17 CAR § 236-1206. CPE reporting requirements.

(a)(1) Applicants for renewal of a license must submit with their annual registration a ~~representation~~ certification that the applicant has met the CPE requirement for issuance of a license together with a CPE statement, in a form prescribed by the Arkansas State Board of Public Accountancy, showing the continuing education programs and hours completed during:

(A) the twelve (12) months immediately preceding January 1 of the year for which the license is being renewed; or

(B) the thirty-six (36) months immediately preceding January 1 of the year for which the license is being renewed if using the 3-year rule.

~~the twelve (12) months immediately preceding January 1 of the year for which the license is being renewed.~~

(2) The applicant must retain all supporting documentation for the programs and hours for five (5) years following the end of the year of completion.

(b) The CPE statement shall show the following:

(1) Name of the attendee;

(2) NASBA registration number or an E, if the sponsor is exempt;

(3) Sponsoring organization~~s~~;

(4) Location of program;

(5) Title of program or description of content;

(6) Dates attended and/or completed and submitted;

(7) Field of study;

(8) Hours claimed; and

(9) Other information as designated by the board.

(c)(1) On an annual basis, the board will audit the CPE statements of a selected number of licensees, and those licensees will be required to submit support documentation acceptable to the board as part of the audit process.

(2) Licensees who fail the CPE audit can appeal to the CPE Compliance Committee, and if necessary, the full board.

17 CAR § 236-1207. Noncompliance and sanctions.

~~(a)(1) Should a licensee report less than the required number of CPE hours, the licensee shall complete the balance of the CPE hours for the reporting period and provide the Arkansas State Board of Public Accountancy with appropriate documentation no later than January 31 of the following CPE reporting period.~~

~~(2) Delinquent CPE hours reported to the board under this section shall first apply to the deficiency, and any remaining CPE hours shall be applied to the current CPE reporting period.~~

~~(b)(1) Should a licensee fail to timely report CPE hours in conjunction with the renewal application or fail to timely file a report on completion of the balance of the CPE hours as provided in subsection (a) of this section, the board shall serve notice of noncompliance upon the licensee.~~

~~(2) The notice shall state the nature of the noncompliance.~~

~~(3) The licensee shall, within thirty (30) days of the date of the notice, deliver acceptable documentation to the board that the licensee has successfully completed the minimum CPE hours to correct the noncompliance.~~

~~(c)(1) In addition to the notice of noncompliance described in subsection (b) of this section, the board may institute a proceeding to impose disciplinary action against a licensee who fails to comply with any provision under Subpart 12 of this part.~~

~~(2) The disciplinary action for a licensee who completes the minimum number of CPE hours during the period provided in subsection (a) of this section shall be a monetary penalty unless the board determines that other disciplinary action is appropriate.~~

~~(3) The disciplinary action for a licensee who failed to obtain the minimum CPE hours before the date for correction of the delinquency under subsection (a) of this section or who completed the minimum CPE hours after notice of noncompliance under subsection (b) of this section may be suspension of the license unless the board determines other disciplinary action to be appropriate.~~

~~(d)(1) A licensee who has been suspended pursuant to this section may file a petition for reinstatement which shall state:~~

~~(A) The reasons for noncompliance;~~

~~(B) That the licensee is presently in compliance;~~

~~(C) Any other material information; and~~

~~(D) That the licensee has not performed any of the services set forth in Arkansas Code § 17-12-505 since the suspension under this section.~~

~~(2) The petitioner may request a hearing and the board may require additional CPE hours as a condition of reinstatement.~~

~~(3) Any reinstatement shall be subject to the provisions of 17 CAR § 236-1210.~~

(a)(1) The Arkansas State Board of Public Accountancy may institute a proceeding to impose disciplinary action against a licensee who fails to comply with any provision under subpart 12 of this part.

(2) Disciplinary actions may include:

(A) A monetary penalty;

(B) Make-up CPE;

(C) Additional CPE;

(D) Suspension; or

(E) Revocation.

(b) **Violation of Subpart 17 CAR § 236-1203.**

(1) Failure to obtain the required number of CPE hours before January 1 of the year for which the license is being renewed will result in a disciplinary action.

(2) Once the required number of CPE hours has been obtained, the licensee must perform the following actions:

(A) Complete a paper license renewal form;

(B) Submit acceptable CPE documentation for the hours obtained;

(C) Sign a compliance statement; and

(D) pay a monetary penalty that is applied for each month after December 31 that the CPE is not obtained.

(c) **Violation of Subpart 17 CAR § 236-1206(c).**

(1) A licensee who fails to submit CPE documentation when requested by the Board shall be reported to the Compliance Committee.

(2) A licensee who fails a CPE Audit must perform the following actions:

(A) Make up the deficient CPE;

(B) Sign a compliance statement; and

(C) pay a monetary penalty that is determined by the number of deficient CPE hours.

17 CAR § 236-1208. Inactive status.

(a)(1) Except as provided in Arkansas Code § 17-12-505(c), a licensee on inactive status shall not perform for the public any of the services set forth in Arkansas Code § 17-12-505(a).

(2) If the licensee performs any such services, he or she shall be subject to discipline by the Arkansas State Board of Public Accountancy.

(b)(1) A licensee who complies with this section shall be granted an exception to the continuing education requirement of Arkansas Code § 17-12-502.

(2) To qualify for this exception, the licensee must annually complete an online renewal application and pay the appropriate inactive status ~~registration~~ renewal fee as determined by the board ~~and complete a form prescribed by the board~~.

(c) A person on inactive status may convert to active status as follows:

(1) Complete ~~a form prescribed by the board~~ an online CPA License Upgrade application and submit payment of the appropriate ~~fee or~~ application and renewal fees ~~(initial or upgrade)~~ for active status;

~~(2) Comply with CPE requirements under this part for the renewal period following reinstatement on a pro rata basis, such hours to be computed at a rate of~~

three and one-third (3 1/3) hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs;

(23) Undergo a federal and state background check; and

(34) Comply with the appropriate condition below:

(A)(i) If inactive for it has been less than three (3) years since the licensee reported CPE to the board, the licensee must deliver documentation acceptable to the board showing completion of three and one-third (3 1/3) hours of CPE forty (40) hours of CPE, qualified pursuant to 17 CAR § 236-1203, for each consecutive twelve-month period since the licensee last reported CPE to the boardwas on inactive status.

(ii) For any period of less than twelve (12) consecutive months, whether alone or as part of a period exceeding twelve (12) months, the number of CPE hours shall be prorated at the rate of three and one-third (3 1/3) hours of CPE per month of inactive status;

(B) If inactive for less than (1) year, the licensee will be considered not to have been inactive for CPE reporting purposes;

(C)(i) If inactive it has been more thanfor three (3) years since the licensee last reported CPE to the boardor more, the licensee must:

(i) dDevelop and deliver to the board a proposed program of CPE as specified in 17 CAR § 236-1203(a) in the amount of 120 hours of CPE (to include four (4) hours of accounting professional conduct and ethics).

(aii) After the board's approval of the CPE program, the licensee shall complete all of the CPE hours during the thirty-six-month period immediately preceding the date of the licensee's application for active status.

(biii) The licensee shall attach to said the upgrade application documentation acceptable to the board showing successful completion of all of the CPE hours comprising said CPE program; and

(D)(ii) Applicants who have been inactive for three (3) years or more must hHave at least one (1) year of experience earned within five (5) years preceeding the upgrade application verified by a form approved by the board from by a licensee as

defined in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or from another state, on a form approved by the board.

~~(ii) This experience must have been earned within the five (5) years preceding the application for active status.~~

17 CAR § 236-1209. Retired and disabled status.

(a) **Retired status**.

(1) A licensee who is at least fifty-five (55) years old and has filed a request on a form prescribed by the Arkansas State Board of Public Accountancy stating that he or she has no association with accounting work for compensation may be granted retired status upon approval of the application.

(2) Licensees on retired status are not required to comply with the continuing professional education requirements set forth in Subpart 12 of this part or to make payment of annual license fees.

(3) The licensee who has been granted retired status immediately becomes ineligible for retired status upon:

(A) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(B) Serving on a board of directors, board of trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(4) Upon the occurrence of either (a)(3)(A) or (a)(3)(B) of this section, the licensee must notify the board and request an application for active status or inactive status (if eligible) and:

(A) Pay the license fee established by the board;

(B) Complete the active or inactive license application; and

(C) If converting to active status, meet the requirements of 23 CAR § 236-1208(c).

(b) **Disabled status.**

(1) Disabled status may be granted to a licensee who submits to the board a statement and a letter from the licensee's physician that identifies the disability and states that the individual is unable to work because of a severe, ongoing physical or mental impairment or medical condition that is not likely to improve within the next twelve (12) consecutive months.

(2) Licensees on disabled status are not required to comply with the continuing professional education requirements set forth in Subpart 12 of this part or to make payment of annual license fees.

(3) The licensee who has been granted disabled status immediately becomes ineligible for disabled status upon:

(A) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(B) Serving on a board of directors, board of trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(4) Upon the occurrence of either (b)(3)(A) or (b)(3)(B) of this section, the licensee must notify the board and request an application for active status or inactive status (if eligible) and:

(A) Pay the license fee established by the board;

(B) Complete the active or inactive license application; and

(C) If converting to active status, meet the requirements of 17 CAR § 236-1208(c).

(c) For purposes of this section the term "association with accounting work" shall include, but not be limited to, the following:

(1) Whether for the public or for an employer, working, supervising, or providing oversight of accounting work performed in the areas of:

(A) Financial accounting and reporting;

(B) Tax compliance, planning, or advice;

(C) Management advisory services;

(D) Accounting information systems;

(E) Treasury, finance, or audit;

(2) Representing to the public, including an employer, that the individual is a CPA or public accountant in connection with the sale of any services or products involving accounting work, including such designation on a:

(A) Business card;

(B) Letterhead;

(C) Proxy statement;

(D) Promotional brochure;

(E) Advertisement; or

(F) Office; or

(3) Offering testimony in a court of law purporting to have expertise in:

(A) Accounting and reporting;

(B) Auditing;

(C) Tax; or

(D) Management services.

(d)(1) All board rules and all provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., apply to an individual in retired or disabled status.

(2) Licensees in retired status must use the term "Retired" adjacent to their CPA ~~or PA~~ title.

(3) Licensees in disabled status must use the term "Inactive" adjacent to their CPA ~~or PA~~ title.

17 CAR § 236-1210. Activation of ~~delinquent,~~ suspended, ~~or~~ revoked, or voided licenses.

A person whose license is ~~delinquent,~~ suspended, ~~void, or~~ revoked, or void and who applies for active status will be subject to the same CPE requirements as those who wish to activate inactive licenses, see 17 CAR § 236-1208.

Subpart 13. ~~Quality~~Practice Review Program

17 CAR § 236-1301. Purpose.

(a) There is hereby established a ~~Quality~~Practice Review Program (the "program").

(b) The purpose of the program is to improve the quality of financial reporting and to ensure that the public can rely on the fairness of presentation of financial information on which licensees issue ~~compilation~~ reports.

(c)(1) The program emphasizes education and rehabilitation rather than disciplinary action.

(2) Appropriate educational programs or procedures will ordinarily be recommended or required where reporting does not comply with appropriate professional standards.

(3) However, when a licensee is unwilling or unable to comply with such standards, or a licensee's professional work is so egregious as to warrant disciplinary action, such action may be taken as the appropriate means of protecting the public interest.

17 CAR § 236-1302. ~~QR survey~~Notification.

(a)(1) ~~Quality Review (QR)~~A practice review is to be conducted annually on one third (1/3) of the licensees on a rotating basis.

(2) ~~QR~~A practice review may be required more frequently as provided herein.

(b)(1) The Arkansas State Board of Public Accountancy will ~~mail a QR survey~~ send an email to one-third (1/3) of its licensees annually to inform them that their practice review is due.

(2) The practice review covers the period since the licensee's last practice review or since becoming licensed.

(3~~2~~) The recipient shall ~~return~~ respond to the ~~completed survey form~~ email within the time specified with one (1) of the following responses~~and submit reports, for QR purposes, when compilation reports have been issued during the QR period as stated in the instructions in said survey form~~.

(A) No reports issued;

(B) Compilation reports only issued; or

(C) Attest reports issued.

~~(c) Failure to respond to the QR survey mailed by the board or to submit reports for QR purposes, when reports were issued during the subject period, shall be a basis for the nonrenewal of the license, after notice and hearing, as provided by Arkansas Code § 17-12-507.~~

~~(d) In response to the QR survey, the licensee shall submit the most recently issued compilation report with disclosures and compilation report without disclosures since initial licensure by the board or since June 30th of the year the latest QR survey was completed by the licensee.~~

~~(e)(1) Submission to the board of an acceptable peer review report, performed by a CPA, PA, or firm, licensed in this or another state, and the individual CPA or PA is qualified pursuant to the provisions of 17 CAR §§ 236-1303 – 236-1304(1) – (5), which is conducted consistent with a peer review program authorized by a professional accounting organization and approved by the board, dated within the QR period or the thirty (30) months immediately preceding the QR period, will exempt the licensee from QR.~~

~~(2) For purposes of this subsection (e), acceptable peer review reports shall be those classifications designated by the peer review program that are generally comparable to pass and pass with deficiencies QR reports as defined in 17 CAR § 236-1307, and which the board identifies in its approval of the individual peer review program as comparable to pass and pass with deficiencies QR reports.~~

(c) If a licensee did not issue any type of compilation or attest report during the practice review period, they shall notify the board by completing the online process entitled No Reports Issued.

(d) If a licensee issued compilation reports and did not issue any attest reports during the practice review period, they shall notify the board by completing and submitting a Practice Review Survey form and following the Quality Review procedures outlined in 17 CAR § 236-1303.

(e) If a licensee issued attest reports during the practice review period, they shall notify the board by completing and submitting a Practice Review Survey form and following the Peer Review procedures outlined in Subpart 19.

(f) The following actions shall a basis for disciplinary action as provided in A.C.A. § 17-12-601:

(1) Failure to respond to a practice review within the time specified on the initial notification;

(2) Failure to submit a practice review survey when reports were issued during the practice review period;

(3) Failure to submit compilation reports for quality review when compilation reports were issued during the practice review period; and

(4) Failure to meet the peer review requirements of A.C.A. §17-12-508 and Subpart 19 when attest reports were issued during the practice review period.

(gf) A firm or licensee registered in a jurisdiction other than Arkansas that is not required to register in this state pursuant to Arkansas Code § 17-12-311 or § 17-12-401 and that performs engagements for clients in this state that are performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), such as compilations and reviews, must receive an acceptable peer review performed by a CPA, PA, or firm in lieu of the Quality Review required under this section or must receive an acceptable quality review performed under the rules of the state of licensure.

17 CAR § 236-1303. Quality review process~~**QR reviewers**~~**.**

(a) Licensees who issued compilation reports as their highest level of report issuance shall submit a Practice Review survey form along with their most recent compilation reports issued since their last Practice Review or initial licensure by the Arkansas State Board of Public Accountancy for:

(1) compilations with disclosures; and

(2) compilations without disclosures.

(b)(1) Each compilation report will be assigned to a member of the quality review (QR) team.

(2)(A) After reviewing the report for adherence to the applicable standards, the QR Reviewer will determine whether the report should be classified as a pass, pass with deficiencies, or fail.

(B) "Pass" means that the report contains no deficiencies or only minor deficiencies.

(C) "Pass with deficiencies" means that the report contains more serious deficiencies, such as departures from the technical reporting or accounting standards set forth in Subpart 7 of this part, but of the type that will not render the statement materially inaccurate or misleading.

(D)(i) "Fail" means that the report is materially inaccurate or misleading.

(ii) Such a report:

(a) Violates one (1) or more significant reporting standards;

(b) Seriously departs from Generally Accepted Accounting Principles; or

(c) Does not include material disclosures necessary for a fair presentation.

(E) "Deficiency" means a failure to comply with any provision in the Professional Standards identified in 17 CAR § 236-701 et seq.

(3) For pass with deficiencies and fail classifications, the reviewer will provide a statement of reasons for the classification.

(c)(1) Team captains will review the classification for each compilation report as well as the reasons given for the classification, if applicable.

(2) The team captain may make appropriate changes to the classification of the report after consultation with the reviewer.

(d)(1) The QR Consultant will review the classification for each compilation report as well as the reasons given for the classification, if applicable.

(2) The consultant may make appropriate changes to the classification of the report after consultation with the reviewer and the team captain.

(e)(1) The licensee will be notified in writing of the QR classification of each report.

(2) Notice of fail reports will instruct the licensee to reply to the board in writing informing the board whether or not they agree with the classification.

(3)(A) No response is necessary for a "pass" or "pass with deficiencies" classification, and the QR will be closed.

(B)(i) If the licensee who has received a pass with deficiencies classification disagrees, he or she may submit additional documentation to the board within thirty (30) days.

(ii) The consultant will reconsider the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee and will affirm the classification of, or reclassify, the licensee's report.

17 CAR § 236-1304. Quality review team qualifications.

(a) ~~The~~ QR reviewers shall have the following qualifications:

(1) Licensed by and in good standing with the Arkansas State Board of Public Accountancy;

(2) The licensee or firm in which he or she is associated has completed:

(A) ~~a~~An acceptable peer review pursuant to ~~17 CAR § 236-1302(e)~~Subpart 19;~~,~~ or

(B) ~~has completed t~~The board's ~~q~~Quality ~~r~~Review process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board; and

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations.

~~**17 CAR § 236-1304. Team captains.**~~

(b) Team captains shall have the following qualifications:

(1) Licensed by and in good standing with the ~~Arkansas State Board of Public Accountancy~~board;

(2) The licensee or firm in which he or she is associated has completed:

(A) An acceptable peer review pursuant to Subpart 19~~17 CAR § 236-1302(e)~~; or

(B) The board's q~~Q~~uality r~~R~~eview process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board;

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations;

(5) Shall have served as a quality reviewer for a minimum of one (1) year; and

(6) Shall be approved by the QR consultant.

~~**17 CAR § 236-1305. QR consultant.**~~

(c) The QR Consultant shall have the following qualifications:

(1) Licensed by and in good standing with the board~~Arkansas State Board of Public Accountancy~~;

(2) The licensee or firm in which he or she is associated has completed:

(A) An acceptable peer review pursuant to Subpart 19~~17 CAR § 236-1302(e)~~; or

(B) The board's q~~Q~~uality r~~R~~eview process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board;

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations; and

(5) Shall be approved by the board.

17 CAR § 236-1305. Sanctions.

(a) **First fail classification.**

(1) The licensee shall respond in writing by the date identified on the fail notification correspondence stating whether the licensee agrees or disagrees with the classification.

(2)(A) If the licensee agrees with the fail classification, the board shall request that the licensee obtain sixteen (16) hours of CPE in specific subjects.

(B) This CPE requirement:

(i) Is intended to be educational, for the purpose of improving the quality of the licensee's reports, rather than disciplinary in nature;

(ii) Shall not be self-study; and

(iii) Shall be approved in advance by the board's Executive Director.

(C) The licensee shall complete said CPE hours and deliver acceptable documentation thereof to the board on or before June 30 of the following year.

(D) The CPE obtained to satisfy this subpart may not be used for license renewal purposes.

(3)(A) If the licensee disagrees with the fail classification, he or she may include with their response an explanation of their objection to the classification, citations to applicable professional standards, and any relevant documentation supporting the licensee's objection to the classification.

(B) The QR Consultant shall review the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee, and will affirm the classification of, or reclassify, the licensee's report.

(C) The licensee will be provided with a written notice of the QR Consultant's review of the report.

(4)(A) The licensee can appeal the QR Consultant's decision on the classification and request a hearing by the board by filing a written notice of appeal with the board within thirty (30) days of the date from which the licensee received notification.

(B) The board shall notify the licensee of the time and place of the hearing.

(C)(i) The board shall consider the classification of the report based solely upon the record considered by the QR Consultant as per subsection (3)(B) of this section.

(ii) Should the facts show convincingly that the report should be classified as "fail", the board will consider the report as fail.

(iii) If the evidence of record is equally balanced, or the board cannot find that the facts are convincing, the board shall determine that the report should not be classified as fail.

(D) Should the board find that the report should be classified as fail, it may require additional action by the licensee that is designed to ensure that the licensee's professional services are performed consistent with applicable professional standards as provided under this part.

(5)(A) Following any first fail classification of the report that becomes final, the licensee will be requested to obtain the sixteen (16) hours of CPE as stated in subdivision (2) of this section.

(B) Should the licensee not agree to obtain CPE described above, fail to complete said CPE, or fail to timely deliver satisfactory documentation thereof to the board, the board shall conduct a hearing to determine whether the licensee has failed to comply with the Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and if so, the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(b) **Second consecutive fail report.**

(1) The licensee shall respond in writing by the date identified on the notification of a second fail classification stating whether the licensee agrees or disagrees with the classification.

(2) If the licensee agrees with the classification, the licensee will be requested to submit reports for preissuance review pursuant to the board's current Preissuance Review Procedures that shall be provided to the licensee.

(3)(A) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of his or her objection to the classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for reconsideration by the QR Consultant.

(B) The provisions set forth in subdivisions (a)(3)(B) and (C) for reconsideration by the QR Consultant and subdivision (a)(4) regarding an appeal to the board are also applicable to second consecutive fail reports.

(4) Should the board find that the report should be classified as fail, it may require additional action by the licensee that is designed to ensure the licensee's professional services are performed consistent with applicable professional standards as provided under this part or to otherwise protect the public interest.

(5) If at any stage of the QR process defined in this part pertaining to second consecutive fail reports, the licensee fails to respond to the notice of the classification of the report as fail in the original review or upon reconsideration by the QR Consultant, the board shall:

(A) Conduct a hearing to determine whether the licensee has failed to comply with the board's Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.; and, if so

(B) Determine the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(c) **Third consecutive fail report.**

(1) The licensee shall respond in writing by the date identified on the notification of a third fail classification stating whether the licensee agrees or disagrees with the classification.

(2) If the licensee agrees with the classification, the board will determine whether to conduct a hearing to consider whether the licensee's report violates the board's Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

(3)(A) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of his or her objection to the

classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for reconsideration by the QR Consultant.

(B) The provisions set forth in subdivisions (a)(3)(B) and (C) for reconsideration by the QR Consultant and subdivision (a)(4) regarding an appeal to the board are also applicable to third consecutive fail reports.

(4) Should the board find that the report is in violation of the Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., it may take appropriate action to protect the public interest.

(5) If at any stage of the QR process defined in this part pertaining to third consecutive fail reports, the licensee fails to respond to the notice of the classification of the report as fail in the original review or upon review by the QR Consultant, the board shall:

(A) Conduct a hearing to determine whether the licensee has failed to comply with the board's Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.; and, if so

(B) Determine the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(d) **Consent orders.**

At any stage in the QR process, when a licensee will agree not to perform any further reports that have been classified as fail or to other appropriate action to protect the public interest, the board may resolve the controversy by an appropriate consent order.

~~**17 CAR § 236-1306. QR procedure.**~~

~~The QR process shall include:~~

~~(1) Review and classification of the report and a statement of reasons for the classification by an assigned reviewer;~~

~~(2) Review of that classification and reasons therefore by the QR team captain who may make appropriate changes after consulting with the assigned reviewer; and~~

(3) Review of that classification and reasons therefore by the Arkansas State Board of Public Accountancy's QR Consultant who may make appropriate changes after consulting with both the assigned reviewer and team captain.

17 CAR § 236-1307. QR classifications.

(a) The QR will result in a determination whether each report rating is pass, pass with deficiencies, or fail.

(b) "Pass" means that the report contains no deficiencies or only minor deficiencies.

(c) "Pass with deficiencies" means that the report contains more serious deficiencies, such as departures from the technical reporting or accounting standards set forth in Subpart 7 of this part, but of the type that will not render the statement materially inaccurate or misleading.

(d)(1) "Fail" means that the report is materially inaccurate or misleading.

(2) Such a report:

(A) Violates one (1) or more significant reporting standards;

(B) Seriously departs from Generally Accepted Accounting Principles; or

(C) Does not include material disclosures necessary for a fair presentation.

(e) "Deficiency" means a failure to comply with any provision in the Professional Standards identified in 17 CAR § 236-701 et seq.

17 CAR § 236-1308. Notification and response.

(a)(1) The licensee will be notified in writing of the QR classification of each report.

(2) Notice of pass with deficiencies and fail reports shall be by certified mail, return receipt requested.

(3) No response is necessary for a "pass" or "pass with deficiencies" classification, and QR will be closed.

(4) If the licensee who has received a pass with deficiencies classification disagrees, he or she should notify the Arkansas State Board of Public Accountancy in writing within thirty (30) days.

(5) The notification will instruct the licensee who has received a fail classification to reply to the board in writing within thirty (30) days.

(b) **Pass with deficiencies classification.**

(1)(A) If the licensee agrees with the "pass with deficiencies" classification, no reply is necessary, and the QR is complete.

(B) However, if the licensee disagrees with the classification, he or she may, but is not required to, file a notice including an explanation of his or her objection, citations to applicable professional standards, and any relevant documentation supporting his or her objection to the classification for consideration by the QR Consultant.

(C) This notice must be written and filed with the board within thirty (30) days.

(2)(A) After reconsideration of the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee that may have been requested by the QR team, the QR Consultant will affirm the classification of, or reclassify, the licensee's report.

(B) The licensee will be notified of this result in writing for informational purposes.

(C) The QR will be closed and the licensee will remain in the same QR cycle.

(c) **Fail classification.**

(1) **First fail classification.**

(A) Within thirty (30) days, the licensee shall respond in writing to the board's notification of a first fail classification stating whether he or she agrees or disagrees with that classification.

(B)(i) If the licensee agrees with the fail classification, the board shall request that the licensee obtain sixteen (16) hours of CPE in specific subjects.

(ii) Said CPE:

(a) Is intended to be educational, for the purpose of improving the quality of the licensee's reports, rather than disciplinary in nature;

~~*(b)* Shall not be self-study; and~~

~~*(c)* Shall be approved in advance by the board's Executive Director.~~

~~(iii) The licensee shall complete said CPE hours and deliver acceptable documentation thereof to the board on or before June 30 of the following year.~~

~~(C)(i) If the licensee disagrees with the fail classification, he or she may deliver written notice to the board within thirty (30) days explaining the objection to the classification, citation to applicable professional standards, and any relevant documentation supporting the licensee's objection to the classification.~~

~~(ii) The QR Consultant shall review the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee that may have been requested by the QR team, and will affirm the classification of, or reclassify, the licensee's report.~~

~~(iii) The licensee will be provided written notice of the QR Consultant's review of the report by certified mail, return receipt requested.~~

~~(D)(i) The licensee can appeal the QR Consultant's decision on the classification and obtain a hearing by the board by filing a written notice of appeal with the board within thirty (30) days.~~

~~(ii) The board shall notify the licensee of the time and place of the hearing and shall consider the classification of the report based solely upon the record considered by the QR Consultant as per subsection (b) of this section.~~

~~(iii)*(a)* When the evidence of record that the report is a fail report is considered, the board will consider all relevant facts.~~

~~*(b)* Should the facts show convincingly that the report should be classified as "fail", the board will consider the report as fail.~~

~~*(c)* If the evidence of record is equally balanced, or the board cannot find that the facts are convincing, the board shall determine that the report should not be classified as fail.~~

~~(iv) Should the board find that the report should be classified as fail, it may require appropriate action by the licensee that is designed to ensure that the~~

licensee's professional services are performed consistent with applicable professional standards as provided under this part.

(E)(i) Following any first fail classification of the report that becomes final prior to appeal to the board, the licensee will be requested to obtain the sixteen (16) hours of CPE as stated in subdivision (c)(1) of this section.

(ii) Upon request of the licensee, or should the licensee not agree to obtain CPE described above, fail to complete said CPE, or fail to timely deliver satisfactory documentation thereof to the board, the board shall conduct a hearing to determine whether the licensee has failed to comply with the Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and if so, the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(2) **Second consecutive fail report.**

(A) Within thirty (30) days the licensee shall respond in writing to the board's notification of a second fail classification stating whether he or she agrees or disagrees with that classification.

(B) If he or she agrees with the classification, the licensee will be requested to submit reports for preissuance review pursuant to the board's current Preissuance Review Procedures that shall be provided to the licensee.

(C)(i) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of his or her objection to the classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for reconsideration by the QR Consultant.

(ii) The provisions set forth in subdivisions (c)(1)(D) and (E) for reconsideration by the QR Consultant and appeal to the board are also applicable to second consecutive fail reports.

(D) Upon appeal, should the board find that the report should be classified as fail, it may require that the licensee take action deemed appropriate by the board to ensure the licensee's professional services are performed consistent with applicable professional standards or to otherwise protect the public interest.

(E) If at any stage of the QR procedure in this subdivision (c)(2) pertaining to second consecutive fail reports, the licensee fails to respond to the notice of the classification of the report as fail in the original review or upon reconsideration by the QR Consultant or review by the QR Committee, the board will determine:

(i) Whether to schedule a hearing to find whether the licensee's report should be classified as fail; and

(ii) Whether the board shall require the licensee to obtain preissuance review and subsequent QR pursuant to the board's current Preissuance Review Procedures or take other action appropriate to protect the public interest.

(3) **Third consecutive fail report.**

(A) Within thirty (30) days, the licensee shall respond in writing to the board's notification of a third fail classification stating whether he or she agrees or disagrees with that classification.

(B) If the licensee agrees with the classification, the board will determine whether to conduct a hearing to consider whether the licensee's report violates the board's Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

(C) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of the objection to the classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for consideration by the QR Consultant.

(D) The procedure set forth in subdivisions (c)(1)(D) and (E) of this section for reconsideration by the QR Consultant and appeal to the board are also applicable to third consecutive fail reports.

(E) Upon appeal, should the board find that the report is in violation of the Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., it may take appropriate action to protect the public interest.

(F) If at any stage of the QR procedure in this subdivision (c)(3) the licensee fails to respond to the notice of the classification of the report as fail in the

~~original review or upon review by the QR Consultant or review by the QR Committee, the board will determine:~~

~~(i) Whether to schedule a hearing to determine whether the licensee has violated the board's Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.; and~~

~~(ii) The appropriate action to be taken as a result of the violations found.~~

~~(G) **Consent orders.** At any stage in the QR process, when a licensee will agree not to perform any further reports that have been classified as fail or to other appropriate action to protect the public interest, the board may resolve the controversy by an appropriate consent order.~~

17 CAR § 236-1306~~9~~. Preissuance review procedures.

(a)(1) ~~P~~The preissuance reviewer (reviewer) shall be a CPA ~~or PA~~ currently holding an active Arkansas license ~~to practice public accountancy~~, who has undergone a quality review pursuant to 17 CAR § 236-1303 or a peer review pursuant to Subpart 19 within the past three (3) years with reports thereon determined to be acceptable ~~pursuant to 17 CAR § 236-1302(e)~~, and approved by the Arkansas State Board of Public Accountancy prior to performing preissuance reviews for the subject accountant (respondent).

(2) Prior to performing any preissuance review services, the reviewer shall deliver a written confirmation to the board to provide a preissuance review of each compilation report prepared by the ~~subject~~ respondent for the period of the engagement.

(3) The respondent whose reports are being reviewed shall be solely responsible for any expense for the preissuance review.

(b)(1) The reviewer shall:

(A) Review, prior to release to respondent's client, each report as identified above to determine compliance with professional standards identified in 17 CAR § 236-701 et seq., or otherwise applicable to the particular type of report; and

(B) Authorize the release of a report only after making a written determination that the report complies with said standards.

(2) In the event a submitted report does not comply with said standards, the reviewer shall provide written comments or instructions for the respondent to revise the report in compliance with applicable professional standards.

(c)(1) The reviewer shall maintain a preissuance review file on each report review performed.

(2) The file shall contain:

(A) Each original report submitted to the reviewer;

(B) The reviewer's written comments or instructions in any form regarding necessary revisions for the report to comply with professional standards;

(C) Any revised report or reports; and

(D) The report or reports approved for release to the client.

(3) Reports reviewed and found acceptable with no change shall be clearly noted on the file report, "Accepted — No Change Required".

(d) The reviewer shall:

(1) Maintain the preissuance review files for a minimum of five (5) years after each preissuance review engagement is completed; and

(2) Make said records available to the board upon request.

(e)(1) The reviewer shall submit a written report to the board every ninety (90) days following the date of the reviewer's confirmation to the board.

(2) The report shall contain:

(A) A summary of the number of reports reviewed;

(B) The number of reports with no change required; and

(C) The number of reports requiring amendment.

(3) For reports requiring change, a copy of each original report submitted by the licensee, reviewer notations and/or comment sheet or sheets, and the revised and approved report or reports must accompany the report.

(f)(1) The reviewer may recommend in writing with accompanying supporting documentation that the respondent be released from continuing preissuance review.

(2) Should the board determine that the respondent appears to have demonstrated an ability to issue reports in compliance with applicable professional standards without the necessity of continuing preissuance review, it shall terminate the preissuance review but may require the respondent to participate in annual quality reviews for a specific or indefinite term.

Subpart 14. Safe Harbor Language

17 CAR § 236-1401. Nonlicensees – Issuance of compilation reports.

Arkansas Code § 17-12-107(b) provides that nonlicensees are not prohibited from issuing any compilation report prescribed by the Statements on Standards for Accounting and Review Services (SSARS) on any services to which those standards apply, indicating that the services were performed in accordance with standards established by the AICPA, provided that the report discloses that the person does not hold a license.

17 CAR § 236-1402. Nonlicensees disclaimer language — Compilations.

(a) Nonlicensees must use the following disclaimer language in reports issued in connection with compiled financial statements to not be in violation of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.:

> "I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners).
>
> I (we) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.

I (we) am (are) not licensed by the Arkansas State Board of Public Accountancy."

(b) In addition, the following language must appear on each page of the financials that contain the nonlicensee's name:

"See accompanying report".

17 CAR ~~§ §~~236-1403. Nonlicensee disclaimer language — Use of title "auditor" or "accountant".

(a) Arkansas Code § 17-12-106(i) prohibits unlicensed firms or individuals from holding out to the public as an "accountant" or "auditor" by use of either or both of such words on any sign, card, electronic transmission, or letterhead or in any advertisement or directory without indicating thereon or therein that the person or firm does not hold such a license.

(b) Nonlicensees using the terms above must include the following statement within any signage, document or letterhead, advertisement, or electronic transmission:

"Not licensed by the Arkansas State Board of Public Accountancy"

(c) This statement must not be abbreviated and must appear in legible fashion so that the public could reasonably be expected to be able to read and understand the statement.

Subpart 15. ~~Experience Required~~Repealed

~~**17 CAR § 236-1501. Requirements.**~~

~~(a) The experience required to be demonstrated for issuance of an initial certificate pursuant to Arkansas Code § 17-12-309 shall meet the requirements of this subpart.~~

~~(b) Experience shall include providing any type of services or advice involving the use of accounting, attest, management advisory, financial advisory, tax, or consulting skills.~~

~~(c)(1) The applicant shall have their experience verified to, and on a form approved by, the Arkansas State Board of Public Accountancy by a licensee as defined in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or from another state.~~

~~(2) Acceptable experience shall include employment in:~~

~~(A) Industry;~~

~~(B) Government;~~

~~(C) Academia; or~~

~~(D) Public practice.~~

~~(3) The board shall look at such factors as the complexity and diversity of the work.~~

~~(d)(1) One (1) year of experience shall consist of full- or part-time employment that:~~

~~(A) Extends over a period of no less than a year and no more than three (3) years; and~~

~~(B) Includes no fewer than two thousand (2,000) hours of performance of services described in subsection (b) of this section.~~

~~(2) The one (1) year of experience gained must have occurred within the three (3) years preceding the date of licensure application.~~

~~(3) Applicants may appeal to the board for extension of time in cases of extreme medical or other hardships.~~

Subpart 16. Investigation Costs

17 CAR § 236-1601. Licensee payment of costs.

(a) In the event any licensee is found to be in violation of any statute over which the Arkansas State Board of Public Accountancy has jurisdiction or of any rule, the board may order the licensee to reimburse the board for any or all of the costs the board reasonably incurred in investigating the violation or violations.

(b) Such costs may include, but are not limited to, the following:

(1) Reasonable travel expenses of board staff or third parties engaged by the board for investigative purposes;

(2) Costs associated with securing testimony from an expert witness or expert witnesses; and

(3) Other professional services secured by the board or its staff in the course of investigating the violation or violations.

Subpart 17. Declaratory Orders

17 CAR § 236-1701. Issuance of declaratory orders.

(a) To the extent any licensee or other interested party has questions concerning the applicability of any rule, statute, or order enforced by the Arkansas State Board of Public Accountancy, the licensee or interested party may submit a written petition to the Executive Director for a declaratory order.

(b) The petition should include a recitation of all facts relevant to the subject matter of the inquiry.

(c) The Executive Director shall present the written request to the board within ninety (90) days of receipt thereof, unless good cause requires a longer period, along with the Executive Director's proposed response to the request.

(d) The board shall approve, modify, or reject the Executive Director's proposed response within thirty (30) days of receipt thereof from the Executive Director, unless good cause requires a longer period.

17 CAR § 236-1702. Declaratory orders approved by the board.

(a) No declaratory orders prepared under this subpart by the Executive Director or by the Arkansas State Board of Public Accountancy's staff or counsel, whether in draft or final form, shall be valid, official, or of any effect unless and until such order has been approved by the board.

(b) The Executive Director's response to a request for a declaratory order shall be prepared by the Executive Director in consultation with the board's legal counsel, as appropriate, and presented by the Executive Director to the board for consideration.

17 CAR § 236-1703. Form of declaratory orders.

(a)(1) Declaratory orders shall set forth the assumed facts upon which the orders are based.

(2) The Arkansas State Board of Public Accountancy shall accept the facts presented in the petition and any supplement to the petition as true for purposes of formulating the declaratory order.

(3) Such assumed facts shall not constitute formal findings of fact by the board.

(b)(1) Declaratory orders shall address only the application of a rule, statute, or order enforced by the board to an intended or contemplated future course of conduct.

(2) The declaratory order shall interpret the applicable law or rule as applied to the facts ~~presented, and~~presented and shall not address the legality of any past or present conduct.

(c) The identity of the requesting person shall be disclosed in the declaratory order.

(d)(1) If the facts and circumstances provided in the petition are insufficient in detail to enable the board to render a declaratory order, the board shall request supplementary information from the petitioner to enable the board to render such order.

(2) If such supplementary information is still insufficient or is not provided, the board shall so state and shall not render a declaratory order based upon what it considers to be insufficient detail.

(3) The timeframes outlined in this subpart shall reset upon receipt of any supplement to the petition.

17 CAR § 236-1704. Records.

(a) The Executive Director shall provide a copy of each declaratory order to the requesting party and to each member of the Arkansas State Board of Public Accountancy.

(b) The Executive Director shall keep the original order along with a copy of the original request for the declaratory order and any information or documents provided to the board by the requesting party for a period of three (3) years after final disposition of the declaratory order.

(c) Copies of all documents considered by the board, the staff, or counsel in the drafting or rendering of a declaratory order shall be retained by the Executive Director and kept in the file for that particular declaratory order.

17 CAR § 236-1705. Effect of orders.

(a) The Arkansas State Board of Public Accountancy may reconsider, withdraw, or amend prior orders upon request of a licensee or other interested party, or on its own motion, upon approval by the board.

(b) Upon receipt of a request for reconsideration, withdrawal, or amendment of a prior declaratory order, or, upon passage of the board's own motion to reconsider, withdraw, or amend a prior declaratory order, written notice of the request or passed motion shall be mailed to the original petitioner at the last address for that party provided to the board.

(c) The original petitioner shall be given thirty (30) days from the date of mailing to provide a written response.

(d) If the board ultimately withdraws or amends the prior declaratory order, written notice of the change shall be mailed to the original petitioner at the last address for that party provided to the board.

Subpart 18. Licensure for Uniformed Service Members, Uniformed Service Veterans, and Spouses

17 CAR § 236-1801. Definitions.

As used in this subpart:

(1) "Uniformed service member" means:

(A) An active or reserve component member of the:

(i) United States Air Force;

(ii) United States Army;

(iii) United States Coast Guard;

(iv) United States Marine Corps;

(v) United States Navy;

(vi) United States Space Force; or

(vii) National Guard;

(B) An active component member of the National Oceanic and Atmospheric Administration Commissioned Officer Corps; or

(C) An active or reserve component member of the United States Commissioned Corps of the Public Health Service; and

(2) "Uniformed service veteran" means a former member of the United States uniformed services discharged under conditions other than dishonorable.

17 CAR § 236-1802. Expedited processing for full licensure.

~~(a)~~ The Arkansas State Board of Public Accountancy will give preference in the order of processing to applications for full licensure filed by the following individuals:

(1) A uniformed service member stationed in the State of Arkansas;

(2) A uniformed service veteran who resides in or establishes residency in the State of Arkansas; and

(3) The spouse of:

(A) A person listed in subdivision (a)(1) or (a)(2) of this section;

(B) A uniformed service member who is assigned a tour of duty that excludes the uniformed service member's spouse from accompanying the uniformed service member and the spouse relocates to Arkansas; and

(C) A uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in Arkansas.

~~(b) The board shall grant such expedited licensure upon receipt of all of the following:~~

~~(1) Payment of applicable fees;~~

~~(2) An application showing the applicant meets the licensure requirements described in Arkansas Code § 17-12-301; and~~

~~(3) Evidence that the applicant is a qualified applicant under subsection (a) of this section.~~

~~**17 CAR § 236-1803. Temporary licensure.**~~

~~(a) The Arkansas State Board of Public Accountancy shall issue a temporary license immediately upon receipt of the application and the other documentation required under 17 CAR § 236-1802(b).~~

~~(b) The temporary license shall be effective for ninety (90) days or until the board determines whether the application meets the requirements described in Arkansas Code §§ 17-12-301 and 17-12-303.~~

17 CAR § 236-1803. Automatic reciprocal licensure.

(a) The Arkansas State Board of Public Accountancy shall grant automatic reciprocal licensure upon receipt of all of the following:

(1) An application showing evidence that the individual holds a license in good standing with a similar scope of practice issued by another state;

(2) Payment of the applicable fees; and

(3) Evidence that the individual is a qualified applicant under 17 CAR § 236-1802.

17 CAR § 236-1804. Expedited initial licensure.

(a) The Arkansas State Board of Public Accountancy shall expedite the process for initial CPA licensure for individuals qualified under 17 CAR § 236-1802.

(b) The board shall issue a temporary license upon receipt of an initial CPA application showing that the individual meets the licensure requirements described in Arkansas Code § 17-12-301.

(c) The temporary license shall be effective for 90 days or until the board determines whether the application meets the requirements described in Arkansas Code §§ 17-12-301 and ACA 17-12-303.

17 CAR § 236-18054. ~~Consideration of military training and experience~~Acceptance of uniformed service education, training, experience, or service-issued credential.

(a) The Arkansas State Board of Public Accountancy shall accept relevant and applicable uniformed service education, training, or service-issued credential toward licensure qualifications or requirements when considering an application for initial licensure of an individual who is:~~When considering an application for full licensure from a uniformed service member stationed in the State of Arkansas or a uniformed service veteran applying within one (1) year of his or her discharge from active duty, the Arkansas State Board of Public Accountancy will:~~

(1) A uniformed service member; or

(2) A uniformed service veteran who makes an application within one (1) year of his or her discharge from uniformed service.

~~(1) Consider whether or not the applicant's military training and experience in the practice of accounting is substantially similar to the experience or education required for licensure; and~~

(b) ~~(2)~~ The board will ~~A~~accept the applicant's military training and experience in the practice of accounting in lieu of experience or education required for licensure~~,~~ if the board determines that the military training and experience is a satisfactory substitute for the experience or education required for licensure.

17 CAR § 236-18065. Extension of license expiration ~~date of license —~~ and CPE exemption.

(a) The license of a deployed uniformed service member or spouse of a deployed uniformed service member will not expire until one hundred eighty (180) days following the uniformed service member's ~~or spouse's~~ return from ~~active~~ deployment.

(b) A full or partial exemption from continuing professional education requirements will be given for a deployed uniformed service member or the spouse of a deployed uniformed service member until one hundred eighty (180) days following the date of the uniformed service member's ~~or spouse's~~ return from deployment.

Subpart 19. Peer Review Program

17 CAR § 236-1901. Purpose.

(a) Pursuant to Arkansas Code § 17-12-508, ~~effective January 1, 2019, the Arkansas State Board of Public Accountancy requires~~ licensees who issue attest reports are required to enroll in a board-approved peer review program to monitor licensees' compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies.

(b) The program shall emphasize education, including remedial procedures, which may be recommended or required when financial statement reports do not comply with professional standards.

(c) In the event a licensee does not comply with established professional standards, or a licensee's professional work is so inadequate as to warrant disciplinary action, the board shall take appropriate action as to protect the public interest.

17 CAR § 236-1902. Definitions.

The following words and terms used in this subpart shall have the following meanings, unless the context clearly indicates otherwise:

(1)(A) "Deficiency in a system review" means one (1) or more findings that the peer reviewer has concluded that due to the nature, causes, pattern, or pervasiveness, including the relative importance of the finding to the reviewed licensee's system of quality ~~control~~ management taken as a whole, could create a situation in which the licensee would not have reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one (1) or more important respects.

(B) It is not a significant deficiency if the peer reviewer has concluded that, except for the deficiency or deficiencies, the reviewed licensee has reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(2)(A) "Deficiency in an engagement review" means one (1) or more findings that the review captain concludes are material to the understanding of the financial statements or information and/or related accountant's reports or that represent omission of a critical procedure, including documentation, required by applicable professional standards.

(B) When the review captain concludes that deficiencies are not evident on all of the engagements submitted for review and there are no other deficiencies, such deficiencies are communicated in a report with a peer review rating of pass with deficiencies;

(3) "Deficient report" means any report which is classified as pass with deficiencies or fail;

(4) "Engagement review" means a peer review where the peer reviewer evaluates and reports on whether engagements submitted for review by the practice unit are performed and reported on in conformity with applicable professional standards in all material respects;

(5) "Enrollment in a peer review program" means a licensee is required to:

(A) Follow all requirements of the peer review process;

(B) Cooperate with those performing and administering the peer review;

(C) Comply with the peer review standards; and

(D) Inform sponsoring organizations when changes within the licensee's practice occur;

(6) "Fail on a system review" means significant deficiencies have been identified and:

(A) The licensee's system of quality ~~control~~ management is not suitably designed to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects; or

(B) The licensee has not complied with its system of quality ~~control~~ management to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(7) "Fail on an engagement review" means the engagements submitted for review were not performed and/or reported in conformity with applicable professional standards in all material respects;

(8) "Pass on a system review" means the reviewed licensee's system of quality ~~control~~ management for the accounting and auditing practice has been suitably designed and complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(9) "Pass on an engagement review" means nothing came to the reviewer's attention that the engagements submitted for review were not performed and reported in conformity with applicable professional standards in all material respects;

(10) "Pass with deficiencies on a system review" means the design of the licensee's system of quality ~~control~~ management for the accounting and auditing practice has been suitably designed and complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects with the exception of a certain deficiency or deficiencies that are described in the report;

(11) "Pass with deficiencies on an engagement review" means that nothing came to the attention of the reviewer that caused him or her to believe that the engagements submitted for review were not performed in and reported on in

conformity with applicable professional standards in all material respects except for the deficiencies that are described in the report;

(12) "Peer review" means board-approved study, appraisal, or review of one (1) or more aspects of the attest services rendered by a licensee in the practice of public accounting, performed by a person or persons who hold a license as a certified public accountant in this or another United States jurisdiction and not affiliated with the licensee being reviewed;

(13) "Peer review due date" means a date within six (6) months after the peer review year end, plus any extensions granted by the sponsoring organization or the Arkansas State Board of Public Accountancy;

(14) "Peer Review Standards" means the board-approved professional standards for administering and reporting on peer reviews;

(15) "Peer review year end" means the year end as determined by the licensee and its reviewer;

(16) "Performance of services" is deemed to start when an engagement letter or signed or agreement reached;

(17) "Significant deficiency in a system review" means one (1) or more deficiencies that the peer reviewer has concluded results from a condition in the reviewed licensee's system of quality ~~control~~ management or compliance with it such that the reviewed licensee's system of quality ~~control~~ management taken as a whole does not provide the reviewed licensee with reasonable assurance of performing and/or reporting in conformity with applicable professional standards in all respects;

(18)(A) "Significant deficiency in an engagement review" means the review team captain concludes that all engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects.

(B) The exception is when more than one (1) engagement has been submitted for review, the exact same deficiency occurs on each of those engagements, and there are no other deficiencies, which would ordinarily result in a report with a peer review rating of pass with deficiencies;

(19)(A) "Sponsoring organization" means a board-approved professional society, or other organization, responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards.

(B) The board shall periodically publish a list of sponsoring organizations, which have been approved by the board; and

(20) "System review" means a peer review intended to provide the peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review the licensee's:

(A) System of quality ~~control~~ management for its accounting and auditing practice has been designed in accordance with quality ~~control~~ management standards; and

(B) Quality ~~control~~ management practices and procedures were being complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

17 CAR § 236-1903. Standards for peer reviews and sponsoring organizations.

(a)(1) The Arkansas State Board of Public Accountancy shall approve peer review:

(A) Sponsoring organizations;

(B) Programs; and

(C) Standards.

(2) Qualifying sponsoring organizations shall include any organization approved by the board.

(b) Licensees required to enroll in a peer review program are not required to become a member of any sponsoring organization.

(c)(1) The board adopts the American Institute of Certified Public Accountants (AICPA) and its peer review program and the ~~Arkansas~~ Alabama Society of CPAs or its successor and other peer review programs administered by entities involved in the administration of the AICPA Peer Review Program as approved sponsoring organizations.

(2) These organizations are not required to submit an application for approval to the board.

(3) The board may approve other peer review sponsoring organizations and programs.

(d)(1) The board may terminate its approval of a sponsoring organization for cause following notice and opportunity for hearing.

(2) For purposes of this subsection (d), "cause" includes, but is not limited to, failure to maintain an ongoing compliance with the requirements of this subpart.

(e)(1) For an organization not specifically identified in this subpart as board-approved to receive board-approval for its peer review program and standards, the organization must submit evidence to the satisfaction of the board that the overall program and standards are similar to those of the AICPA Peer Review Program.

(2) At a minimum, the evidence shall include the standards, procedures, guidelines, oversight process, training materials, and related documents used to administer, perform, and accept peer reviews.

(3) The board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.

(f) For practice units required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB), the board approves the PCAOB's inspection process for reviewing practices subject to its authority which are not included in the scope of peer review programs.

17 CAR § 236-1904. Enrollment and participation.

(a) Enrollment in the Arkansas State Board of Public Accountancy-approved peer review program is required of each licensee that performs attest services as provided in Arkansas Code § 17-12-508(a).

(b) Enrollment is required as follows:

(1)(A) An existing licensee required to participate under subsection (a) of this section shall enroll in a board-approved peer review program administered by an approved sponsoring organization.

(B) Licensees enrolled in aboard-approved peer review program shall schedule, undergo, and complete its initial peer review in compliance with the sponsoring organization's peer review standards and related guidance;

(2)(A) An existing licensee that subsequently begins providing services as set forth in subsection (a) of this section shall:

(i) Notify the board of the change in status within thirty (30) days; and

(ii) Provide the board with enrollment information within twelve (12) months of the date the attest services were performed.

(B) Ordinarily, a licensee's initial peer review is due eighteen (18) months from the date it enrolled or should have enrolled in a board–approved peer review program;

(3)(A) Licensees enrolled in a board-approved peer review program shall schedule, undergo, and complete their subsequent peer reviews in compliance with the sponsoring organization's peer review standards and related guidance.

(B) Subsequent peer reviews shall be completed such that the peer review has taken place and all peer review materials are submitted to the sponsoring organization within three (3) years and six (6) months from the peer review year end of the previous peer review;

(4)(A) A licensee is not required to enroll in a board-approved peer review program if its highest level of service is performing compilations or preparation of financial statements under Statements on Standards for Accounting and Review Services (SSARSs).

(B) However, if the licensee enrolls in a board-approved peer review program, it is required to have a peer review which would include compilations and preparation of financial statements within the scope of the review; and

(5) Licensees receiving inspections under the PCAOB are also required to meet the peer review requirements under a board-approved peer review program that covers the portion of the practice unit's practice not subject to the PCAOB inspection process, should the licensee have such a practice.

(c)(1) In the event that a firm licensee is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall determine which firm is considered the succeeding firm.

(2) Any dispute of the sponsoring organization's determination shall be resolved by the board.

(3) The succeeding firm shall retain its peer review status and the peer review due date.

(d)(1) The board may accept extensions granted by the sponsoring organization to complete a peer review, provided the board is notified by the licensee within thirty (30) days from the date of the letter granting the extension.

(2)(A) Requests for extensions of time to undergo a peer review shall be submitted to the board in writing by the licensee no later than the earlier of a licensee renewal date or peer review due date (which is determined by the sponsoring organization) and should include any extensions approved by the sponsoring organization.

(B) Ordinarily, extensions are granted for the following reasons:

(i) Health;

(ii) Military service; or

(iii) Other good cause clearly outside of the control of the licensee.

(C) For good cause shown, the board may grant or renew applications for a reasonable period of time pending completion of the licensee's peer review.

(e) A licensee whose enrollment in a peer review program that has been rejected by a sponsoring organization for whatever reason shall notify the board of:

(1) The name of sponsoring organization rejecting the enrollment;

(2) Reasons for the rejection; and

(3) The name of the subsequently selected sponsoring organization.

(f) A licensee choosing to change to another sponsoring organization may do so only once a final acceptance letter has been issued indicating that all outstanding corrective actions have been completed and outstanding fees paid.

17 CAR § 236-1905. Effect of consecutive deficient reports.

(a)~~(1)~~ A licensee (including a succeeding firm licensee) which receives two (2) consecutive pass with deficiencies reports and/or one (1) fail report~~, may be required by the Arkansas State Board of Public Accountancy or its designee to have an accelerated peer review~~ shall be referred to the Compliance Committee of the board for enforcement investigation.

(b) Upon review of the deficient report(s), the compliance committee may assess additional requirements, such as:

(1) An accelerated peer review;

(2) Additional CPE requirements; or

(3) Preissuance review.

~~(2) The year-end and due date of such peer review is to be determined by the board giving consideration of the time required for the licensee to implement remedial actions.~~

(c~~b~~) If the accelerated review required by subsection (b~~a~~) of this section results in a deficient report:

(1) The licensee may complete any attest service ~~requiring a peer review~~ for which field work has already begun only if:

(A) Prior to the issuance of any report, the engagement is reviewed and approved by a third party acceptable to the board or its designee; and

(B) The engagement is completed within ninety (90) days of the acceptance of the peer review report and letter of response (when applicable) by the sponsoring organization;

~~(2) The licensee shall be referred to the Compliance Committee of the board for enforcement investigation; and~~

~~—~~(d~~3~~) A licensee may petition the board for a waiver from the provisions of this subpart.

17 CAR § 236-1906. Reporting to the board.

(a) Licensees enrolled in an Arkansas State Board of Public Accountancy-approved peer review program ~~on or after January 1, 2019,~~ are required to submit a copy of the results of their most recently accepted peer review to the board which includes the following documents:

(1) Peer review report which has been accepted by a sponsoring organization;

(2) The licensee's letter of response accepted by the sponsoring organization;

(3) The acceptance letter from the sponsoring organization;

(4) The letter or letters accepting the documents signed by the licensee with the understanding that the licensee agrees to take any actions required by the sponsoring organization, if applicable; and

(5) The letter signed by the sponsoring organization notifying the licensee that required actions have been appropriately completed, if applicable.

(b)(1) The licensee shall submit the peer review documents in subdivisions (a)(1) – (a)(3) of this section to the board within thirty (30) days of the sponsoring organization's acceptance.

(2) The licensee shall submit the document in subdivision (a)(4) of this section to the board within thirty (30) days from the date the letter is signed by the licensee or with submission of licensee renewal application, whichever occurs first.

(3) The licensee shall submit the documents in subdivision (a)(5) of this section to the board within thirty (30) days of the date of the letter or with submission of license renewal application, whichever occurs first.

(c)(1) Licensees must satisfy the above document submission requirement by allowing the sponsoring organization to provide the board access to the documents via a secure website process such as the AICPA Facilitated State Board Access (FSBA).

(2) If a sponsoring organization does not have access to a secure website, the licensee would be required to submit the documents in subsection (a) of this section directly to the board by the deadlines prescribed in subsection (b) of this section.

(d) Licensees that are inspected by the PCAOB shall submit a copy of any report or findings and any other public portion of the report from the inspection to the board within thirty (30) days of receipt of such report.

(e) Any document submitted to the board under this section is confidential pursuant to Arkansas Code § 17-12-508(d).

17 CAR § 236-1907. Peer review oversight committee.

(a) The Arkansas State Board of Public Accountancy shall appoint a Peer Review Oversight Committee (PROC) for the purpose of:

(1) Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review standards;

(2) Reviewing the policies and procedures of sponsoring organizations as to their conformity with the peer review minimum standards; and

(3) Reporting to the board on the conclusions and recommendations reached as a result of performing functions in subdivisions (a)(1) and (a)(2) of this section.

(b)(1)(A) The PROC shall consist of three (3) members nominated by the chair and approved by the board, none of whom is a current member of the board.

(B) Subsequent committee members shall serve three (3) year terms.

(C) Compensation, if any, of the PROC members shall be set by the board, not to exceed one hundred fifty dollars ($150) per hour.

(D) Each member of the PROC must be active in (or retired from within the previous five (5) years) the practice of public accounting at the supervisory level or above in the accounting or auditing function while serving on the committee or any employee involved at a supervisory level or above in an audit function of a state or local government.

(E) The member or member's firm must be enrolled in an approved peer review program and have received a pass report on its most recently completed peer review.

(F) A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards for Performing and Reporting on Peer Reviews.

(2) No more than one (1) PROC member may be from the same firm.

(3) A PROC member may not concurrently serve or perform any enforcement-related work for regulatory or governmental bodies or professional organizations, including, but not limited to:

(A) AICPA ethics committee;

(B) AICPA Joint Trial Board; or

(C) State society professional ethics committee.

(4)(A) A PROC member may not participate in any discussion or have any vote with respect to a reviewed licensee when the committee member lacks independence or has a conflict of interest.

(B) The board may appoint alternate committee members to serve in these situations.

(c)(1) Information concerning a specific licensee or reviewer obtained by the PROC during oversight activities shall be confidential, and the licensee's or reviewer's identity shall not be reported to the board.

(2) PROC reports submitted to the board shall not contain information concerning specific:

(A) Licensees;

(B) Firms; or

(C) Reviewers.

(d) As determined by the board, the PROC shall make periodic recommendations to the board, but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.

(e) The PROC may:

(1) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with:

(A) The AICPA Standards for Performing and Reporting on Peer Reviews; or

(B) Other standards as approved by the board and the rules promulgated in this part by the board;

(2) Review remedial and corrective actions prescribed that address the deficiencies in the reviewed licensee's system of quality ~~control~~ management policies and procedures;

(3) Monitor the prescribed remedial and corrective actions to determine compliance by the reviewed licensee;

(4) Observe the report acceptance process to determine that viewpoints of acceptance body members are openly discussed; and

(5) Communicate to the board on a recurring basis:

(A) Problems experienced by the enrolled licensees in their systems of quality ~~control~~ management as noted in the peer reviews conducted by the sponsoring organization;

(B) Problems experienced in the implementation of the peer review program; and

(C) A summary of the historical results of the peer review program.

(f) Committee members shall become disqualified to serve on the PROC if any of the provisions that qualify the committee member no longer exist or by majority vote of the board.

Subpart 20. Prelicensure Criminal Background Petition

Codification Notes. This subpart as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"21.1 AUTHORITY

(a) Pursuant to Ark. Code Ann. § 17-3-103(a)(1), an individual with a criminal record may petition the Board at any time for a determination of whether the individual's criminal record will disqualify him or her from licensure and whether he or she could obtain a waiver under Ark. Code Ann. § 17-3-102(b).

(b) Ark. Code Ann. § 17-3-104 requires the Board to adopt rules to implement this process."

17 CAR § 236-2001. Form and contents of petition.

(a) An individual with a criminal record may petition the Arkansas State Board of Public Accountancy at any time for a determination of whether the individual's criminal record will disqualify him or her from licensure and whether he or she could obtain a waiver from disqualification.

(ba) An individual wishing to submit a prelicensure criminal background petition shall do so on a form provided by the ~~Arkansas State B~~board ~~of Public Accountancy~~.

(c~~b~~) The petitioner shall complete all portions of the petition form and shall provide the following information:

(1) Full name, mailing address, email address, and phone number;

(2) Identification of the court, case name, and case number in which the petitioner was found guilty or pleaded guilty or nolo contendere;

(3) Name of each crime and relevant statute under which petitioner was found guilty or pleaded guilty or nolo contendere;

(4) Date of the judgment or sentencing order; and

(5) A file-marked copy of the judgment or sentencing order.

(d~~c~~) If the petitioner wishes to do so, he or she may also submit a written position statement concerning the three (3) issues the board will address in its determination, which are set forth in 17 CAR § 236-2002.

17 CAR § 236-2002. Consideration of petition.

(a) A completed petition shall be submitted to the Arkansas State Board of Public Accountancy's Executive Director ~~via certified mail, return receipt requested~~.

(b)(1) The Executive Director shall present any properly completed petition to the board's Compliance Committee at the next Compliance Committee meeting following receipt of the petition.

(2) However, if the Executive Director determines that the petition has not been properly completed, he or she shall return the petition to the petitioner at the address provided on the petition with instructions as to any additional information the petitioner needs to supply.

(c) After considering the petition, the Compliance Committee shall make a recommendation to the board regarding its determination on the petition.

(d) The board shall consider the petition and may accept, reject, or modify the Compliance Committee's recommendation.

(e) For the purposes of considering a prelicensure criminal background petition, the board shall accept as true the facts as stated in the petition.

(f) In making its determination on a prelicensure criminal background petition, the board shall address the following three (3) issues:

(1) Whether the petitioner's criminal record, as set forth in the petition, will disqualify the petitioner from licensure under Arkansas Code § 17-3-102;

(2) If the petitioner's criminal record will disqualify the petitioner from licensure, then whether the petitioner could obtain a waiver under Arkansas Code § 17-3-102(b); and

(3) Whether the petitioner's criminal record could result in the denial of an application for licensure or renewal of a license under Arkansas Code § 17-12-601, regardless of whether the petitioner would be disqualified from licensure under Arkansas Code § 17-3-102.

(g) The board's determination on a prelicensure criminal background petition shall be put in writing and served on the petitioner at the address provided in the petition via certified mail, return receipt requested.

(h) The board's determination is not subject to appeal.

17 CAR § 236-2003. Applicability of determination in license application process.

(a)(1) A determination on a prelicensure criminal background petition that is unfavorable to the petitioner does not preclude the petitioner from later applying for licensure.

(2) However, the determination will be reviewed and taken into consideration by the Arkansas State Board of Public Accountancy in its decision on whether to ~~grant an application for~~issue or renew an individual CPA ~~or PA~~ license.

(b) An applicant for an individual CPA ~~or PA~~ license must undergo the criminal background check required under 17 CAR § 236-902, regardless of whether that individual has completed the prelicensure criminal background petition process set out in this subpart.

(c) If the results of the criminal background check required under 17 CAR § 236-902 match the facts concerning the applicant's criminal history that were provided in a prelicensure criminal background petition, and if the board determined in response to the petition that either the petitioner's criminal history either does not disqualify the individual from licensure or the petitioner could obtain a waiver under Arkansas Code § 17-3-102(b), then the board will be bound by its determination on the prelicensure criminal background petition.

(d) If the board discovers during the license application process that the facts of the applicant's criminal background are different from those set out in the prelicensure criminal background petition, the board will not be bound by its determination on the petition.

(e)(1) A determination by the board in response to a prelicensure criminal background petition that an individual with an otherwise disqualifying criminal history could obtain a waiver under Arkansas Code § 17-3-102(b) does not mean that the individual will be granted such waiver.

(2) Whether to grant a waiver, when permissible, may only be decided through a hearing requested by:

(A) An affected applicant for a license; or

(B) An individual holding a license subject to revocation.

Proposed Rulemaking

Title

Promulgated by:
Arkansas State Board of Public Accountancy

Title 17. Professions, Occupations, and Businesses

Chapter XLII. Arkansas State Board of Public Accountancy, Department of Labor and Licensing

Subchapter A. Generally

Part 236. State Board of Public Accountancy Rules

Subpart 1. Generally

17 CAR § 236-101. Definitions.

(a) As used in this part:

(1) "Act" means the Public Accountancy Act of 1975, as amended, codified as Arkansas Code § 17-12-101 et seq.;

(2) "AICPA" means the American Institute of Certified Public Accountants.

(3) "Attest" means provision of the following services:

(A) An audit or other engagement to be performed in accordance with the AICPA "Statements on Auditing Standards";

(B) A review of a financial statement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(C) An examination of prospective financial information to be performed in accordance with the AICPA "Statements on Standards for Attestation Engagements";

(D) An engagement to be performed in accordance with PCAOB auditing standards; and

(E) An examination, review, or an agreed upon procedures engagement to be performed in accordance with the AICPA Statements on Standards for Attestation Engagements other than an engagement described in subdivision (2)(C) of this section;

(4) "Board" means the Arkansas State Board of Public Accountancy;

(5) "Certificate" means a certificate as "certified public accountant" issued under Arkansas Code § 17-12-301 or a corresponding certificate as "certified public accountant" issued after examination under the laws of any state;

(6) "Client" means the person or entity which retains a licensee for the performance of professional services;

(7) "Commission" means an allowance or consideration paid upon completion of the transaction for recommending or referring a product or service to be supplied by another person;

(8) "Compilation" means providing a service of any compilation engagement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(9) "CPA" means Certified Public Accountant.

(10) "Examination" means the examination required for a license as a certified public accountant prescribed by Arkansas Code § 17-12-301 et seq.;

(11(A) "Financial statements" means statements and footnotes related thereto that purport to show actual or anticipated financial position which relates to a point in time or changes in financial position which relate to a period of time, including statements which use a cash or other comprehensive basis of accounting.

(B) The term includes balance sheets, statements of income, statements of changes in comprehensive income, statements of retained earnings, statements of cash flows, and statements of changes in owners' equity but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules;

(12) "Firm" means a partnership, corporation, limited liability company, sole proprietorship, or other entity required to be registered with the Arkansas State Board of Public Accountancy under the provisions of Arkansas Code § 17-12-401 et seq.;

(13)(A) "Generally Accepted Accounting Principles" means accounting principles or standards generally accepted in the United States.

(B) For purposes of this part, Generally Accepted Accounting Principles are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority;

(14)(A) "Generally Accepted Auditing Standards" means the generally accepted auditing standards adopted by the Arkansas State Board of Public Accountancy.

(B) The Arkansas State Board of Public Accountancy shall take into consideration interpretations of Generally Accepted Auditing Standards as issued by the American Institute of Certified Public Accountants and other pronouncements having similar generally recognized authority;

(15) "Home office" means the location specified by the client as the address to which a service described in Arkansas Code § 17-12-311(a)(4) is directed;

(16) "Licensee" means the holder of a license, meaning a certificate issued under Arkansas Code § 17-12-301 or registered under Arkansas Code § 17-12-312 or Arkansas Code § 17-12-401 et seq. or, in each case, a certificate or permit issued or a registration under corresponding provisions of prior law;

(17) "NASBA" means National Association of State Boards of Accountancy.

(18) "Official transcript" means a transcript that is sent from official school officials directly to the board.

(19) "PCAOB" means Public Company Accounting Oversight Board.

(20) "Permit to practice" means a permit to practice public accountancy issued under prior provisions of the Public Accountancy Act of 1975 or under corresponding provisions of the law of other states;

(21) "Practice of, or practicing public accounting" means the performance of or an offer to perform attest services as defined in this section or the performance or an offer to perform professional services for the general public;

(22) "Preparation of financial statements" means providing a service of any preparation of financial statements engagement to be performed in accordance with the AICPA "Statements on Standards for Accounting and Review Services";

(23)(A) "Principal place of business" means the primary location from which professional services are performed.

(B) A person or firm may only have one (1) principal place of business at any one (1) time.

(C) Individuals who perform professional services at multiple locations, such as individuals who perform attest services on assignment as needed in multiple jurisdictions, may designate as their principal place of business the location that most often serves as the individual's home base of operations;

(24) "Professional services" means services arising out of, or related to, specialized knowledge or skills performed by certified public accountants, including:

(A) Issuing reports on financial statements;

(B) Providing management or financial advisory services or consulting;

(C) Preparing tax returns;

(D) Providing advice on tax matters;

(E) Providing forensic accounting services; or

(F) Providing internal auditing services;

(25) "Public communication" means a communication made in identical form to multiple persons or to the world at large, as by:

(A) Television;

(B) Radio;

(C) Motion picture;

(D) Newspaper;

(E) Pamphlet;

(F) Mass mailing;

(G) Letterhead;

(H) Business card;

(I) Electronic transmission;

(J) Directory; or

(K) Social Media.

(26) "Returning military veteran" means a former member of the United States Armed Forces who was discharged from active duty under circumstances other than dishonorable;

(27) "State" means the State of Arkansas;

(28) "Substantial equivalency" means:

(A) The education, examination, and experience requirements of the state in which the individual holds a valid license are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act; or

(B) The individual CPA's education, examination, and experience requirements are comparable to or exceed the education, examination, and experience requirements contained in the Uniform Accountancy Act; or

(C) The individual CPA's education, examination, and experience requirements are comparable to or exceed the education, examination, and experience requirements contained in this part; and

(29) "UAA" means the Uniform Accountancy Act issued jointly by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy, as amended from time to time.

(b) **Definitions — Pronouns.** Masculine terms shall include the feminine and, when the context requires, shall include:

(1) Partnerships;

(2) Limited liability companies; and

(3) Corporations.

Subpart 2. Board Rules and Meetings

17 CAR § 236-201. Arkansas State Board of Public Accountancy.

Any interested person may obtain information, including copies of all forms and

instructions used by the Arkansas State Board of Public Accountancy, or make submissions or requests by writing the board at its principal office and official address which is on its official website.

17 CAR § 236-202. Rules.

Arkansas Code § 17-12-203 provides that the Arkansas State Board of Public Accountancy may prescribe rules for the conduct of its affairs and for the administration of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

17 CAR § 236-203. Annual meeting.

(a) The annual meeting of the Arkansas State Board of Public Accountancy shall be held in June of each year at the office of the board, or at such other place as the board may have designated by previous resolution and, at such time, the president, secretary, and treasurer shall be elected to serve until their successors are elected.

(b) The office of secretary and treasurer may be held by the same individual.

(c) The election of such officers shall be the first order of business at such meeting after hearing the reports of outgoing officers, and the newly elected officers shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.

17 CAR § 236-204. Other meetings.

In addition to the annual meeting and in addition to future meetings, the time and place of which may be fixed by resolution of the Arkansas State Board of Public Accountancy, any meeting may be called by the president of the board or by joint call of two (2) of its members.

17 CAR § 236-205. Rules of order.

Meetings of the Arkansas State Board of Public Accountancy shall be conducted in accordance with Robert's Rules of Order insofar as compatible with the laws of the state governing the board or its own resolutions as to its conduct.

17 CAR § 236-206. Open meetings.

All meetings of the Arkansas State Board of Public Accountancy shall be conducted in accordance with applicable state laws, including the Freedom of Information Act of 1967, Arkansas Code § 25-19-101 et seq.

17 CAR § 236-207. Rules of conduct.

The rules of conduct are set out in 17 CAR § 235-101 et seq.

Subpart 3. Education, Examination, and Experience

17 CAR § 236-301. Semester hours and accreditation.

(a) As used in this part:

(1)(A) "Accreditation" refers to the process of quality control of the education process.

(B) The applicant's degree must have been granted by a four-year degree-granting college or university that is accredited by an accrediting agency recognized by the U.S. Department of Education as listed on their website under Institutional Accrediting Agencies.

(C)

Accreditation status for colleges and universities is also available on the Council for Higher Education Accreditation's website;

(2)(A) "Semester hour" means the conventional college semester hour.

(B) Quarter hours may be converted to semester hours by multiplying them by two-thirds (2/3); and

(3) "Upper level" means credit couses that are junior level or above at a college or university.

(b) A candidate is considered as graduating from an accredited educational institution if at the time the educational institution grants the applicant's degree, it is accredited at the appropriate level as outlined in this part.

(c) If an educational institution was not accredited at the time an applicant's degree was received but is so accredited at the time the application is filed with the board, the institution will be deemed to be accredited for the purpose of subsection (b) of this section, provided that:

(1) The educational institution certifies that the applicant's total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited;

(2) The educational institution furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify the applicant as an accounting major are substantially equivalent to postaccrediting courses; and

(3) The applicant has met the educational requirements outlined in 17 CAR § 236-302.

(d) If an applicant's degree was received at an accredited educational institution pursuant to subsection (b) or (c) of this section, but the educational program that was used to qualify the applicant as an accounting major included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which the applicant's degree was received, provided the accredited institution either has:

(1) Accepted such courses by including them in its official transcript; or

(2) Certified to the board that it will accept such courses for credit toward graduation.

(e) A graduate of a four-year degree-granting college or university not accredited at the time the applicant's degree was received, or at the time the application was filed, will be deemed to be a graduate of an accredited educational institution if:

(1) A credentials evaluation service that is a member of the National Association of Credential Evaluation Services, or one approved by the board, certifies that the applicant's degree is equivalent to a degree from an accredited educational institution defined in subdivision (a)(2) of this section; or

(2) The following:

(A) An accredited educational institution as defined by subdivision (a)(2) of this section accepts applicant's nonaccredited baccalaureate degree for admission to a graduate business degree program;

(B) The applicant satisfactorily completes at least fifteen (15) semester hours, or the equivalent, in postbaccalaureate education at the accredited institution, of which at least nine (9) semester hours, or the equivalent, shall be in accounting; and

(C) The accredited educational institution certifies that the applicant is in good standing for continuation in the graduate program or has maintained a grade point average in these courses that is necessary for graduation.

(f) The advanced subjects completed to qualify under subdivision (e)(2) of this section may not be used to satisfy the requirements of subsection (g) of this section.

(g) The accounting and business concentration or equivalent shall consist of the semester hours specified in 17 CAR § 236-311.

17 CAR § 236-302. Requirements for examination.

(a) An applicant will be deemed to have met the education requirement for examination if the applicant has earned at least eighteen (18) upper-level semester credit hours (SCH) in accounting from a college or university that meets the criteria for accreditation defined in this subpart. The applicant must earn a grade of "C" or better in each accounting course.

(b) The Arkansas State Board of Public Accountancy recognizes the essential need to include coverage of ethics and written communication in the accounting component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the accounting component.

17 CAR § 236-303. Applications for examination.

(a) Applications to take the Certified Public Accountant Examination must be submitted through the Arkansas State Board of Public Accountancy's online exam process.

(b) An application will not be considered filed until the applicable fees required by this part and all required supporting documents have been received, including:

(A) Proof of identity as determined by the board;

(B) Official transcripts; and

(C) Proof the educational requirement has been satisfied.

(c) The board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

17 CAR § 236-304. Time and place of examination.

(a) A notice to schedule (NTS) will be sent to eligible candidates via the address indicated on the application.

(b) The candidate will have six (6) months from the date the NTS is issued to schedule and take the approved examination sections.

(c) Utilizing the NTS, candidates are required to contact the test delivery provider identified by the Arkansas State Board of Public Accountancy to schedule the time and place for the examination at an approved test site.

(d) If a candidate requires rescheduling, the candidate must contact the test delivery provider.

(e) Scheduling reexaminations must be made in accordance with 17 CAR § 236-307.

17 CAR § 236-305. Examination content.

(a) The examination required by Arkansas Code § 17-12-301 shall test the knowledge and skills required for performance as an entry-level certified public accountant.

(b) The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Arkansas State Board of Public Accountancy may require.

17 CAR § 236-306. Determining and reporting examination grades.

(a) The candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Arkansas State Board of Public Accountancy.

(b) Upon receipt of grades reported by the examination provider, the board will review and may adopt the examination grades and will report the adopted grades to the qualified candidate (one who has met all requirements of 17 CAR §§ 236-302 and 236-303).

17 CAR § 236-307. Retake and granting of credit requirements.

(a)(1)(A)(i) A candidate shall be required to pass all required test sections of the Uniform Certified Public Accountant Examination in order to qualify for a license.

(ii) A candidate may take the required test sections individually and in any order.

(iii) Credit for any test section or sections passed shall be valid for thirty (30) months from the date that the score was released, without having to attain a minimum score on any failed test section or sections and without regard to whether the candidate has taken other test sections.

(B) Candidates must pass all three (3) Core Test sections and one (1) of the three (3) Discipline Test sections of the Uniform CPA Examination within a rolling thirty-month period, which begins on the date that the score of the first test section or sections passed is released.

(2)(A) Candidates cannot retake a failed test section until their grade for any previous attempt of that same test section has been released

(B) Testing windows may be implemented by the AICPA for new examination releases or other valid reasons.

(3)(A) In the event that all three (3) Core Test sections and one (1) of the Discipline Test sections of the Uniform CPA Examination are not passed within the rolling thirty-month period, credit for any test section or sections passed outside the thirty-month period will expire and that test section or sections must be retaken.

(B) If a Discipline Test section loses credit, then any one (1) of the three (3) Discipline Test sections may be taken.

(b) The board may, in particular cases, extend the term of conditional credit validity notwithstanding the requirements of subdivision (a)(1) of this section upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.

(c) A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time official credit for passing all of the three (3) Core Test sections and one (1) of the three (3) Discipline Test sections of the examination.

17 CAR § 236-308. Candidate testing fee.

(a)(1) The candidate shall, for each applicable test section, pay to the Arkansas State Board of Public Accountancy or its designee fees charged by the AICPA, NASBA, and the test delivery provider, as well as the application fees established by the board.

(2)(A) Testing fees may be waived for a candidate that qualifies for any special program adopted by the board and therefore not collected upon application.

(B) Testing fees may be reimbursed for a candidate that qualifies for any special program adopted by the board.

(3)(A) Fees collected by the board for the AICPA, NASBA, and test delivery provider are held for transfer to the entities.

(B)(i) Those fees are nontransferable, but may be partially refunded if extreme hardship precludes the applicant from scheduling or taking the exam.

(ii) Extreme hardship is defined as a medical emergency of the candidate or the candidate's immediate family, or a death in the immediate family.

(iii) Any other extreme hardship situation will be reviewed on a case-by-case basis by the board.

(iv) Documentation of such circumstances must be submitted along with a written request as soon as possible, but no later than thirty (30) days from the date the candidate was scheduled for the applicable section or sections or thirty (30) days from the expiration of the NTS, whichever occurs first.

(4) The fees to sit for the examination are enumerated in Subpart 11 of this part.

(b) A first-time applicant is defined as an applicant who has never:

(1) Sat for any section of the CPA examination as an Arkansas candidate; or

(2) Received official scores as an Arkansas candidate.

(c) A re-exam applicant is defined as an applicant taking any section of the CPA examination after sitting as a first-time Arkansas candidate.

17 CAR § 236-309. Cheating.

(a) Cheating by a candidate in applying for, taking, or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a candidate on any test section of the examination and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(b) For purposes of this section, the following actions or attempted activities, among others, may be considered cheating:

(1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;

(2) Communication between candidates inside or outside the test site or copying another candidate's answers while the examination is in progress;

(3) Communication with others inside or outside the test site while the examination is in progress;

(4) Substitution of another person to sit in the test site in the stead of a candidate;

(5) Reference to crib sheets, textbooks, or other material or electronic media (other than that provided to the candidate as part of the examination) inside or outside the test site while the examination is in progress;

(6) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; and

(7) Retaking or attempting to retake a test section by an individual holding a valid license or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been:

(A) Directed to retake a test section pursuant to an order of the Arkansas State Board of Public Accountancy; or

(B) Expressly authorized by the board to participate in a "secret shopper" program.

(c) In any case where it appears that cheating has occurred or is occurring, the board or its representatives may either:

(1) Summarily expel the candidate involved from the examination; or

(2) Move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.

(d)(1) In any case where the board believes that it has evidence that a candidate has cheated on the examination, including those cases where the candidate has been expelled from the examination, the board shall conduct an investigation and may conduct a hearing consistent with the requirements of the Arkansas Administrative Procedure Act, Arkansas Code § 25-15-201 et seq., following the examination session for the purpose of determining whether or not there was cheating, and if so, what remedy should be applied.

(2) In such proceedings, the board shall decide:

(A) Whether the candidate shall be given credit for any portion of the examination completed in that session; and

(B) Whether the candidate shall be barred from taking the examination and if so, for what period of time.

(e) In any case where the board or its representative permits a candidate to continue taking the examination, it may, depending on the circumstances:

(1) Admonish the candidate;

(2) Seat the candidate in a segregated location for the rest of the examination;

(3) Keep a record of the:

(A) Candidate's seat location and identifying information; and

(B) Names and identifying information of the candidates in close proximity of the candidate; and/or

(4) Notify the National Candidate Database and the AICPA and/or the test center of the circumstances so that the candidate may be more closely monitored in future examination sessions.

(f) In any case in which a candidate is refused credit for any test section of an examination taken, disqualified from taking any test section, or barred from taking the examination in the future, the board will provide to the board of accountancy of any other state to which the candidate may apply for the examination information as to the board's findings and actions taken.

17 CAR § 236-310. Security and irregularities.

Notwithstanding any other provisions under this part, the Arkansas State Board of Public Accountancy may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a:

(1) Breach of examination security;

(2) Unauthorized acquisition or disclosure of the contents of an examination;

(3) Suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or

(4) For any other reasonable cause or unforeseen circumstance.

17 CAR § 236-311. Requirements for licensure.

(a) Any candidate who successfully completes the CPA examination must also complete the education and experience requirements required for licensure.

(b) **Education Requirements**.

(1) To meet the education requirement, an applicant must have earned a baccalaureate or post-baccalaureate degree, either of which meets the accounting education requirements defined in subsection (2) of this section and the business education requirements defined in subsection (3) of this section.

(2)(A) The accounting component of the applicant's educational program must include at least:

(i) Twenty-seven (27) semester credit hours (SCH) of upper-level accounting courses;

(ii) Eighteen (18) SCH of graduate-level accounting courses; or

(iii) A combination thereof.

(B) The accounting component must include coverage of:

(i) Financial accounting;

(ii) Management or cost accounting;

(ii) Federal taxation;

(iv) Auditing and attestation; and

(v) Accounting information systems.

(C) The applicant must earn a grade of "C" or better in each course included in the accounting component.

(3)(A) The business component of the applicant's educational program must include at least:

(i) Twenty-four (24) SCH of undergraduate courses in business, other than accounting;

(ii) Sixteen (16) SCH of graduate business courses other than accounting; or

(ii) A combination thereof.

(B) The applicant must earn a grade of "C" or better in each course included in the business component.

(4)(A) Content areas specified in the accounting component may be covered in stand-alone courses at some institutions or may be integrated or embedded within related courses at other institutions.

(B) Institutions that use an integrated approach that covers multiple subjects will be responsible for providing the board with documentation to establish the courses within which each content area is covered.

(5)(A) The accounting and business component may include a maximum of six (6) SCH earned for an internship, with a maximum of three (3) SCH counting toward the accounting component.

(B) Internship credit may not be used to fulfill the subject matter requirements listed subsection (2) of this section.

(6)(A) The accounting or business component (but not both) may include a maximum of three (3) SCH earned for an independent study course.

(B) When appropriately documented by the institution, the independent study course may be used to fulfill part of the subject matter requirements listed in subsection (2) of this section.

(7)(A) Successful candidates must complete this education requirement within three (3) years of the date the last CPA exam section was passed.

(B) Candidates who are unable to complete this education requirement within three (3) years due to extreme hardship (medical or other) may apply to the Arkansas State Board of Public Accountancy for an extension.

(c) **Experience Requirements**.

(1) The experience required to be demonstrated for issuance of an initial license pursuant to Arkansas Code § 17-12-309 shall meet the requirements of this subpart.

(2)(A) Experience shall include providing any type of services or advice involving the use of any of the following skills:

(i) Accounting or attest;

(ii) Management or financial advisory;

(iii) Tax; or

(iv) Consulting.

(B) Acceptable experience shall include employment in:

(i) Industry;

(ii) Government;

(iii) Academia; or

(iv) Public practice.

(3)(A) The applicant shall have their experience verified to, and on a form approved by, the board by a licensee as defined in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or from another state.

(B) The board shall look at such factors as the complexity and diversity of the work.

(4) A year of experience shall consist of full- or part-time employment that:

(A) Includes no fewer than two thousand (2,000) hours of performance of services described in subsection (2) of this section; and

(B) Extends over a period of no less than a year and no more than three (3) years.

(5) Applicants may appeal to the board for extension of time in cases of extreme medical or other hardships.

(d) **Licensure Pathways.**

An applicant is eligible for CPA licensure upon:

(A) Passing all required parts of the Uniform CPA Examination per 17 CAR § 236-307(a)(1)(B); and

(B) Obtaining a post-baccalaureate degree meeting the requirements of subsection (b) of this section and gaining one (1) year of experience meeting the requirements of subsection (c) of this section;

(C) Obtaining a baccalaureate degree meeting the requirements of subsection (b) of this section, obtaining 30 semester credit hours above the baccalaureate degree, and gaining one (1) year of experience meeting the requirements of subsection (c) of this section; or

(D) Obtaining a baccalaureate degree meeting the requirements of subsection (b) of this section and gaining two (2) years of experience meeting the requirements of subsection (c) of this section.

17 CAR § 236-312. Requirements for relicensure.

Anyone applying for relicensure who meets the conditions established in Arkansas Code § 17-1-107(b)(1) and can demonstrate that he or she passed the Certified Public Accountants (CPA) exam with scores sufficient for licensure at the time the individual's initial license was issued shall not be required to:

(1) Retake the CPA exam in order to be relicensed; or

(2) Take additional college courses to meet current standards for licensure, as long as the education standards were met at the time of initial licensure.

Subpart 4. Foreign Accountants

17 CAR § 236-401. Qualifications for issuance of a reciprocal license to a holder of a substantially equivalent foreign designation.

See Arkansas Code § 17-12-308(c) for the qualifications for issuance of a reciprocal license to the holder of a substantially equivalent foreign designation.

17 CAR § 236-402. Background check requirement.

Such an applicant is also required to undergo a federal and state background check, as is required of nonforeign accountants for a license as a certified public accountant.

Subpart 5. Substantial Equivalency

17 CAR § 236-501. Individuals and firms practicing under substantial equivalency.

(a) **Individuals practicing under substantial equivalency.**

(1) An individual whose principal place of business is not in this state and who holds a valid active license in good standing as a CPA from any state shall have all the practice privileges of this state without the need to obtain a license from the Arkansas State Board of Public Accountancy under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-501 provided that the individual was required to show evidence of having met the following requirements:

(A) at the time of initial licensure:

(i) passed the uniform CPA examination; and

(ii) met one of the following educational pathways;

(a) a post-baccalaureate degree meeting the requirements of 17 CAR § 236-311(b) and not less than one year of work experience as defined in 17 CAR § 236-311(c);

(b) a baccalaureate degree plus an additional 30 semester credit hours meeting the requirements of 17 CAR § 236-311(b) and not less than one year of work experience as defined in 17 CAR § 236-311(c); or

(c) a baccalaureate degree meeting the requirements of 17 CAR § 236-311(b) and not less than two years of work experience as defined in 17 CAR § 236-311(c); and

(B) upon the last license renewal, met the continuing professional education requirements of 17 CAR § 236-1203.

(2) An individual whose principal place of business is not in this state, and who holds a valid active license as a Certified Public Accountant from any state as of December 31, 2025 and, as of such date, has practice privileges in this state under this section, shall continue to have all the privileges of licensees in this state without the need to obtain a license under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-501, as long as the individual holds a valid active license as a Certified Public Accountant from any state.

(3) An individual who qualifies for practice privileges under this section may offer or render professional services in person, by mail, by telephone, or by electronic means without:

(A) Notifying the board;

(B) Registering with the board; or

(C) Paying a fee.

(4) An individual who qualifies for practice privileges under this section may perform the following services for a client with its home office in this state only through a firm that has registered under Arkansas Code § 17-12-401:

(A) A financial statement audit or other engagement to be performed in accordance with the "Statements of Auditing Standards";

(B) An examination of prospective financial information to be performed in accordance with "Statements on Standards for Attestation Engagements"; or

(C) An engagement to be performed in accordance with PCAOB standards.

(5) An individual licensee exercising the privilege afforded under this section and the firm which employs that individual licensee consent and agree, as a condition of the granting of this privilege, to:

(A) The personal and subject matter jurisdiction and disciplinary authority of the board;

(B) Comply with the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules of the board;

(C) Cease offering or rendering professional services in this state individually and on behalf of a firm if the license from the state of the individual's principal place of business is no longer valid; and

(D) The appointment of the board issuing the individual's and the firm's license as the individual's agent upon whom process may be served in any action or proceeding of the board against the licensee.

(6) An individual who held a CPA license issued by this state and has since been revoked or surrendered in connection with a disciplinary investigation or proceeding is prohibited from practicing public accounting or using the title "Certified Public Accountant" or "CPA" in this state whether or not such an individual may otherwise qualify for practice privileges under this section.

(b) **Firms practicing under substantial equivalency.**

(1) A firm that does not have an office in this state may perform professional services other than those listed in subdivision (a)(4) of this section, for a client having its home office in this state, without notifying the board, registering with the board, or paying a fee, provided that:

(A) The firm meets the applicable requirements of Arkansas Code § 17-12-401 and 17 CAR § 236-1302(g);

(B) The firm performs the services through an individual who is:

(i) Registered with the board; or

(ii) Practicing under the provisions of substantial equivalency defined in subsection (a) of this section; and

(C) The firm can lawfully perform the services in the state where the individual with practice privileges has his or her principal place of business.

(2)For a client with its home office in this state, the services listed in subdivision (a)(4) of this section may only be performed through a firm that is registered in this state pursuant to Arkansas Code § 17-12-401.

(3) A firm exercising the privilege to practice afforded under this section and the responsible individuals employed by the firm consent and agree to:

(A) The personal and subject matter jurisdiction and disciplinary authority of the board;

(B) Comply with the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules of the board;

(C) Cease offering or rendering services in this state individually and on behalf of a firm if the license from the state of the individual's or firm's principal place of business is no longer valid; and

(D) The appointment of the board issuing the individual's and the firm's license as the individual's or firm's agent upon whom process may be served in an action or proceeding of the board against the licensee.

17 CAR § 236-502. Disclosure of state of licensure by individuals or firms with practice privileges.

(a)(1) Individuals or firms practicing public accounting in Arkansas or practicing public accounting for a client with its home office in Arkansas while exercising a practice privilege shall not make any representation tending to falsely indicate that the individual or firm is licensed under Arkansas Code § 17-12-301, § 17-12-308, or § 17-12-401.

(2) Such individuals or firms may truthfully identify themselves as licensed in any jurisdiction in which they hold a valid, active license to practice as certified public accountants.

(3)(A) Acceptable titles for the individual or firm exercising the practice privilege afforded under this section include, but are not limited to, the following examples:

(i) CPA (or CPA Firm) licensed in [name of state];

(ii) [Name of state] CPA;

(iii) CPA – [name of state]; or

(iii) CPA practicing under a practice privilege.

(B) Such individuals or firms could also use cards, stationery, or similar materials with the title "CPA" as long as the materials reflect the individual's or firm's principal place of business outside of Arkansas.

(b) Firms and individuals practicing public accounting in Arkansas shall provide, upon a client's or prospective client's request, accurate information on:

(1) The state or states of licensure;

(2) Principal place of business;

(3) Contact information; and

(4) Manner in which licensure status can be verified.

17 CAR § 236-503. Individuals ineligible for practice privileges.

(a) Unless prior approval is obtained from the Arkansas State Board of Public Accountancy, the practice privileges described in 17 CAR § 236-501 shall not be applicable if:

(1) The individual has been convicted of a felony pursuant to Arkansas Code § 17-3-102 or corresponding laws of any jurisdiction;

(2) The individual has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud, such as:

(A) Forgery;

(B) Embezzlement;

(C) Obtaining money under false pretenses;

(D) Theft;

(E) Extortion;

(F) Conspiracy to defraud; or

(G) Similar offenses;

(3)(A) The individual's license to practice public accounting has been suspended, revoked, or otherwise disciplined by a licensing authority in this or another state, territory, or country for any cause other than failure to pay appropriate fees.

(B) "Disciplined" shall include the voluntary surrender of a license to resolve a pending disciplinary investigation or proceeding in Arkansas or other jurisdiction;

(4) The individual's right to practice public accounting before any state or federal agency or before the PCAOB has been suspended or revoked;

(5) The individual has applied for licensure as a certified public accountant in Arkansas or other jurisdiction and that application has been denied; and

(6) The individual's authority to exercise practice privileges has been revoked in Arkansas or any another jurisdiction.

(b) The board will determine upon request whether the criminal or disciplinary history or other regulatory action provides grounds for denial of practice privileges under substantial equivalency.

(c)(1) Individuals precluded from exercising practice privileges under this section may apply for licensure in Arkansas if otherwise qualified.

(2) The board will determine when an application is submitted whether the criminal or disciplinary history or other regulatory action provides grounds for denial of licensure.

Subpart 6. Ownership of Firms

17 CAR § 236-601. Definitions.

For purposes of this subpart:

(1)(A) "Actively participate" means the providing of personal services in the business entity licensed in Arkansas to practice public accounting, in the nature of management, performance of services for clients, or similar activities.

(B) Individuals and entities whose primary source of income from the business entity is provided as a result of passive investment will not be considered as actively participating in the business entity;

(2) "Business entity" or "CPA firm" means a proprietorship, partnership, corporation, limited liability company, or any other permissible form of practice which is licensed in Arkansas to practice public accounting;

(3)(A) "Equity capital" means:

(i) Capital stock, capital accounts, capital contributions, or undistributed earnings of a business entity licensed in Arkansas to practice public accounting; and

(ii) Loans and advances to a business entity licensed in Arkansas to practice public accounting made or held by its owners.

(B) "Equity capital" does not include an interest in bonuses, profit sharing plans, defined benefit plans, or loans to a business entity licensed in Arkansas to practice public accounting from banks, financial institutions, or other third parties that do not actively participate in such business entity;

(4)(A) "Good standing" as used in Arkansas Code § 17-12-401, § 17-12-402, and § 17-12-603(d) and 17 CAR § 236-604(a) means a CPA who holds an active license for the current year issued by the applicable board.

(B) "Good standing" as used in Arkansas Code § 17-12-504(a) and (b) means a CPA or CPA firm whose license, registration, or inactive license has not lapsed pursuant to Arkansas Code § 17-12-504(f)(2).

(5) "Owner" means a person who actively participates in a business entity licensed in Arkansas to practice public accounting, and who:

(A) Has an interest in profits and losses of such business entity;

(B) Owns all, or any portion, of the equity capital of such business entity; or

(C) Has a vote with respect to matters of such business entity; and

(6) "Profits and losses" means the net taxable income or loss, determined prior to payment of any form of compensation to owners, of a business entity licensed in Arkansas to practice public accounting.

17 CAR § 236-602. General requirements.

(a) **Ownership**. A person who is not a certified public accountant in this or some other state or jurisdiction but who actively participates within this state in the business conducted in Arkansas by a business entity licensed in Arkansas to practice public accounting may be an owner, director, officer, limited liability company member, or manager in any such business entity, under the following conditions:

(1) Such person shall not hold himself or herself out as a certified public accountant;

(2) The name of such person shall be provided to the Arkansas State Board of Public Accountancy by a business entity in connection with the granting or renewal of a license in Arkansas to such business entity; and

(3) Such person shall not have ultimate responsibility for the performance of audits, reviews, or compilations of financial statements or other forms of attestation related to financial information.

(b) **Equity ownership.** Persons who are not certified public accountants in this or any other state or jurisdiction but who are owners of a business entity licensed in Arkansas to practice public accounting shall neither:

(1) Hold, in the aggregate, more than a minority interest of such business entity's equity capital or voting rights; nor

(2) Receive, in the aggregate, more than a minority interest of such business entity's profits or losses.

(c) **Sole proprietorships**. A certified public accountant operating as a sole proprietorship and engaged in Arkansas in the practice of public accounting is considered a firm.

(d) **Other requirements**.

(1) The principal executive officer of a business entity licensed in Arkansas to practice public accounting shall be a shareholder and a director who is a licensed certified public accountant.

(2) Directors and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accountancy.

(3) Any shareholder who ceases to be eligible to be a shareholder shall be required to dispose of all of his or her shares within a reasonable period to a person qualified to be a shareholder or to the corporation.

(e) **Other forms of practice.** This subpart shall be applied to individuals and to any business entity licensed in Arkansas to practice public accounting in a manner consistent with carrying out the intent of this subpart.

(f) **Professional Conduct**. Any firm granted a license under the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., shall be subject to the Rules of Professional Conduct.

(g) **Employment of Licensees on Inactive Status**. A business entity licensed in Arkansas to practice public accounting may employ a licensee on inactive status only as provided in Arkansas Code § 17-12-505(c)(4).

(h) **Disqualification**. With respect to owners who are not licensed in this state or any other state or jurisdiction as certified public accountants, if at any time the board determines that any such owner no longer is eligible to be an owner by virtue of not being in compliance with the criteria set forth in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and rules, such owner and the business entity in which ownership exists shall be notified that if a board hearing is not requested within thirty (30) days of the date of mailing notification of such determination, an order will

then be entered that such owner must divest himself or herself of ownership in the business entity within sixty (60) days of entry of the order.

17 CAR § 236-603. Applicationforms.

(a)(1) Each applicant for registration as a CPA firm under this subpart shall register with the Arkansas State Board of Public Accountancy prior to performing public accounting work in the state of Arkansas.

(2) The application form for an Arkansas registered business entity or sole proprietorship must include an affidavit signed by a general partner, shareholder, or member of such business entity who is a certified public accountant of Arkansas in good standing attesting to the accuracy of the information in the application materials.

(3) The application form for an out-of-state registered business entity must include an affidavit signed by a general partner, shareholder, or member of such business entity who holds a current valid license in good standing as a certified public accountant in Arkansas or some other state or jurisdiction of the United States attesting to the accuracy of the information in the application materials.

(b) After the board has accepted the initial registration application and has issued a license to practice, the registered business entity may practice in the State of Arkansas under the title which appears on the license to practice as the name of the business entity.

(c)(1) Arkansas registered business entities shall renew their registration on an annual basis.

(2) Failure or refusal to provide complete and accurate responses to all questions on the registration renewal by December 31 of each year may be grounds for refusal to renew such registration.

(d) Arkansas registered business entities shall include on their initial registration and subsequent renewal applications a complete listing of the names and the state of residency of all owners and the percentage of ownership and voting rights of each owner.

(e) In the case of firms with multiple offices, the licensee shall identify on its original and each renewal application each office to be registered.

17 CAR § 236-604. Nonresident public accountants.

(a) A nonresident public accountant and an Arkansas certified public accountant may form a partnership or corporation for the practice of public accountancy, which shall be registered with the Arkansas State Board of Public Accountancy, provided that:

(1) The nonresident public accountant holds a valid and unrevoked license in a jurisdiction having a regulatory law regarding public accountants; and

(2) the nonresident public accountant shall not actively practice public accounting in Arkansas as an individual or as a partner or shareholder of the firm; and

(3) the nonresident public accountant shall not hold himself or herself out as a public accountant in Arkansas.

(b) The board will not register such a partnership or corporation if the nonresident public accountant lives in a state which does not have a regulatory accountancy law.

17 CAR § 236-605. Nonresident CPA firms.

(a) **Ownership.** A person who does not hold a current valid license as a certified public accountant in Arkansas or some other state or jurisdiction of the United States, but who actively participates within this state with a nonresident firm exercising practice privileges in Arkansas is subject to the following conditions:

(1) Such person shall not hold himself or herself out as a certified public accountant; and

(2) Such person shall not have ultimate responsibility for the performance of:

(A) Audits, reviews, or compilations of financial statements;

(B) PCAOB engagements; or

(C) Any other form of attestation with regard to financial information;

(b) **Equity ownership.** Persons who are not certified public accountants shall not:

(1) Hold, in the aggregate, more than a minority interest of such firm's equity ownership or voting rights; or

(2) Receive, in the aggregate, more than a minority interest of said entity's profits or losses; and

(c) **Other requirements.**

(1) The principal executive officer, managing member, or managing partner shall be a shareholder, member, or partner who is a licensed certified public accountant, who holds a current, valid license in this or another state or jurisdiction.

(2) Directors, members, partners, and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accounting.

17 CAR § 236-606. Notification of firm changes.

(a) CPA firms established pursuant to Arkansas Code §§ 17-12-401 and 17-12-402 shall file with the Arkansas State Board of Public Accountancy a written notification of any of the following events concerning the practice of public accountancy within this state within thirty (30) days after its occurrence:

(1) Formation of a new firm;

(2) Addition of a partner, member, or shareholder;

(3) Retirement, withdrawal, or death of a:

(A) Partner;

(B) Member;

(C) Manager; or

(D) Shareholder;

(4) Any change in the name of the firm;

(5) Dissolution of the firm;

(6) Change in the management of any office location registered in this state;

(7) Establishment of a new office location providing accounting services in this state or the closing or change of address of an office location registered in this state; and

(8) The occurrence of any event or events which would cause such firm not to be in conformity with the provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or this part.

(b)

Subpart 7. Professional Standards

17 CAR § 236-701. Compliance.

(a) Licensees and licensee firms shall comply with the following professional standards in the performance of professional services, as applicable:

(1) Statements on Auditing Standards (SAS) and related auditing interpretations issued by the AICPA;

(2) Statements on Standards for Accounting and Review Services (SSARS) and related Accounting and Review Services interpretations issued by the AICPA;

(3) Statements on Standards for Attestation Engagements (SSAE) and related attestation engagements interpretations issued by the AICPA;

(4) Statements Standards for Valuation Services (SSVS) issued by the AICPA;

(5) Government Auditing Standards: Standards for Audits of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States;

(6) Generally Accepted Accounting Principles and interpretations of Generally Accepted Accounting Principles issued by the Financial Accounting Standards Board (FASB);

(7) Generally Accepted Accounting Principles and interpretations of Generally Accepted Accounting Principles issued by the Governmental Accounting Standards Board (GASB);

(8) Regulations Governing Practice before the Internal Revenue Service (IRS) (Circular No. 230; 31 U.S.C. §330);

(9) Regulations administered by the United States Department of Labor (DOL) including the Employee Retirement Income Security Act (ERISA); and

(10) Similar pronouncements by the IRS, DOL, FASB, GASB, United States Securities and Exchange Commission, Public Company Accounting Oversight Board (PCAOB), AICPA, and other organizations having generally recognized authority over licensees of the board.

(b) The professional standards to be followed are those in effect at the time the professional services were provided.

17 CAR § 236-702. Records retention for professional services.

(a)(1) Each licensee shall retain attest working papers for a minimum of five (5) years from the report date and in a readily accessible form.

(2) Failure to comply with the more restrictive record retention provisions contained in the rules and regulations of other federal regulatory bodies such as the Internal Revenue Service, the United States Department of Labor, the United States Securities and Exchange Commission, and the Public Company Accounting Oversight Board will constitute a violation of this section.

(b) In the event that a Arkansas State Board of Public Accountancy investigation or disciplinary action is pending within the date identified in subsection (a) of this section or the licensee is notified by the board to retain attest work papers for a longer time, the licensee shall retain the subject work papers until receipt of written notice from the board that the investigation or disciplinary action has concluded or that the subject work papers need not be retained.

(c) The provisions of this section are not applicable to engagements that are subject to the jurisdiction of the PCAOB or the Comptroller General of the United States which are specifically regulated as to the time for the licensee's retention of audit work papers.

Subpart 8. Notifications for changes in address, employment or affiliation.

17 CAR § 236-801.Address changes.

(a)(1) Notice shall be given by the licensee to the Arkansas State Board of Public Accountancy within thirty (30) days for any:

(A) change in residence;

(B) change in business address;

(C) opening of a new office engaged in the practice of public accounting; and

(D) closing of an office engaged in the practice of public accounting.

(2) Address changes to be communicated to the board include mailing and electronic mail addresses.

(b) Changes in personal residence, business address, or email addresses may be made online on the board's website and serves as notification.

(c) Notification for the opening or closing of offices engaged in the practice of public accounting must be in writing and, whether in letter form or otherwise, must be clearly headed with "Notice of New Office", "Closing of Office", or similar wording, and, in the case of a new office, the name and the certificate or registration number of the resident manager is to be furnished. No form is provided for such notice.

(d) Upon closing, all offices engaged in the practice of public accounting must return any certificate of registration issued by the board.

17 CAR § 236-802. Notice of change of employment or business affiliation and of employer or business affiliate address.

The Arkansas State Board of Public Accountancy shall be notified by the licensee within thirty (30) days of any change of employment or business affiliation, together with the address (including email address) of the new employer or business affiliate.

17 CAR § 236-803. Supervised permit of firm operations upon death, incapacity, or bankruptcy.

Upon the death or incapacity of a licensee or the closing of an accounting firm for any reason, including bankruptcy, the Arkansas State Board of Public Accountancy may

in its discretion, based upon the merits and circumstances of each case, permit the accounting firm to continue operating for a period of time not to exceed one hundred eighty (180) days under the supervision of a person approved by the board and subject to conditions prescribed by the board.

Subpart 9. Registration

17 CAR § 236-901. Initial application, reciprocal, or reinstatement.

Application for an initial or reciprocal license or the reinstatement or renewal of a license shall be made on a form provided by the Arkansas State Board of Public Accountancy, and in the case of application for renewal, shall be filed by January 1 of each year.

17 CAR § 236-902. Criminal background checks.

(a)(1) Each applicant for an initial license, including a reciprocal license, or for a new license under Arkansas Code § 17-12-504(h), shall apply, using forms furnished by and pursuant to instructions provided by the Arkansas State Board of Public Accountancy, for state and national criminal background checks to be conducted by the Identification Bureau of the Division of Arkansas State Police and the Federal Bureau of Investigation.

(2) The board may, in its discretion and on reasonable cause, require an applicant seeking the reinstatement of a license under Arkansas Code § 17-12-504(g) to apply for the criminal background checks as provided herein.

(b) The criminal background checks shall have been completed no earlier than six (6) months prior to the date of receipt of the application, unless the delay is beyond the control of the applicant.

(c) An applicant who seeks a waiver under Arkansas Code § 17-3-102(b) of disqualification from licensure resulting from a criminal conviction shall deliver to the board:

(1) File-marked copies of court documents pertinent to conviction, i.e., information, indictment, or other charging documents, and judgments, orders, final rulings, or other documents specifying conviction and sanctions and penalties; and

(2) Documentation from the appropriate governmental official regarding the applicant's status and compliance with regard to terms of:

(A) Probation;

(B) Parole;

(C) Restitution;

(D) Penalty; or

(E) Any other sanctions.

(d)(1) If the Executive Director notifies an applicant for licensure that his or her application has been denied on the grounds that the applicant is ineligible for licensure due to a criminal conviction covered by Arkansas Code § 17-3-102(a), then the applicant may request a waiver of the disqualifying condition and a hearing pursuant to Arkansas Code § 17-3-102(b).

(2) The request for a waiver and hearing shall be made in writing and submitted to the Executive Director.

(3) The request for waiver shall not be considered until the application, fees, applicable documentation, both federal and state criminal background check reports, and written request for waiver are received by the board.

(4) The board shall conduct the waiver hearing in accordance with the provisions of Arkansas Code § 17-3-102 and the hearing procedures set forth in Subpart 10 of this part.

17 CAR § 236-903. License renewal.

The Arkansas State Board of Public Accountancy will renew the license to the applicant who has complied with the registration in 17 CAR § 236-901 provided:

(1) The necessary information was furnished on the annual registration form;

(2) The required fee for said registration was paid; and

(3) There is no existing suspension of certificate, license, or right to apply.

17 CAR § 236-904. Firm registration.

(a)(1) A firm engaged in the practice of public accounting that has an office in this state must register with the Arkansas State Board of Public Accountancy.

(2) As defined in Subpart 6 of this part, a firm includes:

(A) A corporation;

(B) A partnership;

(C) A limited liability company;

(D) A sole proprietorship; and

(E) Other permissible forms of practice.

(b)(1) A firm engaged in the practice of public accounting that does not have an office in this state must register with the board in order to provide the services listed below for any client whose home office is in this state.

(2) Services requiring firm registration include:

(A) A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards;

(B) An examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements; and

(C) An engagement to be performed in accordance with PCAOB Standards.

(c) Applicants for an initial firm registration and subsequent renewals must be made on a form provided by the board.

(d) In the case of firms with multiple offices, the licensee shall identify on its original and each renewal application each office to be registered, as prescribed on a form approved by the board.

17 CAR § 236-905. Temporary licensure.

Notwithstanding the provisions of 17 CAR §§ 236-901 – 236-904, the Arkansas State Public Accountancy Board may issue temporary licenses to certain persons under the conditions set forth in 17 CAR § 236-1803.

Subpart 10. Hearings Before the Board

17 CAR § 236-1001. Investigations.

(a)(1) All investigations of possible violations of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., the Code of Professional Conduct, or this part shall be investigated by the Arkansas State Board of Public Accountancy investigator under the supervision of the board's Compliance Committee or CPE Compliance Committee.

(2) The Compliance Committee shall be comprised of one (1) member of the board, appointed by the President, and the board's Executive Director.

(3) The CPE Compliance Committee shall be comprised of one (1) member of the board, appointed by the President, and the board's Executive Director.

(b) Some possible minor violations may be expected to be of such nature that they can be disposed of informally by correspondence between the designee of the board acting under the board's instructions and the person or persons involved.

(c) The board may conduct any investigation by a staff person and/or may designate investigating officers to conduct investigations who shall be competent by reason of training or experience.

(d) No person or entity being investigated has a right to be present or to be heard during the investigation, but before any finding is recommended, such person or entity being investigated shall be:

(1) Advised of the nature of the conduct which is being investigated; and

(2) Given an opportunity to make a statement personally or by counsel, verbally or in writing, sworn or unsworn, explaining, refuting, or admitting the alleged misconduct, which shall be considered by the Compliance Committee in making any finding and recommendation to the board as to the disposition of the investigation.

(e) Upon completion of an investigation, the chair of the Compliance Committee shall present a summary of the result of the investigation and recommendation as to

whether the board should make a finding of probable cause to order a hearing or other action on alleged violations of:

(1) The Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.;

(2) The Code of Professional Conduct; or

(3) This part.

17 CAR § 236-1002. Compliance Committee recommendation.

(a) The Arkansas State Board of Public Accountancy shall consider the recommendation by the Compliance Committee and may:

(1) Find probable cause;

(2) Find no probable cause; or

(3) Instruct the investigating officer or officers to further investigate the matter.

(b)(1) A finding of no probable cause by the board shall be final, and after such finding no further proceedings shall be had in the matter by the board unless new or additional evidence not available or made known to the board at the time of the finding is thereafter brought to the attention of the board.

(2) The board shall promptly notify the person or entity being investigated and any complaining party of the board's finding of no probable cause.

(c) If the board finds probable cause it may direct that:

(1) Disciplinary proceedings against a licensee be initiated under this part by the filing of a hearing notice, setting forth the particular act or acts of conduct for which the person may be disciplined;

(2) An action be instituted pursuant to Arkansas Code § 17-12-104 or § 17-12-105; or

(3) Other appropriate action be taken.

(d)(1) When a hearing notice is filed, it shall be given a docket number, and any motions or other papers thereafter filed in the case shall refer to such docket number.

(2)(A) At the time the hearing notice is filed, a copy thereof shall be mailed, under the direction of the board, by registered mail or certified mail, return receipt

requested, to the respondent at the respondent's address as shown upon the records of the board, notifying the respondent that a hearing thereon will be held at a time and place to be specified, not less than thirty (30) days after the mailing of such notice.

(B) The notice of hearing shall state the legal authority and jurisdiction under which the hearing is to be held.

(3)(A) All pleadings, motions, and orders filed in the case, except applications for witness subpoenas, shall be served on each party.

(B)(i) Service shall be made by:

(a) Delivery of a copy of the document to be served to the party or the party's attorney; or

(b) Mailing or emailing it to the party at the party's last known address or email address.

(ii) Delivery of a copy within this section shall mean:

(a) Handing it to the attorney or to the party;

(b) Leaving it at the attorney's or the party's office with the attorney or the party's secretary or other person in charge of the office; or

(c) If there is no one in charge, leaving it in a conspicuous place therein.

(iii) If the office is closed or the attorney or party to be served has no office, leaving it at the attorney's or party's usual place of abode with some person of the attorney's or party's family above fifteen (15) years of age and informing such person of the contents thereof.

(iv) Service by mail shall be deemed complete upon mailing.

(v) When an attorney makes the service, a certificate of service conforming to that required by the Arkansas Rules of Civil Procedure shall be taken as prima facie proof of such service in compliance with this part.

(e) Upon the failure of a respondent to appear at a scheduled hearing, the board may proceed to hear evidence against the respondent and may enter such order as shall be justified by the evidence, provided however that within thirty (30) days from

the date of any order, upon a showing of good cause for failure to respond, the board may reopen said proceedings.

(f) The respondent has a right to information pursuant to Arkansas Code § 25-15-208(a)(3).

(g) Hearings upon motions may be deferred until the final hearing, and rulings thereon may be reserved until the conclusion of the final hearing.

17 CAR § 236-1003. Computation of time.

(a)(1) In computing any period of time prescribed or allowed by this part, the day of the act or event from which the designated period of time begins to run shall not be included.

(2) The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday in which event the period shall run until the end of the next day which is neither Saturday, Sunday, nor legal holiday.

(3) When the period of time prescribed or allowed is less than seven (7) days, intermediate Saturdays, Sundays, and legal holidays shall be excluded in the computation.

(b) When a party has the right or is required to do some act or take some proceeding within a prescribed period after the service of a notice or other paper upon him or her and the notice or paper is served upon him by mail, three (3) days shall be added to the prescribed period.

17 CAR § 236-1004. Subpoenas.

(a)(1) Subpoenas for the attendance of the witnesses at hearings and for the production of documents shall be issued by the Arkansas State Board of Public Accountancy upon its own initiative or upon the written application of any party.

(2) The application shall state the:

(A) Name and address of the witness for whom the subpoena is to be issued;

(B) Party on whose behalf the witness is expected to testify;

(C) Time and place for the witness to appear; and

(D) Designated books, papers, documents, or tangible things, if any, to be produced.

(b) Subpoenas shall be served as required by Rule 45 of the Arkansas Rules of Civil Procedure, and the party at whose instance the subpoena is issued shall be responsible for obtaining service of the subpoena.

(c) Witness fees, expenses, and mileage, if requested by the witness, shall be paid by the party at whose instance the witness is summoned and shall be the same as prescribed by Rule 45 of the Arkansas Rules of Civil Procedure.

17 CAR § 236-1005. Hearings before the board.

(a)(1) If a hearing is to be conducted by the Arkansas State Board of Public Accountancy, its presiding officer or any designated hearing officer shall have the authority to:

(A) Administer oaths and affirmations;

(B) Rule upon offers of proof and receive relevant evidence;

(C) Regulate the course of the hearing;

(D) Hold conferences for the settlement or simplification of issues by consent of the parties; and

(E) Dispose of procedural requests or similar matters.

(2) However, the board shall determine any issue that would dispose of the matter without a determination on the substance of the matters at issue.

(b) The board, at the conclusion of the final hearing, or within a reasonable time thereafter, shall:

(1) Make findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged; and

(2) Enter an order stating the effective date and providing for the appropriate disciplinary action, if any, and recovery of the costs of the proceedings and investigations pursuant to Arkansas Code § 17-12-602 when the board deems such recovery appropriate.

(c) The board shall promptly notify the respondent and any complaining party of its findings and order.

17 CAR § 236-1006. Hearings before a hearing examiner or member of the board.

(a)(1) In the alternative, the Arkansas State Board of Public Accountancy may appoint a hearing examiner or member of the board, who may conduct hearings in the absence of the board.

(2) Such member or hearing examiner shall have the authority to:

(A) Administer oaths and affirmations;

(B) Rule upon offers of proof and receive relevant evidence;

(C) Regulate the course of the hearing;

(D) Hold conferences for the settlement or simplification of issues by consent of the parties; and

(E) Dispose of procedural requests or similar matters.

(b)(1) In the event that the respondent challenges the sufficiency of the proffered charges or the jurisdiction of the board, any recommended ruling in favor of the respondent shall be referred to the board for decision.

(2) Any recommended finding against the respondent shall be included in the board member's or hearing examiner's report.

(c)(1) Within thirty (30) days after the conclusion of the final hearing before the hearing examiner or member of the board or within such extended period of time as may be allowed by the board for good cause shown, the hearing examiner or member of the board shall make a report to the board.

(2) The report shall include:

(A) Recommended findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged;

(B) Recommendations as to whether or not the respondent should be found guilty of misconduct justifying disciplinary measures;

(C) Recommendations as to the disciplinary measures to be applied, if any; and

(D) A recommended form of order.

(d) A copy of the hearing examiner's or member of the board's report shall be served upon the respondent.

17 CAR § 236-1007. Review of hearing examiner's or member of the board's report.

(a) Within ten (10) days after the hearing examiner or member of the Arkansas State Board of Public Accountancy files his or her report with the board, or within such extended time as may be allowed by the board, the record of the proceedings, including the transcript of all the testimony and exhibits, shall be filed with the board.

(b)(1) Within thirty (30) days after the hearing examiner or member of the board files his or her report, or within such extended time as may be allowed by the board for good cause shown, the respondent may file with the board exceptions to the hearing examiner's or member of the board's report and may file a brief in support of such exceptions.

(2) If the respondent files a brief, the Executive Director may, within twenty (20) days after the respondent's brief is filed with the board, or within such extended time as may be allowed by the board for good cause shown, file a brief in response.

(3) The parties shall also serve a copy of any such filings upon the opposing party or that party's counsel.

(c)(1) The board shall notify the respondent of the time and place of its meeting, at least ten (10) days in advance thereof, at which the board will review the hearing examiner's or member of the board's report.

(2)(A) The respondent or the respondent's counsel may attend and present oral argument in support of any exceptions filed under subsection (b) of this section.

(B) If the respondent or the respondent's counsel presents such oral argument, the Executive Director may, through counsel, present oral argument in response.

(C) Each side will be allowed a stated amount of time, designated by the board for argument.

(d) The board, after review of the record and the hearing examiner's report, and considering the briefs and oral argument, if any, shall, within a reasonable time:

(1) Make findings of fact as to each item of misconduct with which the respondent is charged;

(2) Make conclusions of law; and

(3) Enter an order stating the effective date and the disciplinary action pursuant to Arkansas Code § 17-12-602 or otherwise exonerating the respondent.

17 CAR § 236-1008. Disposition of procedural requests.

(a) In the event the hearing is to be conducted pursuant to 17 CAR § 236-1006, or if no decision has been made by the Arkansas State Board of Public Accountancy to appoint a hearing examiner or member of the board to hear the disciplinary matter, the board may appoint one (1) of its members or a designated hearing officer to rule upon procedural requests or similar matters.

(b) Such rulings shall be reviewed by the board at its hearing on the matter or at the time it reviews the report of the hearing examiner or member of the board.

17 CAR § 236-1009. Evidence.

The admission of evidence shall be governed by Arkansas Code § 25-15-213(4).

17 CAR § 36-1010. Record of proceedings.

(a)(1) An accurate record of the testimony, evidence, and all proceedings made before a hearing examiner, a member of the Arkansas State Board of Public Accountancy, or before the board shall be reported, transcribed, indexed, and bound by a court reporter supplied by the board.

(2) Any party may contract with the court reporter for a transcript of the proceedings.

(b) In the event that judicial review is sought of any board action taken pursuant to this part, the board shall prepare or have prepared a certified transcript of record pursuant to Arkansas Code § 25-15-212 and submit the same to the reviewing court.

(c)(1) The party or parties seeking judicial review of an order rendered by the board may apply to the board for a stay of that order.

(2) The stay may be granted upon such conditions as shall be reasonable, and any order granting a stay shall specify the conditions upon which the stay is granted.

17 CAR § 236-1011. Publication of disciplinary sanctions.

(a)(1) The Arkansas State Board of Public Accountancy may cause to be published in the board's and NASBA's official publications (printed and electronic), and may publish in newspapers of general circulation in the state, the name of any license or registration holder who is the subject of any disciplinary action.

(2) Such publication shall not occur until a final board order has been issued.

(b) The publication may contain a narrative factual summary of the actions and violations which were the basis for the disciplinary action.

Subpart 11. Fees

17 CAR § 236-1101. Required fees.

(a) The fees for various services of the Arkansas State Board of Public Accountancy must be paid in United States dollars.

(b) CPA examination fees.

(1) Exam application fees (nontransferable).

First-time application fee	$50
Applying for one section	$75
Applying for two sections	$90
Applying for three sections	$105
Applying for four sections	$120

(2)(A)Exam section fees are the fees charged by NASBA, the AICPA, and the test delivery provider.

(B) These fees are collected by the board and held for the candidate for transfer to these entities.

(i) These entities set fees separate from the board.

(ii) The board will display such fees on the examination application.

(iii) The board may, by resolution, waive exam section fees for some or all applicants.

(c) CPA license fees.

(1) License application fees:

CPA license	$50
Reciprocal CPA license	$50
Firm license	$110
Reinstatement of individual or firm license	$150
Duplicate or replacement certificate of licensure	$40

(2) License renewal fees.

Individual – active status (license to practice)	$110
Individual – inactive status	$55
Firm	$110
Branch office in excess of one (1) office	$25
Late fee - – license to practice and firms	per month $25
Late fee – Inactive	per month $10

(d)(1) Quality review fees.

Compilation report - one (1) type	$100
Compilation report – two (2) types	$150

(2) Fees are due at the time reports are submitted for review in response to practice review survey.

17 CAR § 236-1102. Waiver of initial licensing fees.

(a)(1) Pursuant to Acts 2021, No. 725, an applicant may receive a waiver of the initial licensure fee, if eligible.

(2) Eligible applicants are applicants who:

(A) Are receiving assistance through the:

(i) Arkansas, or current state of residence equivalent, Medicaid Program;

(ii) Supplemental Nutrition Assistance Program;

(iii) Special Supplemental Nutrition Program for Women, Infants, and Children;

(iv) Temporary Assistance for Needy Families Program; or

(v) Lifeline Assistance Program;

(B) Were approved for unemployment benefits within the last twelve (12) months; or

(C) Have an income that does not exceed two hundred percent (200%) of the federal poverty income guidelines.

(b) Applicants shall provide documentation as follows:

(1) For Medicaid, Supplemental Nutrition Assistance Program, Special Supplemental Nutrition Program for Women, Infants, and Children, Temporary Assistance for Needy Families Program, or Lifeline Assistance Program, documentation from the Department of Human Services, or current state of residence equivalent agency;

(2) For unemployment benefits approval in the last twelve (12) months, documentation from the Division of Workforce Services, or current state of residence equivalent agency; or

(3)(A) For the income provision in subdivision (a)(2)(C) of this section, a signed affidavit confirming that he or she has an income that does not exceed two hundred percent (200%) of the federal poverty income guidelines, as established by the United States Government.

(B) The applicant may be required by the Arkansas State Board of Public Accountancy to submit income tax related documents for verification purposes.

(c) The waiver does not include fees charged for the CPA exam or criminal background checks.

Subpart 12. Continuing Education

17 CAR § 236-1201. Purpose.

Pursuant to the provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., the Arkansas State Board of Public Accountancy prescribes the following rules amending requirements of continuing education to be met from time to time by licensees in order to maintain the highest standard of proficiency in the profession of public accountancy.

17 CAR § 236-1202. Definitions.

As used in this subpart:

(1)(A) "Authorship" means an education process designed to permit a participant to increase professional competence through research and writing:

(i) Articles;

(ii) Books; or

(iii) CPE programs.

(B) For the writer to receive CPE credit, the article, book, or CPE program must be in the subject areas specified in 17 CAR § 236-1203(a)(1) and formally accepted in writing for publication;

(2) "Continuing professional education (CPE)" means:

(A) An integral part of lifelong learning required to provide competent professional accounting service to the public; and

(B) The set of activities that enables accounting professionals to maintain and increase their professional competence;

(3)(A) "Group program" means an educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom setting or using the internet or video conferencing technology (noninteractive internet courses will not qualify in this area).

(B) Interactive webinars are considered group programs.

(C) The key component in interactive CPE courses is that the content is delivered in a manner so that the participants can interact with the remote instructor;

(4)(A) "Independent study" means an educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

(B) All independent study must be approved in advance by the Arkansas State Board of Public Accountancy; and

(5)(A) "Self-study program" means an educational process designed to permit a participant to learn a given subject without major involvement of an instructor.

(B) Self-study programs use a word count formula or a pilot test (a sampling of at least three (3) individuals) to measure the average completion time from which the recommended CPE credit is determined.

17 CAR § 236-1203. Basic requirements.

(a) An applicant for renewal of a license must have completed acceptable CPE, except as otherwise provided in subsection (f) of this section, in the amount of one hundred twenty (120) hours within thirty-six (36) months or forty (40) hours within twelve (12) months immediately preceding January 1 of the year for which the license is renewed.

(b)(1) Licensees engaged in the practice of public accounting shall complete at least forty percent (40%) of the required hours in content subject areas.

(2) Licensees not engaged in the practice of public accounting shall complete at least twenty percent (20%) of the required hours in content subject areas.

(3) Content subject areas include:

(A) Accounting;

(B) Accounting ethics;

(C) Attest; or

(D) Taxation;

(c) Licensees engaged in any attest or compilation function shall complete at least twenty percent (20%) of the required hours in the subject areas of attest and accounting theory/practice;

(d)(1) Licensees must complete at least four (4) hours of CPE in the area of accounting professional conduct and ethics during the thirty-six (36) months immediately preceding the expiration date of their current license.

(2)(A) Licensees must complete one (1) hour of CPE on Arkansas State Board of Public Accountancy specific laws and rules (also known as Arkansas Ethics or ETA) during the thirty-six (36) months immediately preceding the expiration date of their current license.

(B) This requirement may be satisfied by completing a web-based course via the Arkansas State Board of Public Accountancy's website or attending group training taught by a board member, board staff member, or a designee of the board.

(C) CPE hours obtained for the Arkansas Ethics requirement count towards the four (4) hour Ethics requirement of this subsection.

(3) The four (4) hour ethics requirement, including the one (1) hour Arkansas Ethics, is not required until your first full calendar year of initial licensure.

(e) Licensees who are in their first calendar year of licensure must obtain CPE hours prorated based on the date of initial licensure in order to renew their license.

(f)(1) The board may make exceptions from continuing education requirements for reasons of individual hardship including, but not limited to:

(A) Health;

(B) Military service;

(C) Foreign residency; or

(D) Other good cause.

(2) No exception shall be made solely because of age or retirement.

(g)(1) The board shall allow a full or partial exemption from continuing education requirements for the following licensees:

(A) An active duty military service member deployed outside of the State of Arkansas;

(B) A returning military veteran within one (1) year of his or her discharge from active duty; or

(C) The spouse of a person under subdivision (g)(1)(A) or (B) of this section.

(2)(A) In order to receive a full or partial CPE exemption, a qualifying individual must submit a written request for an exemption to the board.

(B) The written request must explain whether a full or partial waiver of the CPE requirement is sought and why such waiver is appropriate under the individual's specific circumstances.

(C) In deciding the extent of any CPE waiver allowed under this part, the board will take into consideration factors including, but not limited to:

(i) Ability to access any CPE programs;

(ii) Ability to access various types of CPE;

(iii) Applicant’s personal circumstances; and

(iv) The length of time on duty.

(h) Responsibility for documenting the acceptability of the continuing education requirement rests with the applicant, who must retain such documentation for a period of five (5) years following the end of the year of completion of the continuing education hours.

17 CAR § 236-1204. Programs that qualify.

(a)(1) A program qualifies as acceptable continuing education if it is a formal program of learning that contributes directly to the professional competence of an individual licensed to practice as a certified public accountant.

(2) The responsibility for substantiating that a particular program meets the requirements of this section rests solely upon the licensee.

(b) Continuing education programs requiring attendance will qualify only if:

(1) An outline of the program is prepared in advance and preserved;

(2)(A) The program is at least one-half (1/2) hour (twenty-five-minute period) in length, excluding meal time and business session.

(B) Credit shall be based on contact hours.

(C) A fifty-minute period will be considered as being equal to one (1) hour.

(D) Hours devoted to preparation by the participant shall not be counted as a contact hour.

(E)(i)A licensee may earn a maximum of four (4) hours of CPE each year by completing nano learning courses.

(ii) A nano learning course is a tutorial program designed to permit a participant to learn a given subject in a ten-minute increment using electronic media and without interaction with a real-time instructor.

(iii) For purposes of calculating nano learning CPE credits, one (1) CPE hour shall consist of five (5) ten-minute courses.

(F) Except for nano learning courses, credits must be earned in one-fifth (1/5) hour (ten-minute) increments after the initial one-half (1/2) hour (twenty-five-minute) period;

(3)(A)(i) The program is conducted by a qualified instructor.

(ii) A qualified instructor or discussion leader is anyone whose background, training, education, or experience makes it appropriate for her or him to lead a discussion on the subject matter of the particular program.

(B)(i) A lecturer or discussion leader shall be afforded CPE credit for preparation and presentation of a program for twice the number of CPE hours applicable for participants to the extent that the program contributes to the professional accounting competence of the licensee.

(ii) Such credit does not pertain to the teaching of academic courses or other CPE courses that do not meet the criteria of subsection (a) of this section.

(C) Repetition of the same course material in the same year will not be allowable for credit as continuing education;

(4) A record of registration or attendance is maintained; and

(5) The sponsor of the program is either approved registered or exempt from registration pursuant to the provisions of 17 CAR § 236-1205.

(c) The following are recognized as programs that qualify, provided subsections (a) and (b) of this section are met:

(1) Programs or seminars sponsored by accredited higher educational institutions, government agencies, NASBA, and professional organizations of certified public accountants;

(2) Technical sessions at meetings of recognized national and state accounting organizations and their chapters;

(3) In-firm education programs; and

(4)(A) University or college courses offered by accredited institutions through classroom, correspondence, or distance learning.

(B) Courses taught must be upper-level college courses and may only be used for CPE one (1) time in a three-year period.

(C)(i) For credit courses, each semester hour of credit shall equal fifteen (15) hours towards the requirement, and a quarter hour credit shall equal ten (10) hours.

(ii) For noncredit short courses, credit is computed by contact hours.

(d)(1) Individual study programs, distance learning, independent study, and self-study for which evidence of satisfactory completion is issued by the provider organization prior to January 1 of the year for which the licensee is being renewed.

(2)(A) The Arkansas State Board of Public Accountancy shall accept the hours of continuing education credit recommended by the provider organization (subject to the constraints of subdivision(b)(2) of this section).

(B) NASBA's Quality Assurance Services (QAS) hours will be accepted if the course is QAS registered.

(3) Sponsors of such programs, excluding those offered by providers listed in subsection (c) of this section, must be registered or exempt from registration pursuant to the provisions of 17 CAR § 236-1205, see subsection (f) of this section.

(e) Articles, books, or CPE programs, as indicated in 17 CAR § 236-1202(1), may qualify for self-declared CPE credit if the article, book, or CPE program contributes to the professional competence of the licensee and has been formally accepted for publication in writing prior to the effective date of the license year, see subsection (f) of this section.

(f) Combined credit awarded in subsections (d) and (e) of this section shall not exceed eighty percent (80%) of the total CPE hours required.

(g)(1) Acceptable continuing education will not include any education leading to completion of the requirements to acquire a CPA license.

(2) Included in this category is any:

(A) Academic work necessary to qualify to take the CPA examination per 17 CAR § 236-303(b); and

(B) CPA review course or courses offered for the specific purpose of preparing to take the CPA examination.

(h) Continuing education programs accepted in other jurisdictions that have a sponsor review program will be accepted.

(i)(1) A nonresident licensee seeking renewal of their license shall be determined to have met the CPE requirement by meeting the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located.

(2) All active licensees, regardless of residence, must complete one (1) hour of Arkansas ethics CPE as authorized by 17 CAR § 236-1203(a)(3).

(3) Nonresident licensees may be asked to demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located through a CPE audit, as authorized by 17 CAR § 236-1206(c).

(4) If a nonresident licensee's principal place of business state has no CPE requirements for renewal of a certificate/license, the nonresident licensee must comply with all board CPE requirements for renewal of their Arkansas license.

(j)(1) Specialized knowledge courses are those courses that are related to a concentrated, specialized skill set.

(2) This field of study also includes subjects related to specialized industries, such as:

(A) Not-for-profit organizations;

(B) Health care; or

(C) Oil and gas.

(3) Specialized knowledge courses may not be used to meet the content CPE requirements of 17 CAR § 236-1203(b).

(k) Programs in the following subject areas are not acceptable continuing education:

(1) Spirituality;

(2) Personal health and/or fitness;

(3) Sports and recreation;

(4) Foreign languages and cultures; and

(5) Other subjects which will not contribute directly to the professional competence of the licensee.

17 CAR § 236-1205. Approved sponsors.

(a) The sponsor of any continuing education program or programs which are not exempt under subsection (f) of this section must, prior to offering such program or programs, register with the National Registry of CPE Sponsors, administered by the National Association of State Boards of Accountancy (NASBA).:

(1)(A) Those sponsors offering programs totaling more than sixteen (16) credit hours per year or offering programs more than five (5) times per year must register with the National Registry of CPE Sponsors.

(B) Sponsors of such programs in self-study format may register with NASBA's Quality Assurance Service as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.

(2) Those sponsors offering group-live programs in Arkansas which total sixteen (16) credit hours or less per year and offering programs five (5) times or less per year may register with the National Registry of CPE Sponsors' State CPE Roster program as an alternative to the National Registry.

(b)(1) The sponsor of any continuing education program registered with the National Registry of CPE Sponsors or Quality Assurance Service shall comply with the requirements of the registry.

(2) Those sponsors exempt under subsection (f) of this section shall keep detailed records of the following:

(A) The date and location of the program presentation;

(B) The names and biographies of each instructor or discussion leader;

(C) A list of licensees attending each program presentation, and the license numbers of such attendees;

(D) A written outline or slide presentation of the program; and

(E) For online programs, verification of participant attendance throughout the program.

(c) The records required by subsection (b) of this section shall be retained for a period of five (5) years after the end of the year of each program presentation.

(d) The sponsor of any continuing education program approved by the National Registry or exempt from registration pursuant to this part must advise attendees of such approval or exemption, together with the:

(1) Sponsor number if not exempt;

(2) Field of study;

(3) Delivery type; and

(4) Number of continuing education hours allowable.

(e) The board may withdraw approval of any continuing education program if the sponsor of such program fails to comply with the provisions of this part.

(f) The following are exempt from registering with the National Registry of CPE Sponsors:

(1) Professional accounting and legal organizations such as:

(A) The American Institute of Certified Public Accountants;

(B) The Arkansas Society of Certified Public Accountants;

(C) The National Society of Public Accountants;

(D) The Arkansas Society of Public Accountants;

(E) TheNational Association of State Boards of Accountancy;

(F) The Institute of Management Accountants;

(G) The American Accounting Association;

(H) The American Bar Association;

(I) The Arkansas Bar Association; and

(J) Other similar organizations;

(2) Universities or colleges that are accredited per 17 CAR § 236-301;

(3) Firms, both accounting and industrial, offering organized in-firm education programs which meet the requirements of 17 CAR § 236-1204(a) and (b); and

(4) Governmental entities.

17 CAR § 236-1206. CPE reporting requirements.

(a)(1) Applicants for renewal of a license must submit with their annual registration a certification that the applicant has met the CPE requirement for issuance of a license together with a CPE statement, in a form prescribed by the Arkansas State Board of Public Accountancy, showing the continuing education programs and hours completed during:

(A) the twelve (12) months immediately preceding January 1 of the year for which the license is being renewed; or

(B) the thirty-six (36) months immediately preceding January 1 of the year for which the license is being renewed if using the 3-year rule.

(2) The applicant must retain all supporting documentation for the programs and hours for five (5) years following the end of the year of completion.

(b) The CPE statement shall show the following:

(1) Name of the attendee;

(2) NASBA registration number or an E, if the sponsor is exempt;

(3) Sponsoring organization;

(4) Location of program;

(5) Title of program or description of content;

(6) Dates attended and/or completed and submitted;

(7) Field of study;

(8) Hours claimed; and

(9) Other information as designated by the board.

(c)(1) On an annual basis, the board will audit the CPE statements of a selected number of licensees, and those licensees will be required to submit support documentation acceptable to the board as part of the audit process.

(2) Licensees who fail the CPE audit can appeal to the CPE Compliance Committee, and if necessary, the full board.

17 CAR § 236-1207. Noncompliance and sanctions.

(a)(1) The Arkansas State Board of Public Accountancy may institute a proceeding to impose disciplinary action against a licensee who fails to comply with any provision under subpart 12 of this part.

(2) Disciplinary actions may include:

(A) A monetary penalty;

(B) Make-up CPE;

(C) Additional CPE;

(D) Suspension; or

(E) Revocation.

(b) **Violation of Subpart 17 CAR § 236-1203.**

(1) Failure to obtain the required number of CPE hours before January 1 of the year for which the license is being renewed will result in a disciplinary action.

(2) Once the required number of CPE hours has been obtained, the licensee must perform the following actions:

(A) Complete a paper license renewal form;

(B) Submit acceptable CPE documentation for the hours obtained;

(C) Sign a compliance statement; and

(D) pay a monetary penalty that is applied for each month after December 31 that the CPE is not obtained.

(c) **Violation of Subpart 17 CAR § 236-1206(c)**.

(1) A licensee who fails to submit CPE documentation when requested by the Board shall be reported to the Compliance Committee.

(2) A licensee who fails a CPE Audit must perform the following actions:

(A) Make up the deficient CPE;

(B) Sign a compliance statement; and

(C) pay a monetary penalty that is determined by the number of deficient CPE hours.

17 CAR § 236-1208. Inactive status.

(a)(1) Except as provided in Arkansas Code § 17-12-505(c), a licensee on inactive status shall not perform for the public any of the services set forth in Arkansas Code § 17-12-505(a).

(2) If the licensee performs any such services, he or she shall be subject to discipline by the Arkansas State Board of Public Accountancy.

(b)(1) A licensee who complies with this section shall be granted an exception to the continuing education requirement of Arkansas Code § 17-12-502.

(2) To qualify for this exception, the licensee must annually complete an online renewal application and pay the appropriate inactive status renewal fee as determined by the board.

(c) A person on inactive status may convert to active status as follows:

(1) Complete an online CPA License Upgrade application and submit payment of the appropriate application and renewal fees for active status;

(2) Undergo a federal and state background check; and

(3) Comply with the appropriate condition below:

(A) If it has been less than three (3) years since the licensee reported CPE to the board, the licensee must deliver documentation acceptable to the board showing completion of three and one-third (3 1/3) hours of CPE , qualified pursuant to 17 CAR § 236-1203, for each month since the licensee last reported CPE to the board.

(B) If inactive for less than (1) year, the licensee will be considered not to have been inactive for CPE reporting purposes;

(C)(i) If it has been more than three (3) years since the licensee last reported CPE to the board, the licensee must:

(i) Develop and deliver to the board a proposed program of CPE as specified in 17 CAR § 236-1203(a) in the amount of 120 hours of CPE (to include four (4) hours of accounting professional conduct and ethics).

(a) After the board's approval of the CPE program, the licensee shall complete all of the CPE hours during the thirty-six-month period immediately preceding the date of the licensee's application for active status.

(b) The licensee shall attach to the upgrade application documentation acceptable to the board showing successful completion of all of the CPE hours comprising said CPE program; and

(ii) Have at least one (1) year of experience earned within five (5) years preceeding the upgrade application verified by a licensee as defined in the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., or from another state, on a form approved by the board.

17 CAR § 236-1209. Retired and disabled status.

(a) **Retired status**.

(1) A licensee who is at least fifty-five (55) years old and has filed a request on a form prescribed by the Arkansas State Board of Public Accountancy stating that he or

she has no association with accounting work for compensation may be granted retired status upon approval of the application.

(2) Licensees on retired status are not required to comply with the continuing professional education requirements set forth in Subpart 12 of this part or to make payment of annual license fees.

(3) The licensee who has been granted retired status immediately becomes ineligible for retired status upon:

(A) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(B) Serving on a board of directors, board of trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(4) Upon the occurrence of either (a)(3)(A) or (a)(3)(B) of this section, the licensee must notify the board and request an application for active status or inactive status (if eligible) and:

(A) Pay the license fee established by the board;

(B) Complete the active or inactive license application; and

(C) If converting to active status, meet the requirements of 23 CAR § 236-1208(c).

(b) **Disabled status.**

(1) Disabled status may be granted to a licensee who submits to the board a statement and a letter from the licensee's physician that identifies the disability and states that the individual is unable to work because of a severe, ongoing physical or mental impairment or medical condition that is not likely to improve within the next twelve (12) consecutive months.

(2) Licensees on disabled status are not required to comply with the continuing professional education requirements set forth in Subpart 12 of this part or to make payment of annual license fees.

(3) The licensee who has been granted disabled status immediately becomes ineligible for disabled status upon:

(A) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(B) Serving on a board of directors, board of trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(4) Upon the occurrence of either (b)(3)(A) or (b)(3)(B) of this section, the licensee must notify the board and request an application for active status or inactive status (if eligible) and:

(A) Pay the license fee established by the board;

(B) Complete the active or inactive license application; and

(C) If converting to active status, meet the requirements of 17 CAR § 236-1208(c).

(c) For purposes of this section the term "association with accounting work" shall include, but not be limited to, the following:

(1) Whether for the public or for an employer, working, supervising, or providing oversight of accounting work performed in the areas of:

(A) Financial accounting and reporting;

(B) Tax compliance, planning, or advice;

(C) Management advisory services;

(D) Accounting information systems;

(E) Treasury, finance, or audit;

(2) Representing to the public, including an employer, that the individual is a CPA or public accountant in connection with the sale of any services or products involving accounting work, including such designation on a:

(A) Business card;

(B) Letterhead;

(C) Proxy statement;

(D) Promotional brochure;

(E) Advertisement; or

(F) Office; or

(3) Offering testimony in a court of law purporting to have expertise in:

(A) Accounting and reporting;

(B) Auditing;

(C) Tax; or

(D) Management services.

(d)(1) All board rules and all provisions of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., apply to an individual in retired or disabled status.

(2) Licensees in retired status must use the term "Retired" adjacent to their CPA title.

(3) Licensees in disabled status must use the term "Inactive" adjacent to their CPA title.

17 CAR § 236-1210. Activation of suspended, revoked, or voided licenses.

A person whose license is suspended, revoked, or void and who applies for active status will be subject to the same CPE requirements as those who wish to activate inactive licenses, see 17 CAR § 236-1208.

Subpart 13. Practice Review Program

17 CAR § 236-1301. Purpose.

(a) There is hereby established a Practice Review Program (the "program").

(b) The purpose of the program is to improve the quality of financial reporting and to ensure that the public can rely on the fairness of presentation of financial information on which licensees issue reports.

(c)(1) The program emphasizes education and rehabilitation rather than disciplinary action.

(2) Appropriate educational programs or procedures will ordinarily be recommended or required where reporting does not comply with appropriate professional standards.

(3) However, when a licensee is unwilling or unable to comply with such standards, or a licensee's professional work is so egregious as to warrant disciplinary action, such action may be taken as the appropriate means of protecting the public interest.

17 CAR § 236-1302. Notification.

(a)(1) A practice review is to be conducted annually on one third (1/3) of the licensees on a rotating basis.

(2) A practice review may be required more frequently as provided herein.

(b)(1) The Arkansas State Board of Public Accountancy will send an email to one-third (1/3) of its licensees annually to inform them that their practice review is due.

(2) The practice review covers the period since the licensee's last practice review or since becoming licensed.

(3) The recipient shall respond to the email within the time specified with one (1) of the following responses.

(A) No reports issued;

(B) Compilation reports only issued; or

(C) Attest reports issued.

(c) If a licensee did not issue any type of compilation or attest report during the practice review period, they shall notify the board by completing the online process entitled No Reports Issued.

(d) If a licensee issued compilation reports and did not issue any attest reports during the practice review period, they shall notify the board by completing and submitting a Practice Review Survey form and following the Quality Review procedures outlined in 17 CAR § 236-1303.

(e) If a licensee issued attest reports during the practice review period, they shall notify the board by completing and submitting a Practice Review Survey form and following the Peer Review procedures outlined in Subpart 19.

(f) The following actions shall a basis for disciplinary action as provided in A.C.A. § 17-12-601:

(1) Failure to respond to a practice review within the time specified on the initial notification;

(2) Failure to submit a practice review survey when reports were issued during the practice review period;

(3) Failure to submit compilation reports for quality review when compilation reports were issued during the practice review period; and

(4) Failure to meet the peer review requirements of A.C.A. §17-12-508 and Subpart 19 when attest reports were issued during the practice review period.

(g) A firm or licensee registered in a jurisdiction other than Arkansas that is not required to register in this state pursuant to Arkansas Code § 17-12-311 or § 17-12-401 and that performs engagements for clients in this state that are performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), such as compilations and reviews, must receive an acceptable peer review performed by a CPA, PA, or firm in lieu of the Quality Review required under this section or must receive an acceptable quality review performed under the rules of the state of licensure.

17 CAR § 236-1303. Quality review process**.**

(a) Licensees who issued compilation reports as their highest level of report issuance shall submit a Practice Review survey form along with their most recent compilation reports issued since their last Practice Review or initial licensure by the Arkansas State Board of Public Accountancy for:

(1) compilations with disclosures; and

(2) compilations without disclosures.

(b)(1) Each compilation report will be assigned to a member of the quality review (QR) team.

(2)(A) After reviewing the report for adherence to the applicable standards, the QR Reviewer will determine whether the report should be classified as a pass, pass with deficiencies, or fail.

(B) "Pass" means that the report contains no deficiencies or only minor deficiencies.

(C) "Pass with deficiencies" means that the report contains more serious deficiencies, such as departures from the technical reporting or accounting standards set forth in Subpart 7 of this part, but of the type that will not render the statement materially inaccurate or misleading.

(D)(i) "Fail" means that the report is materially inaccurate or misleading.

(ii) Such a report:

(a) Violates one (1) or more significant reporting standards;

(b) Seriously departs from Generally Accepted Accounting Principles; or

(c) Does not include material disclosures necessary for a fair presentation.

(E) "Deficiency" means a failure to comply with any provision in the Professional Standards identified in 17 CAR § 236-701 et seq.

(3) For pass with deficiencies and fail classifications, the reviewer will provide a statement of reasons for the classification.

(c)(1) Team captains will review the classification for each compilation report as well as the reasons given for the classification, if applicable.

(2) The team captain may make appropriate changes to the classification of the report after consultation with the reviewer.

(d)(1) The QR Consultant will review the classification for each compilation report as well as the reasons given for the classification, if applicable.

(2) The consultant may make appropriate changes to the classification of the report after consultation with the reviewer and the team captain.

(e)(1) The licensee will be notified in writing of the QR classification of each report.

(2) Notice of fail reports will instruct the licensee to reply to the board in writing informing the board whether or not they agree with the classification.

(3)(A) No response is necessary for a "pass" or "pass with deficiencies" classification, and the QR will be closed.

(B)(i) If the licensee who has received a pass with deficiencies classification disagrees, he or she may submit additional documentation to the board within thirty (30) days.

(ii) The consultant will reconsider the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee and will affirm the classification of, or reclassify, the licensee's report.

17 CAR § 236-1304. Quality review team qualifications.

(a) QR reviewers shall have the following qualifications:

(1) Licensed by and in good standing with the Arkansas State Board of Public Accountancy;

(2) The licensee or firm in which he or she is associated has completed:

(A) An acceptable peer review pursuant to Subpart 19; or

(B) The board's quality review process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board; and

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations.

(b) Team captains shall have the following qualifications:

(1) Licensed by and in good standing with the board;

(2) The licensee or firm in which he or she is associated has completed:

(A) An acceptable peer review pursuant to Subpart 19; or

(B) The board's quality review process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board;

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations;

(5) Shall have served as a quality reviewer for a minimum of one (1) year; and

(6) Shall be approved by the QR consultant.

(c) The QR Consultant shall have the following qualifications:

(1) Licensed by and in good standing with the board;

(2) The licensee or firm in which he or she is associated has completed:

(A) An acceptable peer review pursuant to Subpart 19; or

(B) The board's quality review process with no fail reports within three (3) years immediately preceding the appointment;

(3) The licensee or his or her firm has no pending investigation or disciplinary matters by the board;

(4) Shall have a minimum of five (5) years of experience in accounting and auditing, including experience in compilations; and

(5) Shall be approved by the board.

17 CAR § 236-1305. Sanctions.

(a) **First fail classification.**

(1) The licensee shall respond in writing by the date identified on the fail notification correspondence stating whether the licensee agrees or disagrees with the classification.

(2)(A) If the licensee agrees with the fail classification, the board shall request that the licensee obtain sixteen (16) hours of CPE in specific subjects.

(B) This CPE requirement:

(i) Is intended to be educational, for the purpose of improving the quality of the licensee's reports, rather than disciplinary in nature;

(ii) Shall not be self-study; and

(iii) Shall be approved in advance by the board's Executive Director.

(C) The licensee shall complete said CPE hours and deliver acceptable documentation thereof to the board on or before June 30 of the following year.

(D) The CPE obtained to satisfy this subpart may not be used for license renewal purposes.

(3)(A) If the licensee disagrees with the fail classification, he or she may include with their response an explanation of their objection to the classification, citations to applicable professional standards, and any relevant documentation supporting the licensee's objection to the classification.

(B) The QR Consultant shall review the summary of deficiencies and comments, original documents from the licensee, and any supplemental information from the licensee, and will affirm the classification of, or reclassify, the licensee's report.

(C) The licensee will be provided with a written notice of the QR Consultant's review of the report.

(4)(A) The licensee can appeal the QR Consultant's decision on the classification and request a hearing by the board by filing a written notice of appeal with the board within thirty (30) days of the date from which the licensee received notification.

(B) The board shall notify the licensee of the time and place of the hearing.

(C)(i) The board shall consider the classification of the report based solely upon the record considered by the QR Consultant as per subsection (3)(B) of this section.

(ii) Should the facts show convincingly that the report should be classified as "fail", the board will consider the report as fail.

(iii) If the evidence of record is equally balanced, or the board cannot find that the facts are convincing, the board shall determine that the report should not be classified as fail.

(D) Should the board find that the report should be classified as fail, it may require additional action by the licensee that is designed to ensure that the licensee's professional services are performed consistent with applicable professional standards as provided under this part.

(5)(A) Following any first fail classification of the report that becomes final, the licensee will be requested to obtain the sixteen (16) hours of CPE as stated in subdivision (2) of this section.

(B) Should the licensee not agree to obtain CPE described above, fail to complete said CPE, or fail to timely deliver satisfactory documentation thereof to the board, the board shall conduct a hearing to determine whether the licensee has failed to comply with the Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., and if so, the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(b) **Second consecutive fail report.**

(1) The licensee shall respond in writing by the date identified on the notification of a second fail classification stating whether the licensee agrees or disagrees with the classification.

(2) If the licensee agrees with the classification, the licensee will be requested to submit reports for preissuance review pursuant to the board's current Preissuance Review Procedures that shall be provided to the licensee.

(3)(A) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of his or her objection to the classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for reconsideration by the QR Consultant.

(B) The provisions set forth in subdivisions (a)(3)(B) and (C) for reconsideration by the QR Consultant and subdivision (a)(4) regarding an appeal to the board are also applicable to second consecutive fail reports.

(4) Should the board find that the report should be classified as fail, it may require additional action by the licensee that is designed to ensure the licensee's professional services are performed consistent with applicable professional standards as provided under this part or to otherwise protect the public interest.

(5) If at any stage of the QR process defined in this part pertaining to second consecutive fail reports, the licensee fails to respond to the notice of the classification of the report as fail in the original review or upon reconsideration by the QR Consultant, the board shall:

(A) Conduct a hearing to determine whether the licensee has failed to comply with the board's Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.; and, if so

(B) Determine the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(c) **Third consecutive fail report.**

(1) The licensee shall respond in writing by the date identified on the notification of a third fail classification stating whether the licensee agrees or disagrees with the classification.

(2) If the licensee agrees with the classification, the board will determine whether to conduct a hearing to consider whether the licensee's report violates the board's Code of Professional Conduct and the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.

(3)(A) If the licensee disagrees with the fail classification, he or she will be instructed to file notice including an explanation of his or her objection to the classification, citation to applicable professional standards, and any relevant documentation supporting his or her position for reconsideration by the QR Consultant.

(B) The provisions set forth in subdivisions (a)(3)(B) and (C) for reconsideration by the QR Consultant and subdivision (a)(4) regarding an appeal to the board are also applicable to third consecutive fail reports.

(4) Should the board find that the report is in violation of the Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq., it may take appropriate action to protect the public interest.

(5) If at any stage of the QR process defined in this part pertaining to third consecutive fail reports, the licensee fails to respond to the notice of the classification of the report as fail in the original review or upon review by the QR Consultant, the board shall:

(A) Conduct a hearing to determine whether the licensee has failed to comply with the board's Code of Professional Conduct or the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.; and, if so

(B) Determine the necessary corrective action to be taken to improve the quality of the licensee's reports or to otherwise protect the public interest.

(d) **Consent orders.**

At any stage in the QR process, when a licensee will agree not to perform any further reports that have been classified as fail or to other appropriate action to protect the public interest, the board may resolve the controversy by an appropriate consent order.

17 CAR § 236-1306. Preissuance review procedures.

(a)(1) The preissuance reviewer (reviewer) shall be a CPA currently holding an active Arkansas license , who has undergone a quality review pursuant to 17 CAR § 236-1303 or a peer review pursuant to Subpart 19 within the past three (3) years with reports thereon determined to be acceptable, and approved by the Arkansas State Board of Public Accountancy prior to performing preissuance reviews for the subject accountant (respondent).

(2) Prior to performing any preissuance review services, the reviewer shall deliver a written confirmation to the board to provide a preissuance review of each compilation report prepared by the respondent for the period of the engagement.

(3) The respondent whose reports are being reviewed shall be solely responsible for any expense for the preissuance review.

(b)(1) The reviewer shall:

(A) Review, prior to release to respondent's client, each report as identified above to determine compliance with professional standards identified in 17 CAR § 236-701 et seq., or otherwise applicable to the particular type of report; and

(B) Authorize the release of a report only after making a written determination that the report complies with said standards.

(2) In the event a submitted report does not comply with said standards, the reviewer shall provide written comments or instructions for the respondent to revise the report in compliance with applicable professional standards.

(c)(1) The reviewer shall maintain a preissuance review file on each report review performed.

(2) The file shall contain:

(A) Each original report submitted to the reviewer;

(B) The reviewer's written comments or instructions in any form regarding necessary revisions for the report to comply with professional standards;

(C) Any revised report or reports; and

(D) The report or reports approved for release to the client.

(3) Reports reviewed and found acceptable with no change shall be clearly noted on the file report, "Accepted — No Change Required".

(d) The reviewer shall:

(1) Maintain the preissuance review files for a minimum of five (5) years after each preissuance review engagement is completed; and

(2) Make said records available to the board upon request.

(e)(1) The reviewer shall submit a written report to the board every ninety (90) days following the date of the reviewer's confirmation to the board.

(2) The report shall contain:

(A) A summary of the number of reports reviewed;

(B) The number of reports with no change required; and

(C) The number of reports requiring amendment.

(3) For reports requiring change, a copy of each original report submitted by the licensee, reviewer notations and/or comment sheet or sheets, and the revised and approved report or reports must accompany the report.

(f)(1) The reviewer may recommend in writing with accompanying supporting documentation that the respondent be released from continuing preissuance review.

(2) Should the board determine that the respondent appears to have demonstrated an ability to issue reports in compliance with applicable professional standards without the necessity of continuing preissuance review, it shall terminate the preissuance review but may require the respondent to participate in annual quality reviews for a specific or indefinite term.

Subpart 14. Safe Harbor Language

17 CAR § 236-1401. Nonlicensees – Issuance of compilation reports.

Arkansas Code § 17-12-107(b) provides that nonlicensees are not prohibited from issuing any compilation report prescribed by the Statements on Standards for Accounting and Review Services (SSARS) on any services to which those standards apply, indicating that the services were performed in accordance with standards established by the AICPA, provided that the report discloses that the person does not hold a license.

17 CAR § 236-1402. Nonlicensees disclaimer language — Compilations.

(a) Nonlicensees must use the following disclaimer language in reports issued in connection with compiled financial statements to not be in violation of the Public Accountancy Act of 1975, Arkansas Code § 17-12-101 et seq.:

> "I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners).
>
> I (we) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.
>
> I (we) am (are) not licensed by the Arkansas State Board of Public Accountancy."

(b) In addition, the following language must appear on each page of the financials that contain the nonlicensee's name:

"See accompanying report".

17 CAR §236-1403. Nonlicensee disclaimer language — Use of title "auditor" or "accountant".

(a) Arkansas Code § 17-12-106(i) prohibits unlicensed firms or individuals from holding out to the public as an "accountant" or "auditor" by use of either or both of such words on any sign, card, electronic transmission, or letterhead or in any advertisement or directory without indicating thereon or therein that the person or firm does not hold such a license.

(b) Nonlicensees using the terms above must include the following statement within any signage, document or letterhead, advertisement, or electronic transmission:

"Not licensed by the Arkansas State Board of Public Accountancy"

(c) This statement must not be abbreviated and must appear in legible fashion so that the public could reasonably be expected to be able to read and understand the statement.

Subpart 15. Repealed

Subpart 16. Investigation Costs

17 CAR § 236-1601. Licensee payment of costs.

(a) In the event any licensee is found to be in violation of any statute over which the Arkansas State Board of Public Accountancy has jurisdiction or of any rule, the board may order the licensee to reimburse the board for any or all of the costs the board reasonably incurred in investigating the violation or violations.

(b) Such costs may include, but are not limited to, the following:

(1) Reasonable travel expenses of board staff or third parties engaged by the board for investigative purposes;

(2) Costs associated with securing testimony from an expert witness or expert witnesses; and

(3) Other professional services secured by the board or its staff in the course of investigating the violation or violations.

Subpart 17. Declaratory Orders

17 CAR § 236-1701. Issuance of declaratory orders.

(a) To the extent any licensee or other interested party has questions concerning the applicability of any rule, statute, or order enforced by the Arkansas State Board of Public Accountancy, the licensee or interested party may submit a written petition to the Executive Director for a declaratory order.

(b) The petition should include a recitation of all facts relevant to the subject matter of the inquiry.

(c) The Executive Director shall present the written request to the board within ninety (90) days of receipt thereof, unless good cause requires a longer period, along with the Executive Director's proposed response to the request.

(d) The board shall approve, modify, or reject the Executive Director's proposed response within thirty (30) days of receipt thereof from the Executive Director, unless good cause requires a longer period.

17 CAR § 236-1702. Declaratory orders approved by the board.

(a) No declaratory orders prepared under this subpart by the Executive Director or by the Arkansas State Board of Public Accountancy's staff or counsel, whether in draft or final form, shall be valid, official, or of any effect unless and until such order has been approved by the board.

(b) The Executive Director's response to a request for a declaratory order shall be prepared by the Executive Director in consultation with the board's legal counsel, as appropriate, and presented by the Executive Director to the board for consideration.

17 CAR § 236-1703. Form of declaratory orders.

(a)(1) Declaratory orders shall set forth the assumed facts upon which the orders are based.

(2) The Arkansas State Board of Public Accountancy shall accept the facts presented in the petition and any supplement to the petition as true for purposes of formulating the declaratory order.

(3) Such assumed facts shall not constitute formal findings of fact by the board.

(b)(1) Declaratory orders shall address only the application of a rule, statute, or order enforced by the board to an intended or contemplated future course of conduct.

(2) The declaratory order shall interpret the applicable law or rule as applied to the facts presented and shall not address the legality of any past or present conduct.

(c) The identity of the requesting person shall be disclosed in the declaratory order.

(d)(1) If the facts and circumstances provided in the petition are insufficient in detail to enable the board to render a declaratory order, the board shall request supplementary information from the petitioner to enable the board to render such order.

(2) If such supplementary information is still insufficient or is not provided, the board shall so state and shall not render a declaratory order based upon what it considers to be insufficient detail.

(3) The timeframes outlined in this subpart shall reset upon receipt of any supplement to the petition.

17 CAR § 236-1704. Records.

(a) The Executive Director shall provide a copy of each declaratory order to the requesting party and to each member of the Arkansas State Board of Public Accountancy.

(b) The Executive Director shall keep the original order along with a copy of the original request for the declaratory order and any information or documents provided to the board by the requesting party for a period of three (3) years after final disposition of the declaratory order.

(c) Copies of all documents considered by the board, the staff, or counsel in the drafting or rendering of a declaratory order shall be retained by the Executive Director and kept in the file for that particular declaratory order.

17 CAR § 236-1705. Effect of orders.

(a) The Arkansas State Board of Public Accountancy may reconsider, withdraw, or amend prior orders upon request of a licensee or other interested party, or on its own motion, upon approval by the board.

(b) Upon receipt of a request for reconsideration, withdrawal, or amendment of a prior declaratory order, or, upon passage of the board's own motion to reconsider, withdraw, or amend a prior declaratory order, written notice of the request or passed motion shall be mailed to the original petitioner at the last address for that party provided to the board.

(c) The original petitioner shall be given thirty (30) days from the date of mailing to provide a written response.

(d) If the board ultimately withdraws or amends the prior declaratory order, written notice of the change shall be mailed to the original petitioner at the last address for that party provided to the board.

Subpart 18. Licensure for Uniformed Service Members, Uniformed Service Veterans, and Spouses

17 CAR § 236-1801. Definitions.

As used in this subpart:

(1) "Uniformed service member" means:

(A) An active or reserve component member of the:

(i) United States Air Force;

(ii) United States Army;

(iii) United States Coast Guard;

(iv) United States Marine Corps;

(v) United States Navy;

(vi) United States Space Force; or

(vii) National Guard;

(B) An active component member of the National Oceanic and Atmospheric Administration Commissioned Officer Corps; or

(C) An active or reserve component member of the United States Commissioned Corps of the Public Health Service; and

(2) "Uniformed service veteran" means a former member of the United States uniformed services discharged under conditions other than dishonorable.

17 CAR § 236-1802. Expedited processing for full licensure.

The Arkansas State Board of Public Accountancy will give preference in the order of processing to applications for full licensure filed by the following individuals:

(1) A uniformed service member stationed in the State of Arkansas;

(2) A uniformed service veteran who resides in or establishes residency in the State of Arkansas; and

(3) The spouse of:

(A) A person listed in subdivision (a)(1) or (a)(2) of this section;

(B) A uniformed service member who is assigned a tour of duty that excludes the uniformed service member's spouse from accompanying the uniformed service member and the spouse relocates to Arkansas; and

(C) A uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in Arkansas.

17 CAR § 236-1803. Automatic reciprocal licensure.

(a) The Arkansas State Board of Public Accountancy shall grant automatic reciprocal licensure upon receipt of all of the following:

(1) An application showing evidence that the individual holds a license in good standing with a similar scope of practice issued by another state;

(2) Payment of the applicable fees; and

(3) Evidence that the individual is a qualified applicant under 17 CAR § 236-1802.

17 CAR § 236-1804. Expedited initial licensure.

(a) The Arkansas State Board of Public Accountancy shall expedite the process for initial CPA licensure for individuals qualified under 17 CAR § 236-1802.

(b) The board shall issue a temporary license upon receipt of an initial CPA application showing that the individual meets the licensure requirements described in Arkansas Code § 17-12-301.

(c) The temporary license shall be effective for 90 days or until the board determines whether the application meets the requirements described in Arkansas Code §§ 17-12-301 and ACA 17-12-303.

17 CAR § 236-1805. Acceptance of uniformed service education, training, experience, or service-issued credential.

(a) The Arkansas State Board of Public Accountancy shall accept relevant and applicable uniformed service education, training, or service-issued credential toward licensure qualifications or requirements when considering an application for initial licensure of an individual who is:

(1) A uniformed service member; or

(2) A uniformed service veteran who makes an application within one (1) year of his or her discharge from uniformed service.

(b) The board will accept the applicant's military training and experience in the practice of accounting in lieu of experience or education required for licensure if the board determines that the military training and experience is a satisfactory substitute for the experience or education required for licensure.

17 CAR § 236-1806. Extension of license expiration and CPE exemption.

(a) The license of a deployed uniformed service member or spouse of a deployed uniformed service member will not expire until one hundred eighty (180) days following the uniformed service member's return from deployment.

(b) A full or partial exemption from continuing professional education requirements will be given for a deployed uniformed service member or the spouse of a deployed uniformed service member until one hundred eighty (180) days following the date of the uniformed service member's return from deployment.

Subpart 19. Peer Review Program

17 CAR § 236-1901. Purpose.

(a) Pursuant to Arkansas Code § 17-12-508, licensees who issue attest reports are required to enroll in a board-approved peer review program to monitor licensees' compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies.

(b) The program shall emphasize education, including remedial procedures, which may be recommended or required when financial statement reports do not comply with professional standards.

(c) In the event a licensee does not comply with established professional standards, or a licensee's professional work is so inadequate as to warrant disciplinary action, the board shall take appropriate action as to protect the public interest.

17 CAR § 236-1902. Definitions.

The following words and terms used in this subpart shall have the following meanings, unless the context clearly indicates otherwise:

(1)(A) "Deficiency in a system review" means one (1) or more findings that the peer reviewer has concluded that due to the nature, causes, pattern, or pervasiveness, including the relative importance of the finding to the reviewed licensee's system of quality management taken as a whole, could create a situation in which the licensee would not have reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one (1) or more important respects.

(B) It is not a significant deficiency if the peer reviewer has concluded that, except for the deficiency or deficiencies, the reviewed licensee has reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(2)(A) "Deficiency in an engagement review" means one (1) or more findings that the review captain concludes are material to the understanding of the financial statements or information and/or related accountant's reports or that represent omission of a critical procedure, including documentation, required by applicable professional standards.

(B) When the review captain concludes that deficiencies are not evident on all of the engagements submitted for review and there are no other deficiencies, such deficiencies are communicated in a report with a peer review rating of pass with deficiencies;

(3) "Deficient report" means any report which is classified as pass with deficiencies or fail;

(4) "Engagement review" means a peer review where the peer reviewer evaluates and reports on whether engagements submitted for review by the practice unit are performed and reported on in conformity with applicable professional standards in all material respects;

(5) "Enrollment in a peer review program" means a licensee is required to:

(A) Follow all requirements of the peer review process;

(B) Cooperate with those performing and administering the peer review;

(C) Comply with the peer review standards; and

(D) Inform sponsoring organizations when changes within the licensee's practice occur;

(6) "Fail on a system review" means significant deficiencies have been identified and:

(A) The licensee's system of quality management is not suitably designed to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects; or

(B) The licensee has not complied with its system of quality management to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(7) "Fail on an engagement review" means the engagements submitted for review were not performed and/or reported in conformity with applicable professional standards in all material respects;

(8) "Pass on a system review" means the reviewed licensee's system of quality management for the accounting and auditing practice has been suitably designed and complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects;

(9) "Pass on an engagement review" means nothing came to the reviewer's attention that the engagements submitted for review were not performed and reported in conformity with applicable professional standards in all material respects;

(10) "Pass with deficiencies on a system review" means the design of the licensee's system of quality management for the accounting and auditing practice has been suitably designed and complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects with the exception of a certain deficiency or deficiencies that are described in the report;

(11) "Pass with deficiencies on an engagement review" means that nothing came to the attention of the reviewer that caused him or her to believe that the engagements submitted for review were not performed in and reported on in

conformity with applicable professional standards in all material respects except for the deficiencies that are described in the report;

(12) "Peer review" means board-approved study, appraisal, or review of one (1) or more aspects of the attest services rendered by a licensee in the practice of public accounting, performed by a person or persons who hold a license as a certified public accountant in this or another United States jurisdiction and not affiliated with the licensee being reviewed;

(13) "Peer review due date" means a date within six (6) months after the peer review year end, plus any extensions granted by the sponsoring organization or the Arkansas State Board of Public Accountancy;

(14) "Peer Review Standards" means the board-approved professional standards for administering and reporting on peer reviews;

(15) "Peer review year end" means the year end as determined by the licensee and its reviewer;

(16) "Performance of services" is deemed to start when an engagement letter or signed or agreement reached;

(17) "Significant deficiency in a system review" means one (1) or more deficiencies that the peer reviewer has concluded results from a condition in the reviewed licensee's system of quality management or compliance with it such that the reviewed licensee's system of quality management taken as a whole does not provide the reviewed licensee with reasonable assurance of performing and/or reporting in conformity with applicable professional standards in all respects;

(18)(A) "Significant deficiency in an engagement review" means the review team captain concludes that all engagements submitted for review were not performed and/or reported on in conformity with applicable professional standards in all material respects.

(B) The exception is when more than one (1) engagement has been submitted for review, the exact same deficiency occurs on each of those engagements, and there are no other deficiencies, which would ordinarily result in a report with a peer review rating of pass with deficiencies;

(19)(A) "Sponsoring organization" means a board-approved professional society, or other organization, responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards.

(B) The board shall periodically publish a list of sponsoring organizations, which have been approved by the board; and

(20) "System review" means a peer review intended to provide the peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review the licensee's:

(A) System of quality management for its accounting and auditing practice has been designed in accordance with quality management standards; and

(B) Quality management practices and procedures were being complied with to provide the licensee with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

17 CAR § 236-1903. Standards for peer reviews and sponsoring organizations.

(a)(1) The Arkansas State Board of Public Accountancy shall approve peer review:

(A) Sponsoring organizations;

(B) Programs; and

(C) Standards.

(2) Qualifying sponsoring organizations shall include any organization approved by the board.

(b) Licensees required to enroll in a peer review program are not required to become a member of any sponsoring organization.

(c)(1) The board adopts the American Institute of Certified Public Accountants (AICPA) and its peer review program and the Alabama Society of CPAs or its successor and other peer review programs administered by entities involved in the administration of the AICPA Peer Review Program as approved sponsoring organizations.

(2) These organizations are not required to submit an application for approval to the board.

(3) The board may approve other peer review sponsoring organizations and programs.

(d)(1) The board may terminate its approval of a sponsoring organization for cause following notice and opportunity for hearing.

(2) For purposes of this subsection (d), "cause" includes, but is not limited to, failure to maintain an ongoing compliance with the requirements of this subpart.

(e)(1) For an organization not specifically identified in this subpart as board-approved to receive board-approval for its peer review program and standards, the organization must submit evidence to the satisfaction of the board that the overall program and standards are similar to those of the AICPA Peer Review Program.

(2) At a minimum, the evidence shall include the standards, procedures, guidelines, oversight process, training materials, and related documents used to administer, perform, and accept peer reviews.

(3) The board has the authority to request any other documents/information from an organization about its peer review program in determining whether to grant approval.

(f) For practice units required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB), the board approves the PCAOB's inspection process for reviewing practices subject to its authority which are not included in the scope of peer review programs.

17 CAR § 236-1904. Enrollment and participation.

(a) Enrollment in the Arkansas State Board of Public Accountancy-approved peer review program is required of each licensee that performs attest services as provided in Arkansas Code § 17-12-508(a).

(b) Enrollment is required as follows:

(1)(A) An existing licensee required to participate under subsection (a) of this section shall enroll in a board-approved peer review program administered by an approved sponsoring organization.

(B) Licensees enrolled in aboard-approved peer review program shall schedule, undergo, and complete its initial peer review in compliance with the sponsoring organization's peer review standards and related guidance;

(2)(A) An existing licensee that subsequently begins providing services as set forth in subsection (a) of this section shall:

(i) Notify the board of the change in status within thirty (30) days; and

(ii) Provide the board with enrollment information within twelve (12) months of the date the attest services were performed.

(B) Ordinarily, a licensee's initial peer review is due eighteen (18) months from the date it enrolled or should have enrolled in a board–approved peer review program;

(3)(A) Licensees enrolled in a board-approved peer review program shall schedule, undergo, and complete their subsequent peer reviews in compliance with the sponsoring organization's peer review standards and related guidance.

(B) Subsequent peer reviews shall be completed such that the peer review has taken place and all peer review materials are submitted to the sponsoring organization within three (3) years and six (6) months from the peer review year end of the previous peer review;

(4)(A) A licensee is not required to enroll in a board-approved peer review program if its highest level of service is performing compilations or preparation of financial statements under Statements on Standards for Accounting and Review Services (SSARSs).

(B) However, if the licensee enrolls in a board-approved peer review program, it is required to have a peer review which would include compilations and preparation of financial statements within the scope of the review; and

(5) Licensees receiving inspections under the PCAOB are also required to meet the peer review requirements under a board-approved peer review program that covers the portion of the practice unit's practice not subject to the PCAOB inspection process, should the licensee have such a practice.

(c)(1) In the event that a firm licensee is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall determine which firm is considered the succeeding firm.

(2) Any dispute of the sponsoring organization's determination shall be resolved by the board.

(3) The succeeding firm shall retain its peer review status and the peer review due date.

(d)(1) The board may accept extensions granted by the sponsoring organization to complete a peer review, provided the board is notified by the licensee within thirty (30) days from the date of the letter granting the extension.

(2)(A) Requests for extensions of time to undergo a peer review shall be submitted to the board in writing by the licensee no later than the earlier of a licensee renewal date or peer review due date (which is determined by the sponsoring organization) and should include any extensions approved by the sponsoring organization.

(B) Ordinarily, extensions are granted for the following reasons:

(i) Health;

(ii) Military service; or

(iii) Other good cause clearly outside of the control of the licensee.

(C) For good cause shown, the board may grant or renew applications for a reasonable period of time pending completion of the licensee's peer review.

(e) A licensee whose enrollment in a peer review program that has been rejected by a sponsoring organization for whatever reason shall notify the board of:

(1) The name of sponsoring organization rejecting the enrollment;

(2) Reasons for the rejection; and

(3) The name of the subsequently selected sponsoring organization.

(f) A licensee choosing to change to another sponsoring organization may do so only once a final acceptance letter has been issued indicating that all outstanding corrective actions have been completed and outstanding fees paid.

17 CAR § 236-1905. Effect of consecutive deficient reports.

(a) A licensee (including a succeeding firm licensee) which receives two (2) consecutive pass with deficiencies reports and/or one (1) fail report shall be referred to the Compliance Committee of the board for enforcement investigation.

(b) Upon review of the deficient report(s), the compliance committee may assess additional requirements, such as:

(1) An accelerated peer review;

(2) Additional CPE requirements; or

(3) Preissuance review.

(c) If the accelerated review required by subsection (b) of this section results in a deficient report:

(1) The licensee may complete any attest service for which field work has already begun only if:

(A) Prior to the issuance of any report, the engagement is reviewed and approved by a third party acceptable to the board or its designee; and

(B) The engagement is completed within ninety (90) days of the acceptance of the peer review report and letter of response (when applicable) by the sponsoring organization;

(d) A licensee may petition the board for a waiver from the provisions of this subpart.

17 CAR § 236-1906. Reporting to the board.

(a) Licensees enrolled in an Arkansas State Board of Public Accountancy-approved peer review program are required to submit a copy of the results of their most recently accepted peer review to the board which includes the following documents:

(1) Peer review report which has been accepted by a sponsoring organization;

(2) The licensee's letter of response accepted by the sponsoring organization;

(3) The acceptance letter from the sponsoring organization;

(4) The letter or letters accepting the documents signed by the licensee with the understanding that the licensee agrees to take any actions required by the sponsoring organization, if applicable; and

(5) The letter signed by the sponsoring organization notifying the licensee that required actions have been appropriately completed, if applicable.

(b)(1) The licensee shall submit the peer review documents in subdivisions (a)(1) – (a)(3) of this section to the board within thirty (30) days of the sponsoring organization's acceptance.

(2) The licensee shall submit the document in subdivision (a)(4) of this section to the board within thirty (30) days from the date the letter is signed by the licensee or with submission of licensee renewal application, whichever occurs first.

(3) The licensee shall submit the documents in subdivision (a)(5) of this section to the board within thirty (30) days of the date of the letter or with submission of license renewal application, whichever occurs first.

(c)(1) Licensees must satisfy the above document submission requirement by allowing the sponsoring organization to provide the board access to the documents via a secure website process such as the AICPA Facilitated State Board Access (FSBA).

(2) If a sponsoring organization does not have access to a secure website, the licensee would be required to submit the documents in subsection (a) of this section directly to the board by the deadlines prescribed in subsection (b) of this section.

(d) Licensees that are inspected by the PCAOB shall submit a copy of any report or findings and any other public portion of the report from the inspection to the board within thirty (30) days of receipt of such report.

(e) Any document submitted to the board under this section is confidential pursuant to Arkansas Code § 17-12-508(d).

17 CAR § 236-1907. Peer review oversight committee.

(a) The Arkansas State Board of Public Accountancy shall appoint a Peer Review Oversight Committee (PROC) for the purpose of:

(1) Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review standards;

(2) Reviewing the policies and procedures of sponsoring organizations as to their conformity with the peer review minimum standards; and

(3) Reporting to the board on the conclusions and recommendations reached as a result of performing functions in subdivisions (a)(1) and (a)(2) of this section.

(b)(1)(A) The PROC shall consist of three (3) members nominated by the chair and approved by the board, none of whom is a current member of the board.

(B) Subsequent committee members shall serve three (3) year terms.

(C) Compensation, if any, of the PROC members shall be set by the board, not to exceed one hundred fifty dollars ($150) per hour.

(D) Each member of the PROC must be active in (or retired from within the previous five (5) years) the practice of public accounting at the supervisory level or above in the accounting or auditing function while serving on the committee or any employee involved at a supervisory level or above in an audit function of a state or local government.

(E) The member or member's firm must be enrolled in an approved peer review program and have received a pass report on its most recently completed peer review.

(F) A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards for Performing and Reporting on Peer Reviews.

(2) No more than one (1) PROC member may be from the same firm.

(3) A PROC member may not concurrently serve or perform any enforcement-related work for regulatory or governmental bodies or professional organizations, including, but not limited to:

(A) AICPA ethics committee;

(B) AICPA Joint Trial Board; or

(C) State society professional ethics committee.

(4)(A) A PROC member may not participate in any discussion or have any vote with respect to a reviewed licensee when the committee member lacks independence or has a conflict of interest.

(B) The board may appoint alternate committee members to serve in these situations.

(c)(1) Information concerning a specific licensee or reviewer obtained by the PROC during oversight activities shall be confidential, and the licensee's or reviewer's identity shall not be reported to the board.

(2) PROC reports submitted to the board shall not contain information concerning specific:

(A) Licensees;

(B) Firms; or

(C) Reviewers.

(d) As determined by the board, the PROC shall make periodic recommendations to the board, but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.

(e) The PROC may:

(1) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with:

(A) The AICPA Standards for Performing and Reporting on Peer Reviews; or

(B) Other standards as approved by the board and the rules promulgated in this part by the board;

(2) Review remedial and corrective actions prescribed that address the deficiencies in the reviewed licensee's system of quality management policies and procedures;

(3) Monitor the prescribed remedial and corrective actions to determine compliance by the reviewed licensee;

(4) Observe the report acceptance process to determine that viewpoints of acceptance body members are openly discussed; and

(5) Communicate to the board on a recurring basis:

(A) Problems experienced by the enrolled licensees in their systems of quality management as noted in the peer reviews conducted by the sponsoring organization;

(B) Problems experienced in the implementation of the peer review program; and

(C) A summary of the historical results of the peer review program.

(f) Committee members shall become disqualified to serve on the PROC if any of the provisions that qualify the committee member no longer exist or by majority vote of the board.

Subpart 20. Prelicensure Criminal Background Petition

Codification Notes. This subpart as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"21.1 AUTHORITY

(a) Pursuant to Ark. Code Ann. § 17-3-103(a)(1), an individual with a criminal record may petition the Board at any time for a determination of whether the individual's criminal record will disqualify him or her from licensure and whether he or she could obtain a waiver under Ark. Code Ann. § 17-3-102(b).

(b) Ark. Code Ann. § 17-3-104 requires the Board to adopt rules to implement this process."

17 CAR § 236-2001. Form and contents of petition.

(a) An individual with a criminal record may petition the Arkansas State Board of Public Accountancy at any time for a determination of whether the individual's criminal record will disqualify him or her from licensure and whether he or she could obtain a waiver from disqualification.

(b) An individual wishing to submit a prelicensure criminal background petition shall do so on a form provided by the board.

(c) The petitioner shall complete all portions of the petition form and shall provide the following information:

(1) Full name, mailing address, email address, and phone number;

(2) Identification of the court, case name, and case number in which the petitioner was found guilty or pleaded guilty or nolo contendere;

(3) Name of each crime and relevant statute under which petitioner was found guilty or pleaded guilty or nolo contendere;

(4) Date of the judgment or sentencing order; and

(5) A file-marked copy of the judgment or sentencing order.

(d) If the petitioner wishes to do so, he or she may also submit a written position statement concerning the three (3) issues the board will address in its determination, which are set forth in 17 CAR § 236-2002.

17 CAR § 236-2002. Consideration of petition.

(a) A completed petition shall be submitted to the Arkansas State Board of Public Accountancy's Executive Director.

(b)(1) The Executive Director shall present any properly completed petition to the board's Compliance Committee at the next Compliance Committee meeting following receipt of the petition.

(2) However, if the Executive Director determines that the petition has not been properly completed, he or she shall return the petition to the petitioner at the address provided on the petition with instructions as to any additional information the petitioner needs to supply.

(c) After considering the petition, the Compliance Committee shall make a recommendation to the board regarding its determination on the petition.

(d) The board shall consider the petition and may accept, reject, or modify the Compliance Committee's recommendation.

(e) For the purposes of considering a prelicensure criminal background petition, the board shall accept as true the facts as stated in the petition.

(f) In making its determination on a prelicensure criminal background petition, the board shall address the following three (3) issues:

(1) Whether the petitioner's criminal record, as set forth in the petition, will disqualify the petitioner from licensure under Arkansas Code § 17-3-102;

(2) If the petitioner's criminal record will disqualify the petitioner from licensure, then whether the petitioner could obtain a waiver under Arkansas Code § 17-3-102(b); and

(3) Whether the petitioner's criminal record could result in the denial of an application for licensure or renewal of a license under Arkansas Code § 17-12-601, regardless of whether the petitioner would be disqualified from licensure under Arkansas Code § 17-3-102.

(g) The board's determination on a prelicensure criminal background petition shall be put in writing and served on the petitioner at the address provided in the petition via certified mail, return receipt requested.

(h) The board's determination is not subject to appeal.

17 CAR § 236-2003. Applicability of determination in license application process.

(a)(1) A determination on a prelicensure criminal background petition that is unfavorable to the petitioner does not preclude the petitioner from later applying for licensure.

(2) However, the determination will be reviewed and taken into consideration by the Arkansas State Board of Public Accountancy in its decision on whether to issue or renew an individual CPA license.

(b) An applicant for an individual CPA license must undergo the criminal background check required under 17 CAR § 236-902, regardless of whether that individual has completed the prelicensure criminal background petition process set out in this subpart.

(c) If the results of the criminal background check required under 17 CAR § 236-902 match the facts concerning the applicant's criminal history that were provided in a

prelicensure criminal background petition, and if the board determined in response to the petition that either the petitioner's criminal history either does not disqualify the individual from licensure or the petitioner could obtain a waiver under Arkansas Code § 17-3-102(b), then the board will be bound by its determination on the prelicensure criminal background petition.

(d) If the board discovers during the license application process that the facts of the applicant's criminal background are different from those set out in the prelicensure criminal background petition, the board will not be bound by its determination on the petition.

(e)(1) A determination by the board in response to a prelicensure criminal background petition that an individual with an otherwise disqualifying criminal history could obtain a waiver under Arkansas Code § 17-3-102(b) does not mean that the individual will be granted such waiver.

(2) Whether to grant a waiver, when permissible, may only be decided through a hearing requested by:

(A) An affected applicant for a license; or

(B) An individual holding a license subject to revocation.

RULE SUMMARY

DEPARTMENT OF LABOR AND LICENSING – ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY – TITLE 17, CHAPTER XLII, SUBCHAPTER A, PART 235 AND PART 236

- **DESCRIPTION**: Changes to CPA exam and licensure requirements, defining of substantial equivalency, and rule clarifications.
- **STATUS**: Pending.
- **NEXT AGENDA**: Pending.
- **FINANCIAL IMPACT**: No financial impact.
- **POTENTIAL OPPOSITION**: None.
- **TALKING POINTS**:
    1. To create an additional pathway to licensure, thereby removing barriers to entry into the profession and increasing the CPA pipeline in Arkansas.
    2. To reduce CPA exam sitting requirements, thereby improving Arkansas CPA exam test scores and increasing the CPA pipeline in Arkansas.
    3. To define the meaning of substantial equivalency and provide the parameters required for out-of-state CPAs and CPA firms servicing Arkansas clients as allowed by Act 428 of the 95th General Assembly.
    4. To clarify rules regarding the ownership of firms, compliance with professional standards, notification requirements, annual fees, continuing education requirements, the practice review program, licensure for uniformed service members, veterans, and their spouses, and peer review requirements.
    5. To clarify the rules that make up the Board's Code of Professional Conduct.

SECTION BY SECTION ANALYSIS

1. Changes to 17 CAR § 236-311 creates an additional pathway to licensure, thereby removing barriers to entry into the profession and increasing the CPA pipeline in Arkansas. Currently, an applicant for licensure must obtain a bachelor's degree, 150 semester credit hours including 30 hours of upper-level accounting courses, and one year

of experience. This pathway will remain in effect, although only 27 hours of upper-level accounting courses will be required. These proposed changes will create an additional pathway to licensure that includes obtaining a bachelor's degree including 27 hours of upper-level accounting courses and two years of experience. The cost of a 5th year of college is a major barrier to entry into the profession. Removing that cost plus the ability to earn income while getting the additional year of experience constitutes a huge positive financial impact for Arkansas residents entering the CPA profession.

2. Changes to 17 CAR § 236-302 reduces the CPA exam sitting requirements, thereby improving Arkansas CPA exam test scores and increasing the CPA pipeline in Arkansas. Reducing the exam sitting requirements will allow students to begin sitting for the exam while they are still in college where they have valuable resources readily available. The highest pass rates for Arkansas candidates for the past nine years are those candidates under the age of 22 years. The second highest pass rate are those candidates between the ages of 22 and 23. The pass rate for candidates 24 years or older declines 12% to 18%. Additionally, there may be one or two universities that encourage their students to sit for the CPA exam in states other than Arkansas because those states have reduced sitting requirements. This constitutes a loss of revenue for the Arkansas State Board of Public Accountancy because exam application fees go to the board of the state in which the applicant applies.
3. Act 428 of the 95th General Assembly allows the board to define the meaning of substantial equivalency by board rule as well as provide the parameters required for out-of-state CPAs and CPA firms servicing Arkansas clients through a practice privilege. The definition and parameters of substantial equivalency are included in 17 CAR § 236-501 et seq.
4. The proposed changes will also clarify the rules regarding the ownership of firms, compliance with professional standards, notification requirements, annual fees, continuing education requirements, the practice review program, licensure for uniformed service members, veterans, and their spouses, and peer review requirements.
5. The proposed changes will also clarify the rules regarding the rules that make up the Board's Code of Professional Conduct (Part 235).

Notice of Rulemaking

Pursuant to Arkansas Code Annotated § 25-15-201 et seq., notice is hereby given that the Arkansas State Board of Public Accountancy of the Department of Labor and Licensing is considering changes to its rules. The main amendments made to the Board's rules follow the changes made by Act 428 of 2025. Additionally, the Board made some technical and grammatical changes that were necessary to ensure consistency with existing statutes. A detailed summary of the new rules is available on the board's website.

Written comments will be accepted from Friday, November 28, 2025 through Wednesday, December 31, 2025 by the Arkansas State Board of Public Accountancy. Comments may be mailed to the Board's Office at 900 West Capitol Avenue, Suite 400, Little Rock, AR 72201, or emailed to tim.montgomery@arkansas.gov. If you would like to make oral public comments, please call our office at (501) 682-5533. A copy of the proposed rules can be accessed on the Arkansas Department of Labor and Licensing's website at: https://labor.arkansas.gov/news/proposed-rule-making/.

Tim Montgomery

From: Legal Ads <legalads@arkansasonline.com>
Sent: Wednesday, November 26, 2025 10:50 AM
To: Tim Montgomery
Subject: Re: Full Run AD

Thanks, Tim. Scheduled for Fri 11/28, Sat 11/29, and Sun 11/30.

Gregg Sterne, Legal Advertising
Arkansas Democrat-Gazette
legalads@arkansasonline.com

From: "Tim Montgomery" <Tim.Montgomery@arkansas.gov>
To: "legalads" <legalads@arkansasonline.com>
Sent: Tuesday, November 25, 2025 12:17:28 PM
Subject: Full Run AD

Please run the attached notice in the newspaper for three days in a row: Friday, November 28th through Sunday November 30th. If you need more time to put the notice in the publication, then Saturday, November 29th through Monday, December 1st would be fine. I just need it in the Sunday edition of the paper and for three consecutive days. Please send confirmation of the receipt of this request.

Thank you!

Tim Montgomery
L&L Division Director II
Labor and Licensing | Arkansas State Board of Public Accountancy
e: tim.montgomery@arkansas.gov
t: 501-682-5533