

# ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

## PUBLIC ACCOUNTANCY ACT OF 1975

Title 17: Professions, Occupations and Business  
Chapter 12: Accountants

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101 East Capitol Avenue, Suite 450  
Little Rock, Arkansas 72201

**Arkansas Code of 1987**  
**Title 17: Professions, Occupations and Businesses**  
**Subtitle 2: Nonmedical Professions**  
**Chapter 12: Accountants**

**Chapter 12**

**Accountants**

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## **Subchapter 1**

### **— General Provisions**

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**17-12-101. Title.**

This chapter may be cited as the “Public Accountancy Act of 1975”.

**History.** Acts 1975, No. 160, § 1; A.S.A. 1947, § 71-611.

**17-12-102. Purpose.**

It is the policy of this state, and the purpose of this chapter, to promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public or private. The public interest requires:

- (1) That persons attesting as experts in accountancy to the reliability or fairness of presentation of such information be qualified in fact to do so;
- (2) That a public authority competent to prescribe and assess the qualifications of public accountants be established; and
- (3) That the attestation of financial information by persons professing expertise in accountancy be reserved to persons who demonstrate their ability and fitness to observe and apply the standards of the accounting profession.

**History.** Acts 1975, No. 160, § 1; A.S.A. 1947, § 71-611.

### **17-12-103. Definitions.**

**(a)** As used in this chapter:

**(1)** “AICPA” means the American Institute of Certified Public Accountants, or its successor;

**(2)** “Attest” means providing the following financial statement services:

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

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

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

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

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

**(3)** “Beneficial owner” means an individual who is the grantor and sole trustee of a revocable trust in which the individual reserves the unrestricted right to revoke the trust;

**(4)** “Board” means the Arkansas State Board of Public Accountancy created by § 17-12-201;

**(5)** “Certificate” means a certificate as “certified public accountant” issued under § 17-12-301 or a corresponding certificate as “certified public accountant” issued after examination under the laws of any other state;

**(6)** “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;

**(7)** “Conviction” means all instances in a criminal case in which a defendant has been found guilty or pleads guilty or nolo contendere regardless of whether:

**(A)** Sentencing or imposition of sentencing has been deferred or suspended; or

**(B)** The adjudication of guilt or the sentence is withheld by the court;

**(8)** “Firm” means a partnership, corporation, limited liability company, sole proprietorship, or other entity required to be registered with the board under § 17-12-401 et seq.;

**(9)** “Home office” means the location specified by the client as the address to which a service under § 17-12-311 is directed;

**(10)** “License” means a certificate issued under § 17-12-301 or a registration under § 17-12-312 or § 17-12-401 et seq. or, in each case, a certificate or permit issued or a registration under corresponding provisions of prior law;

**(11)** “Licensee” means the holder of a license as defined in this section;

**(12)** “Member” means either:

**(A)** The person in whose name membership interests are registered in the records of a limited liability company; or

**(B)** The beneficial owner of membership interests of a revocable living trust when the membership interests are registered in the records of the limited liability company in the name of the revocable living trust;

**(13)** “NASBA” means the National Association of State Boards of Accountancy, or its successor;

**(14)** “PCAOB” means the Public Company Accounting Oversight Board, or its successor;

**(15)** “Practice of public accounting” means the performance of or an offer to perform attest services as defined in this section or the performance of or an offer to perform professional services for the general public;

**(16) (A) (i)** “Principal place of business” means the primary location from which professional services are performed.

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

**(B)** An individual who performs professional services at multiple locations may designate the location that most often serves as the individual’s home base of operations as a principal place of business;

**(17)** “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;

**(18)** “Professional services” means services arising out of or related to the specialized knowledge or skills performed by certified public accountants or public accountants;

**(19)** “Shareholder” means either:

(A) The person in whose name shares are registered in the records of a corporation; or

(B) The beneficial owner of shares of a revocable living trust where the shares are registered in the records of the corporation in the name of the revocable living trust; and

(20) “State” means any state, territory, or insular possession of the United States or the District of Columbia.

**History.** Acts 1975, No. 160, § 22; A.S.A. 1947, § 71-632; Acts 1997, No. 306, § 4; 1999, No. 180, § 1; 2005, No. 54, § 1; 2009, No. 93, § 1; 2013, No. 90, § 1; 2017, No. 277, § 1.

**17-12-104. Penalty.**

- (a) (1) A person who violates any provision of § 17-12-106 is guilty of a misdemeanor;
- (2) A person convicted of violating any provision of § 17-12-106 is subject to:
- (a) a fine of not more one thousand dollars (\$1,000);
  - (b) A judgment in favor of the Arkansas State Board of Public Accountancy for investigative costs; or
  - (c) Imprisonment for not more than one (1) year for each violation.
- (3) Each violation of § 17-12-106 constitutes a separate offense.
- (b) When the board has reason to believe that any person is subject to punishment under this section, the board may certify the facts to the Attorney General or other appropriate enforcement officer, who may cause appropriate proceedings to be brought.

**History.** Acts 1975, No. 160, § 19; A.S.A. 1947, § 71-629; Acts 2005, No. 54, § 2; 2013, No. 90, § 2.

**17-12-105. Injunctions.**

Whenever in the judgment of the Arkansas State Board of Public Accountancy any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, a violation of § 17-12-106, the board may make application to the appropriate court for an order enjoining such acts or practices, and upon a showing by the board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order as may be appropriate shall be granted by the court without bond.

**History.** Acts 1975, No. 160, § 18; A.S.A. 1947, § 71-628.

**17-12-106. Unlawful acts.**

**(a)** (1) No person shall assume or use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that he or she is a certified public accountant, unless he or she holds a current license as a certified public accountant under § 17-12-301 et seq. and all of his or her offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403.

(2) However, a foreign accountant who has received a certificate under the provisions of § 17-12-308(c) may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received his or her certificate, license, or degree.

**(b)** No firm shall assume or use the title or designation “certified public accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants unless the firm is currently registered under § 17-12-401(a)(1) and all offices of the firm in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403.

**(c)** No person shall assume or use the title or designation “public accountant” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that he or she is a public accountant, unless:

(1) He or she is currently licensed as a public accountant and all of the person's offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403; or

(2) He or she is currently licensed as a certified public accountant under § 17-12-301 et seq. and all of the person's offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403.

**(d)** No firm shall assume or use the title or designation “public accountant” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants unless the firm is currently registered under § 17-12-401 or § 17-12-402 and all offices of the firm in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403.

**(e)** (1) No person or firm shall assume or use the title or designation “certified accountant”, “chartered accountant”, “enrolled accountant”, “licensed accountant”, “registered accountant”, “accredited accountant”, “accounting practitioner”, or any other title or designation likely to be confused with “certified public accountant” or “public accountant”, or any of the abbreviations, “CA”,

“LA”, “RA”, “AA”, “AP”, or similar abbreviations likely to be confused with “CPA” or “PA”.

- (2) Anyone currently licensed under this chapter and whose offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403 may hold himself or herself out to the public as an “accountant” or “auditor”.
- (3) A foreign accountant who receives a certificate under § 17-12-308(c) and all of whose offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received his or her certificate, license, or degree.
- (4) (a) A person or firm shall not use a professional or firm name or designation that is misleading in reference to the legal form of the firm, the ownership of the firm, or the firms owners, partners, officers, members, managers, or shareholders.
- (b) However, a firm may use the name of one (1) or more past partners, officers, members, managers, or shareholders in its firm name.
- (5) (A) (i) A common brand name or initials used by a firm in its name is not misleading if the firm is a network firm.
- (ii) For purposes of this subsection, “network firm” means an association of entities that includes one (1) or more firms that:
- (a) Cooperate to enhance the firms’ ability to provide professional services;
  - (b) Share one (1) or more of the following:
    - (1) Common control as defined by generally accepted accounting principles in the United States through ownership, management, or other means;
    - (2) Profits or costs, excluding costs of operating the association, developing audit methodologies, manuals, and training courses, or other costs that are immaterial to the firm;
    - (3) A common business strategy, established by the association, that involves ongoing collaboration among the firms and whereby the firms are responsible for implementing the strategy and are held accountable for their performance under it;
    - (4) Significant part of professional resources; and

**(5)** Common quality control policies and procedures that the firms are required to implement and are monitored by the association.

**(B)** A network firm may consist of a subset of entities within an association only if that subset of entities cooperates and shares one (1) or more of the characteristics in subdivision 5 (A) (ii) of this section.

**(C)** A network firm shall comply with the applicable standards on independence if it offers or renders services that require independence.

**(f) (1)** A person who is not a current licensee may not offer to render or render any attest service as defined in § 17-12-103.

**(2)** The restriction in subdivision (f)(1) of this section does not prohibit any act of a public official or public employee in the performance of that person's duties as such or prohibit the performance by any person of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports in violation of this chapter.

**(g)** Unless he or she is a current licensee and all of his or her offices in this state for the practice of public accounting are currently maintained and registered under § 17-12-403, no person shall sign or affix his or her name or any trade or assumed name used by him or her in his or her profession or business with any wording indicating that he or she is an accountant or auditor or with any wording indicating that he or she has expert knowledge in accounting or auditing to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing:

**(1)** Financial information; or

**(2)** Facts respecting compliance with conditions established by law or contract, including, but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations.

**(h)** Unless the firm is currently registered as required by § 17-12-401 et seq. and all of its offices in this state for the practice of public accounting are currently maintained and registered as required under § 17-12-403, no person shall sign or affix a firm name with any wording indicating that it is a partnership, corporation, or limited liability company composed of accountants or auditors or persons having expert knowledge in accounting or auditing to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing:

**(1)** Financial information; or

**(2)** Facts respecting compliance with conditions established by law or contract, including, but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations.

**(i)** **(1)** No person not currently licensed pursuant to § 17-12-301 et seq., and no firm not currently registered pursuant to § 17-12-401 et seq., shall hold himself or herself or itself 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.

**(2)** This subsection shall not prohibit any officer, employee, partner, or principal of any organization from describing himself or herself by the position, title, or office he or she holds in such an organization, nor shall this subsection prohibit any act of a public official or public employee in the performance of his or her duties as such.

**(j)** No person shall assume or use the title or designation “certified public accountant” or “public accountant” in conjunction with names indicating or implying that there is a partnership, corporation, or limited liability company if there is, in fact, no bona fide partnership, corporation, or limited liability company currently registered under § 17-12-401 or § 17-12-402. A sole proprietor, corporation, or partnership lawfully using the title or designation in conjunction with such names or designations on July 9, 1975, may continue to do so if he or she or it otherwise complies with the provisions of this chapter.

**(k) (1) (A)** A licensee shall not for a commission recommend or refer to a client a product or service, or for a commission recommend or refer a product or service to be supplied by a client, or receive a commission when the licensee or the licensee's firm also performs for that client:

- (i)** An audit or review of a financial statement;
- (ii)** A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence;
- (iii)** An examination of prospective financial information; or
- (iv)** An engagement to be performed in accordance with PCAOB standards.

**(B)** This prohibition applies during the period in which the licensee is engaged to perform any of the services listed in subdivision (k)(1)(A) of this section and the period covered by any historical financial statements involved in such listed services.

**(2)** A licensee who is not prohibited by this section from performing services for or

receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to a person or entity to whom the licensee recommends or refers a product for service to which the commission relates.

**(3)** A licensee who accepts a referral fee for recommending or referring any service of a licensee to a person or entity or who pays a referral fee to obtain a client shall disclose the acceptance or payment to the client.

**(l) (1)** A licensee shall not:

**(A)** Perform for a contingent fee any professional services for or receive such a fee from a client for whom the licensee or the licensee's firm performs:

**(i)** An audit or review of a financial statement;

**(ii)** A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence;

**(ii)** An examination of prospective financial information; or

**(iv)** An engagement to be performed in accordance with PCAOB standards; or

**(B)** Prepare an original or amended tax return or claim for a tax refund for a contingent fee for a client.

**(2)** The prohibition in subdivision (l)(1) of this section applies during the period in which the licensee is engaged to perform any of the services listed in subdivision (l)(1) of this section and the period covered by any historical financial statements involved in any such listed services.

**(3) (A)** Except as stated in subdivision (l)(3)(B) of this section, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained or in which the amount of the fee is otherwise dependent upon the finding or result of the service.

**(B)** Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts or other public authorities or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

**(C)** A licensee's fees may vary depending, for example, on the complexity of services rendered.

**(m)** A firm that is not registered under § 17-12-401 and does not have an office in this state to provide professional services in this state does not violate this section if the firm complies with § 17-12-401(b)(2) or § 17-12-401(b)(3).

**(n)** For purposes of this section:

**(1)** “Licensee” includes an individual using practice privileges under § 17-12-311 on an equal basis; and

**(2)** A reference to a firm registered under § 17-12-401 et seq. includes a firm exempt from registration and practicing under §§ 17-12-401(b)(2) and 17-12-401(b)(3).

**History.** Acts 1975, No. 160, § 16; A.S.A. 1947, § 71-626; Acts 1991, No. 434, § 1; 1997, No. 242, § 1; 1999, No. 180, § 2; 2005, No. 54, § 3; 2009, No. 93, §§ 2 - 6; 2013, No. 90, § 3.

**17-12-107. Permissible acts.**

**(a)** Nothing contained in this chapter shall prohibit any person not a certified public accountant or public accountant from serving as an employee of, or an assistant to, a certified public accountant or public accountant licensed under § 17-12-301 et seq., a firm registered under § 17-12-401 et seq., or a foreign accountant who received a certificate under § 17-12-308(c), provided that the employee or assistant shall not issue any accounting or financial statement over his or her name.

**(b)** Nothing contained in this chapter shall prohibit any person who is not a licensee from issuing any compilation report prescribed by the “Statements on Standards for Accounting and Review Services” on any services to which those standards apply, indicating that the services were performed in accordance with standards established by the American Institute of Certified Public Accountants, provided that the report discloses that the person does not hold a license. The Arkansas State Board of Public Accountancy may by rule prescribe safe harbor language on the content of such disclosure.

**History.** Acts 1975, No. 160, § 17; A.S.A. 1947, § 71-627; Acts 1999, No. 180, § 3.

**17-12-108. CPA construed.**

Whenever any statute or regulation requires that reports, financial statements, and other documents for submission to any department, board, or agency of this state be prepared by CPAs, the requirements shall be construed to mean registered public accountants or certified public accountants.

**History.** Acts 1975, No. 160, § 5; 1977, No. 183, § 1; 1979, No. 432, § 3; A.S.A. 1947, § 71-615.

**17-12-109. Accountants' working papers.**

**(a)** All statements, records, schedules, working papers, and memoranda made by a certified public accountant or public accountant incident to or in the course of professional service to clients by the accountant, except reports submitted by a certified public accountant or public accountant to a client, shall be and remain the property of the accountant in the absence of an express agreement between the accountant and the client to the contrary.

**(b)** No statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee to anyone other than one (1) or more surviving partners or new partners of the accountant or to his or her corporation or limited liability company.

**(c)** Each licensee shall retain working papers for a period of time specified by the Arkansas State Board of Public Accountancy.

**History.** Acts 1975, No. 160, § 21; A.S.A. 1947, § 71-631; Acts 1999, No. 180, § 4; 2005, No. 54, § 4.

**17-12-110. [Repealed.]**

**17-12-111. Evidence.**

The display or uttering by a person of a card, sign, advertisement, or other printed, engraved, electronic transmission, or written instrument or device bearing a person's name in conjunction with the words “certified public accountant” or any abbreviation thereof, or “public accountant” or any abbreviation thereof, shall be prima facie evidence in any action brought under § 17-12-104 or § 17-12-105 that the person whose name is so displayed caused or procured the display or uttering of such a card, sign, advertisement, or other printed, engraved, electronic transmission, or written instrument or device and that the person is holding himself or herself out to be a certified public accountant or a public accountant. In any such action, evidence of the commission of a single act prohibited by this chapter shall be sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

**History.** Acts 1975, No. 160, § 20; A.S.A. 1947, § 71-630; Acts 1999, No. 180, § 6.

**17-12-112. [Repealed.]**

## **Subchapter 2**

### **— Arkansas State Board of Public Accountancy**

- 17-12-201. Creation — Members.
- 17-12-202. Officers and proceedings.
- 17-12-203. Duties and powers.
- 17-12-204. Disposition of funds — Reports.

**17-12-201. Creation — Members.**

**(a)** There is created the Arkansas State Board of Public Accountancy.

**(b) (1)** The board shall consist of seven (7) members, appointed by the Governor for terms of five (5) years.

**(2)** Four (4) members of the board shall be residents of this state who are certified public accountants. One (1) member shall be a resident public accountant licensed under this chapter during the years there are at least twenty percent (20%) of the original registrants under this chapter reregistered or relicensed. Thereafter, the vacancy shall be filled by a resident who is a certified public accountant.

**(3)** Two (2) members of the board shall be residents of this state and shall not be actively engaged in or retired from the profession of accounting. One (1) member shall represent consumers, and one (1) member shall be sixty (60) years of age or older and shall represent the elderly. Both shall be appointed from the state at large subject to confirmation by the Senate. The two (2) positions may not be held by the same person. Both shall be full voting members but shall not participate in the grading of examinations.

**(c) (1)** Vacancies occurring during a term shall be filled by appointment for the unexpired term.

**(2)** Upon the expiration of the term of office, a member shall continue to serve until his or her successor shall have been appointed and shall have qualified.

**(3)** The Governor shall remove from the board any professional member whose license has become void or has been revoked or suspended and, after hearing, may remove any member of the board for neglect of duty or other just cause.

**(4)** No person who has served a full term on the board shall be eligible for reappointment until after the lapse of five (5) years.

**(5)** Appointment to fill an unexpired term is not to be considered a complete term.

**(d)** Each member of the board may receive expense reimbursement and stipends in accordance with § 25-16-901 et seq.

**History.** Acts 1975, No. 160, § 2; 1977, No. 113, §§ 1-3; 1981, No. 717, § 2; 1983, No. 131, §§ 1-3, 5; 1983, No. 135, §§ 1-3, 5; A.S.A. 1947, §§ 6-617 — 6-619, 6-623 — 6-626, 71-612; Acts 1997, No. 250, § 122; 1999, No. 180, §§ 8, 9.

**17-12-202. Officers and proceedings.**

(a) The Arkansas State Board of Public Accountancy shall elect annually a president, a secretary, and a treasurer from its members.

(b) A majority of the board shall constitute a quorum for the transaction of business.

(c) The board shall have a seal which shall be judicially noticed. The board shall keep records of its proceedings. In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this chapter, copies of the records certified as correct under the seal of the board shall be admissible in evidence as tending to prove the content of the records.

**History.** Acts 1975, No. 160, § 2; A.S.A. 1947, § 71-612.

**17-12-203. Duties and powers.**

**(a)** The Arkansas State Board of Public Accountancy may adopt, and amend from time to time, regulations for the orderly conduct of its affairs and for the administration of this chapter.

**(b) (1)** The board shall prepare periodically and make available in media or a medium deemed appropriate by the board a register which shall contain:

**(A)** The names of all practitioners currently licensed to practice under this chapter;

**(B)** The names of the members of the board; and

**(C)** Any other matters as may be deemed proper by the board.

**(2)** The board may employ personnel and arrange for assistance as it may require for the performance of its duties.

**(c) (1)** The board may promulgate and amend rules of professional conduct appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy.

**(2)** At least three (3) months prior to the promulgation of a rule or amendment to its rules of professional conduct, the board shall mail copies of the proposed rule or amendment to each licensee with a notice advising him or her of the proposed effective date of the rule or amendment and requesting that he or she submit his or her comments thereon at least fifteen (15) days prior to its effective date.

**(3)** Comments shall be advisory only.

**(4)** Failure to mail the rule, amendment, or notice to all licensees shall not affect the validity of the rule or amendment.

**(d)** The board may issue any further regulations, including, but not limited to, rules of professional conduct pertaining to licensees practicing public accounting which it deems consistent with or required by the public welfare. Among other things, the board may prescribe regulations for licensees:

**(1)** Governing their style, name, and title;

**(2)** Governing their affiliation with any other organization; and

**(3)** Establishing reasonable standards with respect to professional liability insurance and capital requirements.

(e) The Arkansas State Board of Public Accountancy may:

(1) Adopt rules, not inconsistent with this subchapter, as necessary and proper to carry out the purposes and intentions of this subchapter;

(2) (A) Issue subpoenas to compel the attendance of witnesses and the production of documents.

(B) In case of refusal to obey a subpoena issued to any person, the Pulaski County Circuit court, upon application by the Arkansas State Board of Public Accountancy, may issue an order requiring the person to appear before the Arkansas State Board of Public Accountancy to produce documentary evidence if so ordered or to give evidence touching the matter under investigation.

(C) Failure to obey the order of the court may be punished by the court as contempt of court;

(3) Administer oaths;

(4) Take testimony and receive evidence; and

(5) Cooperate with the following:

(A) Public Company Accounting Oversight Board; and

(B) The appropriate state, federal, or foreign regulatory authorities having jurisdiction over the professional conduct in question.

(f) (1) The Arkansas State Board of Public Accountancy and its agents are immune from personal liability for actions taken in good faith in the discharge of the Board's responsibilities.

(2) The state shall hold the Arkansas State Board of Public Accountancy, its members, and its agents harmless from all costs, damages, and attorney's fees arising from claims and suits against them with respect to matters to which immunity applies.

**History.** Acts 1975, No. 160, § 2; 1979, No. 432, § 1; A.S.A. 1947, § 71-612; Acts 1997, No. 242, § 3; 1999, No. 180, § 10; 2005, No. 54, § 5; 2013, No. 90, § 4.

**17-12-204. Disposition of funds — Reports.**

(a) All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter. No part of this special fund shall revert to the general funds of this state. The compensation provided by this chapter and all expenses incurred under this chapter shall be paid from this special fund. No compensation or expenses incurred under this chapter shall be a charge against the general funds of this state.

(b) The board shall file an annual report of its activities with the Governor, and the report shall include a statement of all receipts and disbursements.

**History.** Acts 1975, No. 160, § 2; 1979, No. 432, § 1; A.S.A. 1947, § 71-612.

### **Subchapter 3** **— Initial Licensure**

- 17-12-301. Requirements generally.
- 17-12-302. Education requirements.
- 17-12-303. Criminal background check.
- 17-12-304. Examination — Times — Resource assistance.
- 17-12-305. Reexaminations.
- 17-12-306. Examination fees.
- 17-12-307. Credit for examination administered by licensing authority in another jurisdiction.
- 17-12-308. Reciprocity.
- 17-12-309. Experience.
- 17-12-310. Certificates held under prior law.
- 17-12-311. Substantial equivalency.
- 17-12-312. Licensing of public accountants.
- 17-12-313. Time for initial license.

**17-12-301. Requirements generally.**

**(a)** A certificate as a certified public accountant shall be granted by the Arkansas State Board of Public Accountancy to any person of good moral character:

- (1)** Who has met the education and experience requirements set forth in this chapter and by the board; and
- (2)** Who has passed an examination in accounting and auditing and such related subjects as the board shall determine to be appropriate.

**(b) (1) (A)** “Good moral character” as used in this section means lack of a history of:

- (i)** Dishonest or felonious acts; or
- (ii)** Conduct involving fraud or moral turpitude.

**(B)** The board may refuse to grant a certificate on the ground of failure to satisfy this requirement only if there is a substantial connection between the lack of good moral character of the applicant and the professional responsibilities of a licensee and if the finding by the board of lack of good moral character is supported by clear and convincing evidence.

**(2)** When an applicant is found to be unqualified for a certificate because of a lack of good moral character, the board shall furnish the applicant a:

- (A)** Statement containing the findings of the board;
  - (B)** Complete record of the evidence upon which the determination was based;
- and
- (C)** Notice of the applicant's right of appeal.

**(c) (1)** Any person who has received from the board a certificate as a certified public accountant which is currently in full force and effect shall be styled and known as a “certified public accountant” and may also use the abbreviation “CPA”.

**(2)** The board shall maintain a list of certified public accountants.

Any certified public accountant may also be known as a public accountant.

**History.** Acts 1975, No. 160, §§ 3, 3A; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1989, No. 696, § 1; 1997, No. 242, § 4; 1999, No. 180, § 12; 2005, No. 54, § 6.

**17-12-302. Education requirements.**

**(a)** In general, the applicable education requirements shall be those in effect on the date on which the applicant successfully applies for his or her examination under § 17-12-301(a)(2). However, the Arkansas State Board of Public Accountancy may provide by regulation for exceptions to the general rule in order to prevent what it determines to be undue hardship to applicants resulting from changes in the education and experience requirements.

**(b)** The board may provide by regulation for the general scope of the examinations and may obtain any advice and assistance it deems appropriate to assist it in preparing and grading the examinations.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1989, No. 696, § 2; 1999, No. 180, § 13.

**17-12-303. Criminal background check.**

**(a)** The Arkansas State Board of Public Accountancy may require each applicant for a new or reinstated license as a certified public accountant, including reciprocity applicants, or public accountant to apply for or authorize the board to obtain state and national criminal background checks to be conducted by the Identification Bureau of the Department of Arkansas State Police and the Federal Bureau of Investigation.

**(b)** The criminal background checks shall conform to the applicable federal standards and shall include the taking of fingerprints.

**(c)** The applicant shall authorize the release of the criminal background checks to the board and shall be responsible for the payment of any fee associated with the criminal background checks.

**(d)** Upon completion of the criminal background checks, the Identification Bureau of the Department of Arkansas State Police shall forward to the board all information obtained concerning the commission by the applicant of any offense listed in subsection (e) of this section.

**(e)** Notwithstanding the provisions of § 17-12-301, a person convicted of a felony or crime involving moral turpitude or dishonesty in any state or federal court may not receive or hold a license as a certified public accountant or public accountant.

**(f) (1)** The provisions of subsection (e) of this section may be waived by the board upon the request of:

**(A)** An affected applicant for licensure or registration; or

**(B)** The person holding a license or registration subject to revocation.

**(2)** Circumstances for which a waiver may be granted shall include, but not be limited to:

**(A)** The age at which the crime was committed;

**(B)** The circumstances surrounding the crime;

**(C)** The length of time since the crime;

**(D)** Subsequent work history;

**(E)** Employment references;

**(F)** Character references;

**(G)** A conviction or record that has been expunged; and

**(H)** Other evidence demonstrating that the applicant does not pose a threat to the public health, safety, or welfare.

**(g) (1)** Any information received by the board from the Identification Bureau of the Department of Arkansas State Police under this section is not available for examination except by:

**(A)** The affected applicant or the applicant's authorized representative; or

**(B)** The person whose license or registration is subject to revocation or his or her authorized representative.

**(2)** No record, file, or document shall be removed from the custody of the Department of Arkansas State Police.

**(3)** Only information pertaining to the person making the request may be made available to the affected applicant or the person whose license or registration is subject to revocation.

**(4)** Rights of privilege and confidentiality established in this section shall not extend to any document created for purposes other than the criminal background checks.

**(h)** The board shall adopt rules and regulations to implement the provisions of this section.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1993, No. 1219, § 1; 1999, No. 180, § 14; 2005, No. 54, § 7.

**17-12-304. Examination — Times — Resource assistance.**

**(a)** The examination required by § 17-12-301(a)(2) shall be held by the Arkansas State Board of Public Accountancy and shall take place as often as the board shall determine to be desirable. However, the examination required by § 17-12-301(a)(2) shall be held not less frequently than one (1) time each year.

**(b)** The board may use any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service from the American Institute of Certified Public Accountants as it deems appropriate to assist it in performing its duties under this section.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1989, No. 696, § 3; 2005, No. 54, § 8; 2013, No. 90, § 5.

**17-12-305. Reexaminations.**

(a) The Arkansas State Board of Public Accountancy may by regulation prescribe the terms and conditions under which an applicant who passes the examination in one (1) or more of the subjects indicated in § 17-12-301(a)(2) may be reexamined in only the remaining subjects, with credit for the subjects previously passed.

(b) It may also provide by regulation for a reasonable waiting period for an applicant's reexamination in a subject he or she has failed.

(c) Subject to subsections (a) and (b) of this section and such regulations as the board may adopt governing reexaminations, an applicant shall be entitled to any number of reexaminations under § 17-12-301(a)(2).

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1999, No. 180, § 15.

**17-12-306. Examination fees.**

(a) The Arkansas State Board of Public Accountancy shall charge a fee to each applicant applying to sit for the examination. In the board's discretion, the fee for a first-time applicant may be greater than the fee charged for reexamination.

(b) The board shall also charge a fee to each applicant for the administration of the examination. The board may in its discretion contract with a third party to assist in the administration of the examination. In such an event, the fee charged by the third party may be charged to and paid by the applicant.

(c) The fees to be paid by each applicant pursuant to this section shall be determined by the board, taking into account the approximate cost of processing the applications and administering the examination. In setting the fees, the board may also take into account additional costs to comply with the Americans with Disabilities Act and may establish a reserve for such purposes.

(d) The applicable fees payable pursuant to this section shall be paid by the applicant at the time he or she applies for examination or reexamination.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1997, No. 242, § 5; 1999, No. 180, § 16.

**17-12-307. Credit for examination administered by licensing authority in another jurisdiction.**

The Arkansas State Board of Public Accountancy may by regulation provide for granting a credit to an applicant for his or her satisfactory completion of an examination in any one (1) or more of the subjects specified in § 17-12-301(a)(2) given by the licensing authority in any other state. The regulations shall include such requirements as the board shall determine to be appropriate in order that any examination approved as a basis for any credit shall be, in the judgment of the board, at least as thorough as the most recent examination given by the board at the time of the granting of the credit.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1997, No. 242, § 6; 1999, No. 180, § 17; 2005, No. 54, § 9.

**17-12-308. Reciprocity.**

**(a)** With regard to applicants that do not qualify for reciprocity under the substantial equivalency standard set out in § 17-12-311, the Arkansas State Board of Public Accountancy shall issue a certificate as a certified public accountant to a holder of a certificate, license, or permit issued by another state upon a showing that:

**(1)** The applicant passed the examination required for issuance of the applicant's certificate with grades that would have been passing grades at the time in this state;

**(2)** The applicant:

**(A)** Meets all current requirements in this state for issuance of a certificate at the time application is made;

**(B)** At the time of the issuance of the applicant's certificate, license, or permit in the other state met all such requirements then applicable in this state; or

**(C)** Had four (4) years of experience outside of this state that meet the requirements of § 17-12-309(b) and 17-12-309(c) or meet equivalent requirements prescribed by the board by rule after passing the examination upon which the applicant's certificate was based and within the ten (10) years immediately preceding the application;

**(3)** The applicant has had experience in the practice of public accounting meeting the requirements of § 17-12-309; and

**(4)** The applicant has fulfilled the continuing education requirements applicable under § 17-12-502.

**(b)** As an alternative to the requirements of § 17-12-308(a), a certificate holder licensed by another state who establishes his or her principal place of business in this state shall request the issuance of a certificate from the board prior to establishing such a principal place of business. The board shall issue a certificate to such a person who obtains from the NASBA National Qualification Appraisal Service verification that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act.

**(c)** The board shall issue a certificate to a holder of a substantially equivalent foreign designation, provided that:

**(1)** The foreign authority which granted the designation makes similar provision to allow a person who holds a valid certificate issued by this state to obtain the foreign authority's comparable designation; and

(2) The foreign designation:

(A) Was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(B) Entitles the holder to issue reports upon financial statements; and

(C) Was issued upon the basis of education, examination, and experience requirements established by the foreign authority or by law; and

(3) The applicant:

(A) Received the designation, based on education and examination standards substantially equivalent to those in effect in this state, at the time the foreign designation was granted;

(B) Completed an experience requirement substantially equivalent to the requirement set out in § 17-12-309 in the jurisdiction which granted the foreign designation or has completed four (4) years of professional experience in this state or meets equivalent requirements prescribed by the board by rule, within the ten (10) years immediately preceding the application; and

(C) Passed a uniform qualifying examination in national standards acceptable to the board.

(d) An applicant under subsection (c) of this section shall in the application list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy, and each holder of a certificate issued under this subsection shall notify the board in writing, within thirty (30) days after its occurrence, of any issuance, denial, revocation, or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

**History.** Acts 1975, No. 160, §§ 3, 3A; 1979, No. 432, § 2; A.S.A. 1947, § 71-613; Acts 1997, No. 242, § 7; 1999, No. 180, § 18; 2017, No. 277, § 2.

**17-12-309. Experience.**

**(a)** An applicant for initial issuance of a certificate under this subchapter shall show that the applicant has had one (1) year of experience.

**(b)** The experience shall include providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax, or consulting skills all of which were verified by a licensee, meeting requirements prescribed by the Arkansas State Board of Public Accountancy by rule.

**(c)** The experience will be acceptable if it was gained through employment in government, industry, academia, or public practice.

**History.** Acts 1975, No. 160, § 4; A.S.A. 1947, § 71-614; Acts 1991, No. 434, § 2; 1997, No. 242, § 8; 1999, No. 180, § 19; 2005, No. 54, § 10.

**17-12-310. Certificates held under prior law.**

Persons who on July 9, 1975, held certified public accountant certificates theretofore issued under the laws of this state shall not be required to obtain additional certificates under this chapter, but shall otherwise be subject to all provisions of this chapter. The certificates theretofore issued shall for all purposes be considered certificates issued under this chapter and subject to the provisions hereof.

**History.** Acts 1975, No. 160, § 3; 1979, No. 432, § 2; A.S.A. 1947, § 71-613.

**17-12-311. Substantial equivalency.**

**(a) (1)** An individual whose principal place of business is not in this state and who holds a valid license as a certified public accountant from a state which the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act:

**(A)** Shall be presumed to have qualifications substantially equivalent to this state's requirements;

**(B)** Shall have all the privileges of licensees of this state without the need to obtain a certificate under § 17-12-301 or § 17-12-308 or a license under § 17-12-313 or § 17-12-501; and

**(C)** May offer or render professional services in person, by mail, by telephone, or by electronic means without notifying the Arkansas State Board of Public Accountancy or paying a fee.

**(2) (A)** An individual whose principal place of business is not in this state and who holds a valid license as a certified public accountant from a state which the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act:

**(i)** Shall be presumed to have qualifications substantially equivalent to the requirements of this state;

**(ii)** Shall have all the privileges of licensees of this state without the need to obtain a certificate under § 17-12-301 or § 17-12-308 or a license under § 17-12-313 or § 17-12-501 if the individual obtains from the NASBA National Qualification Appraisal Service verification that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act; and

**(iii)** May offer or render professional services, whether in person, by mail, by telephone, or by electronic means without notifying the board or paying a fee.

**(B)** 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 the education requirement in § 17-12-302 for purposes of this subdivision (a)(2).

**(3)** An individual licensee of another state exercising the privilege afforded under this section and the firm that employs that individual licensee consent and agree, as a condition of the exercise of this privilege to:

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

board;

**(B)** Comply with this chapter and the board's rules;

**(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 that issued his or her license as his or her agent upon whom process may be served in an action or proceeding by the board against the licensee.

**(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 § 17-12-401:

**(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”; or

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

**(b)** A licensee of this state offering or rendering services or using his or her CPA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the licensee would be subject to discipline for an act committed in the other state.

**(c)** The board may investigate any complaint made by the board of accountancy of another state.

**History.** Acts 1999, No. 180, § 20; 2009, No. 93, § 7.

**17-12-312. Licensing of public accountants.**

Any person who qualified to register as a public accountant on July 1, 1975, may at any time register with the Arkansas State Board of Public Accountancy to be licensed as a public accountant.

**History.** Acts 1999, No. 180, § 21.

**17-12-313. Time for initial license.**

An applicant shall obtain an initial license within three (3) years of successful completion of the examination under this subchapter or shall be considered as having a void license under § 17-12-504(h).

**History.** Acts 2005, No. 54, § 11.

## **Subchapter 4** **— Registration of Firms**

- 17-12-401. Professional partnerships, corporations, limited liability companies, and sole proprietorships of certified public accountants.
- 17-12-402. Professional partnerships, corporations, sole proprietorships, and limited liability companies of public accountants.
- 17-12-403. Offices.
- 17-12-404. Licensees associated with unregistered firms.
- 17-12-405. [Repealed.]
- 17-12-406. [Repealed.]

**17-12-401. Professional partnerships, corporations, limited liability companies, and sole proprietorships of certified public accountants.**

**(a)** The Arkansas State Board of Public Accountancy shall grant or renew a registration as a CPA firm to an applicant that meets the qualifications of this section.

**(b) (1)** A firm shall hold a registration under this section if the firm:

**(A)** Has an office in this state:

**(i)** Engaged in the practice of public accounting; or

**(ii)** That uses the title “CPA” or “CPA firm”; or

**(B)** Does not have an office in this state but performs attest services described in § 17-12-103(a)(2)(A), § 17-12-103(a)(2)(C), or § 17-12-103(a)(2)(D) for a client having its home office in this state.

**(2)** A firm that does not have an office in this state may perform services under § 17-12-103(a)(2)(B), 17-12-103(a)(2)(E), or § 17-12-103(a)(6) for a client having its home office in this state and may use the title “CPA” or “CPA firm” without registering under this section only if the firm:

**(A)** Meets the applicable qualifications of this section and § 17-12-507;

**(B)** Performs the services through an individual with practice privileges under § 17-12-311; and

**(C)** Meets the peer review requirements under § 17-12-508.

**(3)** A firm that is not subject to the requirements of subdivision (b)(1)(B) or (b)(2) of this section may perform other professional services while using the title “CPA” or “CPA firm” in this state without registering under this section only if the firm:

**(A)** Performs the services through an individual with practice privileges under § 17-12-311; and

**(B)** Can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

**(c)** If required to register under subdivision (b)(1)(A) of this section:

**(1)** A partnership engaged in this state in the practice of public accounting shall register with the Arkansas State Board of Public Accountancy as a partnership of certified public accountants and meet the following requirements:

(A) At least one (1) general partner shall be a certified public accountant of this state in good standing; and

(B) Each resident manager in charge of an office of the partnership in this state shall be a certified public accountant of this state in good standing;

(2) A corporation engaged in this state in the practice of public accounting shall register with the board as a corporation of certified public accountants and meet the following requirements:

(A) Any officer or director of the corporation having authority over the practice of public accounting by the corporation in this state shall be a certified public accountant of some state in good standing;

(B) At least one (1) shareholder of the corporation shall be a certified public accountant of this state in good standing;

(C) Each resident manager in charge of an office of the corporation in this state shall be a certified public accountant of this state in good standing; and

(D) The corporation shall be in compliance with other regulations pertaining to corporations practicing public accounting in this state that the board may prescribe;

(3) A limited liability company engaged in this state in the practice of public accounting shall register with the board as a limited liability company of certified public accountants and meet the following requirements:

(A) Any manager, member, officer, or director of the limited liability company having authority over the practice of public accounting by the limited liability company in this state shall be a certified public accountant of some state in good standing;

(B) At least one (1) member of the limited liability company shall be a certified public accountant of this state in good standing;

(C) Each resident manager in charge of an office of the limited liability company in this state shall be a certified public accountant of this state in good standing; and

(D) The limited liability company shall be in compliance with other regulations pertaining to limited liability companies practicing public accounting in this state that the board may prescribe; and

(4) A certified public accountant operating as a sole proprietorship and engaged in this state in the practice of public accounting shall register with the board as a sole proprietor if registration is required under subdivision (b)(1) of this section and shall comply with the requirements of § 17-12-403.

**(d) (1)** Application for registration shall be made upon the affidavit of a general partner, shareholder, or member who is a certified public accountant of this state in good standing or, if registration is required under subdivision (b)(1)(B) of this section, a licensee of another state who meets the requirements set forth in § 17-12-311.

**(2)** An individual who has practice privileges under § 17-12-311 and performs services for which registration is required under § 17-12-311(a)(4) shall not be required to obtain a license from this state under § 17-12-301.

**(e)** The board shall in each case determine whether the applicant is eligible for registration.

**(f)** Notification shall be given to the board within one (1) month after the admission or withdrawal of a partner, shareholder, or member from any firm so registered.

**(g)** Any firm registered under this section may include nonlicensee owners or public accountants who hold a valid license under § 17-12-312, provided that:

**(1)** A majority of the ownership of the firm in terms of financial interests and voting rights of all partners, officers, directors, shareholders, members, or managers belongs to holders of certificates who are licensed in some state, and such partners, officers, directors, shareholders, members, or managers whose principal place of business is in this state and who perform professional services in this state hold a valid certificate issued under § 17-12-301 et seq. or the corresponding provisions of prior law;

**(2)** The firm designates a licensee of this state or, in the case of a firm that must be registered under subdivision (b)(1)(B) of this section, a licensee of another state who meets the requirements of § 17-12-311 who is responsible for the proper registration of the firm and identifies that individual to the board;

**(3)** All nonlicensee owners are active individual participants in the firm or other entities affiliated with the firm; and

**(4)** The firm complies with such other requirements as the board may impose by rule.

**History.** Acts 1975, No. 160, § 8; A.S.A. 1947, § 71-618; Acts 1997, No. 242, § 9; 1999, No. 180, § 23; 2005, No. 54, § 12; 2009, No. 93, § 8; 2017, No. 278, § 1.

**17-12-402. Professional partnerships, corporations, sole proprietorships, and limited liability companies of public accountants.**

**(a)** A partnership engaged in this state in the practice of public accounting shall register with the Arkansas State Board of Public Accountancy as a partnership of public accountants, provided it meets the following requirements:

**(1)** At least one (1) general partner shall be a certified public accountant or a public accountant of this state in good standing; and

**(2)** Each resident manager in charge of an office of the partnership in this state shall be a certified public accountant or a public accountant of this state in good standing.

**(b)** A corporation engaged in this state in the practice of public accounting shall register with the board as a corporation of public accountants, provided it meets the following requirements:

**(1)** An officer or director of the corporation having authority over the practice of public accounting by the corporation shall be a certified public accountant or a public accountant of this state in good standing;

**(2)** Each resident manager in charge of an office of the corporation in this state shall be a certified public accountant or a public accountant of this state in good standing; and

**(3)** The corporation shall be in compliance with other regulations pertaining to corporations practicing public accounting in this state that the board may prescribe.

**(c)** A limited liability company engaged in this state in the practice of public accounting shall register with the board as a limited liability company of public accountants, provided it meets the following requirements:

**(1)** Any manager, member, officer, or director of the limited liability company having authority over the practice of public accounting by the limited liability company shall be a public accountant or certified public accountant of this state in good standing;

**(2)** Each resident manager in charge of an office of the limited liability company shall be a certified public accountant or a public accountant of this state in good standing; and

**(3)** The limited liability company shall be in compliance with other regulations pertaining to the limited liability companies practicing public accounting in this state that the board may prescribe.

**(d)** A public accountant operating as a sole proprietorship and engaged in this state in the practice of public accounting shall:

**(1)** Register with the board as a sole proprietor; and

- (2) Comply with the requirements of § 17-12-403.
- (e) Applications for registration shall be made upon the affidavit of a general partner, shareholder, or member who is licensed in this state as a certified public accountant or as a public accountant.
- (f) The board shall in each case determine whether the applicant is eligible for registration.
- (g) A firm that is so registered may use the words “public accountants” in connection with its firm.
- (h) Notification shall be given to the board within one (1) month after the admission to or withdrawal of a partner, shareholder, or member from any partnership, corporation, or limited liability company so registered.
- (i) A firm registered pursuant to this section may include nonlicensee owners, provided that:
- (1) A majority of the ownership of the firm in terms of financial interests and voting rights of all partners, officers, directors, shareholders, members, or managers belongs to licensees of this state;
  - (2) The firm designates a licensee of this state who is responsible for the proper registration of the firm and identifies that individual to the board;
  - (3) All nonlicensee owners are active individual participants in the firm; and
  - (4) The firm complies with such other requirements as the board may impose by rule.

**History.** Acts 1975, No. 160, § 9; A.S.A. 1947, § 71-619; Acts 1997, No. 242, § 10; 1999, No. 180, § 24; 2009, No. 93, § 9.

**17-12-403. Offices.**

**(a)** Each office established or maintained in this state for the practice of public accounting in this state by a certified public accountant, public accountant, or firm shall be registered annually with the Arkansas State Board of Public Accountancy under this chapter.

**(b)** No fee shall be charged for the registration of one (1) office. The board at its discretion may require an annual fee to be paid for each additional office registered. The amount of the fee shall be established by board rule.

**(c)** Each office shall be under the direct supervision of a resident manager who may be either the sole proprietor or an owner of the firm or a staff employee licensed under this chapter. The title or designation “certified public accountant” or the abbreviation “CPA” shall not be used in connection with an office unless the resident manager is the holder of a certificate as a certified public accountant which is in full force and effect. The resident manager may serve in such a capacity at one (1) office only.

**(d)** The board shall prescribe by regulation the procedure to be followed in effecting such registrations.

**History.** Acts 1975, No. 160, § 10; A.S.A. 1947, § 71-620; Acts 1997, No. 242, § 11; 1999, No. 180, §§ 25, 26.

**17-12-404. Licensees associated with unregistered firms.**

**(a)** A licensee shall not perform attest services in any partnership, corporation, limited liability company, or other entity which is not registered under this subchapter.

**(b)** Any licensee who performs or offers to perform professional services other than attest services while employed by or associated with any sole proprietor, partnership, corporation, limited liability company, or any other entity not registered with the Arkansas State Board of Public Accountancy shall not permit his or her name and the title “certified public accountant” or “CPA” or “public accountant” or “PA” to be used by the unregistered entity on any sign, card, electronic transmission, letterhead, financial statement or report, or any advertisement or directory without indicating thereon or therein that the sole proprietor, partnership, corporation, limited liability company, or other entity is not registered with the board.

**History.** Acts 1975, No. 160, § 6; A.S.A. 1947, § 71-616; Acts 1999, No. 180, § 27.

**17-12-405. [Repealed.]**

**17-12-406. [Repealed.]**

## **Subchapter 5** **— License Renewal**

- 17-12-501. Renewal of license.
- 17-12-502. Continuing education requirement.
- 17-12-503. [Repealed.]
- 17-12-504. Renewals and renewal fees.
- 17-12-505. Inactive status.
- 17-12-506. [Repealed.]
- 17-12-507. Quality review of each practice unit.
- 17-12-508. Peer Review.

**17-12-501. Renewal of license.**

The Arkansas State Board of Public Accountancy shall renew licenses to persons who make application and demonstrate that their qualifications are in accordance with the provisions of this chapter.

**History.** Acts 1975, No. 160, § 11; 1979, No. 432, § 5; A.S.A. 1947, § 71-621; Acts 1997, No. 242, § 13; 1999, No. 180, § 31.

**17-12-502. Continuing education requirement.**

**(a)** Every application for renewal of a license by any person who holds a certificate as a certified public accountant or registration as a public accountant shall be accompanied or supported by such evidence as the Arkansas State Board of Public Accountancy shall prescribe, documenting completion of forty (40) hours of acceptable continuing education, approved by the board, during the twelve-month period immediately preceding the expiration date of the license, or one hundred twenty (120) hours of acceptable continuing education approved by the board, during the thirty-six-month period immediately preceding the expiration date of the license.

**(b)** Failure by an applicant for renewal of a license to furnish such evidence shall constitute grounds for revocation, suspension, or refusal to issue or renew such a license in a proceeding under § 17-12-601 unless the board in its discretion shall determine the failure to have been due to reasonable cause.

**(c)** The board in its discretion may renew a license despite failure to furnish evidence of satisfaction of requirements of continuing education and may renew a license to an applicant who has previously maintained inactive status under § 17-12-505 upon the condition that the applicant follow a particular program or schedule of continuing education.

**(d)** In issuing rules, regulations, and individual orders in respect to requirements of continuing education, the board in its discretion:

**(1)** May, among other things, use and rely upon guidelines and pronouncements of recognized educational and professional associations;

**(2)** May prescribe content, duration, and organization of courses;

**(3)** Shall take into account the accessibility to applicants of such continuing education as it may require;

**(4)** Shall consider any impediments to interstate practice of public accountancy which may result from differences in the requirements in other states; and

**(5)** May provide for relaxation or suspension of the requirements in regard to applicants who certify that they do not intend to engage in the practice of public accountancy and for instances of individual hardship.

**(e)** The board is authorized to prescribe regulations, procedures, and policies in the manner and condition under which credit shall be given for participation in a program of continuing education that the board may deem necessary and appropriate to maintain the highest standard of proficiency in the profession of public accounting.

(f) Examples of programs of continuing education which will be acceptable include, but are not limited to, programs or seminars sponsored by higher education institutions, government agencies, professional organizations of certified public accountants and public accountants, and firms of certified public accountants and public accountants.

(g) The board is authorized to prescribe conditions under which sponsors of continuing education programs must register with the board or a third party approved by the board in order for the programs to be acceptable to the board. A fee for the registration may be charged in an amount established by board rule. In the event the board provides for registration with a third party, the fee charged by the third party may be charged to and paid by the sponsor.

(h) The board in its discretion may require licensees to provide evidence of compliance with the requirements of this section and may investigate licensees to verify compliance with this section. All persons acting on behalf of the board in connection with such investigations shall be considered officers or employees of the State of Arkansas for purposes of:

(1) Immunity from civil liability pursuant to § 19-10-301 et seq.; and

(2) Payment of actual damages on behalf of state officers or employees pursuant to § 21-9-201 et seq.

**History.** Acts 1975, No. 160, § 11; 1979, No. 432, § 5; A.S.A. 1947, § 71-621; Acts 1997, No. 242, §§ 14, 15; 1999, No. 180, § 32; 2005, No. 54, § 13.

**17-12-503. [Repealed.]**

**17-12-504. Renewals and renewal fees.**

**(a) (1)** Individual certified public accountants and public accountants shall pay an annual fee in an amount to be determined by Arkansas State Board of Public Accountancy rule.

**(2)** Unless otherwise provided by board rule, all licenses shall expire on December 31 of each year and may be renewed annually for a period of one (1) year by current licensees in good standing upon payment of the annual renewal fee.

**(b) (1)** A firm registered with the board shall pay an annual registration fee in an amount to be determined by board rule.

**(2)** Unless otherwise provided by board rule, all firm registrations shall expire on December 31 of each year and may be renewed annually for a period of one (1) year by registrants in good standing upon payment of the annual renewal fee.

**(c)** The board may establish a reduced renewal fee for any licensee who has attained a specified age and has met all other qualifications determined by the board.

**(d) (1)** A licensee may choose not to renew a license by notifying the board in writing prior to the expiration date of the license.

**(2)** The licensee shall surrender the license to the board immediately upon its expiration or otherwise comply with board rules concerning the disposition of the license.

**(e)** A licensee who complies with the requirements of subsection (d) of this section may apply to renew or reinstate his or her license or to receive a new license as provided in this section.

**(f) (1)** Beginning the first day of the first month after expiration, each licensee shall pay a monthly penalty for the late renewal of a license or registration in an amount determined by the board.

**(2)** If the license or registration is not renewed by the first day of the fourth month after expiration, the license or registration shall lapse.

**(g) (1)** Upon application received within three (3) years following the expiration of a license, the board may reinstate a lapsed license.

**(2)** A license may be reinstated if the applicant:

**(A)** Pays a reinstatement fee determined by the board; and

**(B)** Complies with continuing professional education and any other requirements applicable to:

(i) The renewal of the license at the date of its expiration; and

(ii) The reinstatement of the license at the date of the application for reinstatement.

**(h) (1)** Any license or registration that is not reinstated within three (3) years following expiration shall be void and shall not be subject to renewal or reinstatement.

**(2)** The holder of a void license or registration may apply for a new license or registration under § 17-12-301 et seq. or § 17-21-401 et seq.

**(3)** The board may require the applicant to comply with educational or other requirements deemed appropriate by the board, including successful completion of the examination identified in § 17-12-304 in order to obtain a new license.

**(i)** Any licensee who fails to timely renew his or her license to practice shall not perform attest services as defined in § 17-12-103(a)(2) until he or she has obtained a license to practice under this subsection.

**History.** Acts 1975, No. 160, § 11; 1979, No. 432, § 5; A.S.A. 1947, § 71-621; Acts 1997, No. 242, § 17; 1999, No. 180, § 34; 2005, No. 54, § 14; 2013, No. 90, § 6.

**17-12-505. Inactive status.**

The Arkansas State Board of Public Accountancy may by rule create an exception to the continuing education requirement of § 17-12-502 for licensees who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one (1) or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Each licensee granted such an exception by the board must place the word “inactive” adjacent to his or her CPA title or PA title on any business card, letterhead, electronic transmission, or any other document or device, with the exception of his or her CPA certificate or PA registration, on which his or her CPA or PA title appears.

**History.** Acts 1975, No. 160, § 11; 1979, No. 432, § 5; A.S.A. 1947, § 71-621; Acts 1999, No. 180, § 35.

**17-12-506. [Repealed.]**

**17-12-507. Quality review of each practice unit.**

**(a)** The Arkansas State Board of Public Accountancy may by rule require as a condition for the renewal of a license a quality review of each practice unit maintained in this state.

**(b) (1)** The board may charge the accountant or firm reviewed a fee for each:

**(A)** Quality review of each practice unit; and

**(B)** Follow-up action to a quality review that is not in conformity with applicable professional standards.

**(2)** The amount of the fee shall be established by board rule.

**(c) (1)** The quality review shall consist of either a uniform or random annual submission by each licensee of the following kinds of reports issued by that licensee during the twelve-month period immediately preceding the date of submission, if reports were issued during the period:

**(A)** A compilation report;

**(B)** A review report;

**(C)** An agreed upon procedures report;

**(D)** An audit report;

**(E)** An audit report under a federal grant program or other government program; and

**(F)** An examination of prospective financial information.

**(2)** If none of the above reports were issued during the twelve (12) months immediately preceding the date of submission, a licensee is required to submit reports issued since the date of its last quality review survey submission.

**(d)** All persons acting on behalf of the board in a quality review program under this section shall be considered officers or employees of the State of Arkansas for purposes of:

**(1)** Immunity from civil liability pursuant to § 19-10-301 et seq.; and

**(2)** Payment of actual damages on behalf of state officers or employees pursuant to § 21-9-201 et seq.

**(e)** All financial statements, working papers, or other documents obtained from applicants for quality review shall be confidential and shall not be subject to public inspection

except pursuant to an order of a court of competent jurisdiction. However, the documents may be introduced as evidence in any relevant proceedings before the board.

**(f)** For purposes of this section, a “practice unit” shall be deemed to be any firm registered with the board under § 17-12-401 et seq., and any licensee not employed by or associated with any firm registered with the board under § 17-12-401 et seq. but who has issued one (1) or more compilation reports.

**(g) (1)** Notwithstanding any provision to the contrary in this chapter, a certified public accountant, public accountant, or firm of certified public accountants or public accountants currently licensed by another state or foreign country shall not be required to obtain a license under this chapter for the sole purpose of conducting peer review as defined by board rule of a licensee in this state and may use the applicable title “certified public accountant” or “public accountant” or abbreviation “CPA” or “PA” solely in conjunction with the peer review activities.

**(2)** Any certified public accountant, public accountant, or firm of certified public accountants or public accountants, whether licensed in this state or in another jurisdiction, shall meet standards adopted by the board to accomplish the goals of this chapter in order to qualify to perform peer review of licensees under this chapter.

**(h)** Effective January 1, 2019, licensees that are required to enroll in peer review under § 17-12-508 are exempt from the requirements of this section and the rules of the board implementing this section.

**(i)** The requirements of subdivisions (c) (1) (B) – (F) of this section expire on December 31, 2018.

**History.** Acts 1987, No. 824, §§ 1-3; 1999, No. 180, § 37; 2005, No. 54, § 16; 2013, No. 90, § 7; 2017, No. 278, § 2.

**17-12-508. Peer Review.**

**(a)(1)** Beginning January 1, 2019, the Arkansas State Board of Public Accountancy shall by rule require licensees who perform attest services to enroll in an approved peer review program and have a peer review one (1) time every three (3) years.

**(2)** Licensees who perform compilation or preparation of financial statements as their highest level of service shall be excluded from the peer review requirement under this section.

**(b)** Peer reviews shall be conducted in accordance with standards that the board sets by rule.

**(c)** Licensees who fail to obtain peer review ratings required by the board or who otherwise fail to comply with peer review standards established or adopted by the Board are subject to sanctions under § 17-12-602.

**(d) (1)** All financial statements, working papers, or other documents obtained from licensees or applicants for peer review shall be confidential and shall not be subject to public inspection except pursuant to an order of a court of competent jurisdiction.

**(2) (A)** The documents deemed confidential under subdivision (d) (1) of this section shall be exempt from disclosure under the Freedom of Information Act of 1967, § 25-19-101, et seq.

**(B)** Documents exempted under subdivision (d) (2) (A) of this section may be introduced as evidence in any relevant proceeding before the board.

**History.** Act 2017, No. 278, § 3.

**Subchapter 6**  
**— Revocation and Suspension**

- 17-12-601. Grounds generally.
- 17-12-602. Sanctions.
- 17-12-603. Procedure.
- 17-12-604. Reinstatement.

**17-12-601. Grounds generally.**

**(a)** The following acts, conduct, or practices are prohibited, and any licensee or holder of a practice privilege found guilty by the Arkansas State Board of Public Accountancy of the acts, conducts, or practices shall be subject to disciplinary action as provided in § 17-12-602 after notice and hearing as provided in § 17-12-603:

(1) Fraud, dishonesty, or deceit in obtaining or attempting to obtain a certificate or registration as a certified public accountant or public accountant, registration of a firm, or a practice privilege under this chapter;

(2) Dishonesty, fraud, or gross negligence in the practice of public accountancy;

(3) Violation of any of the provisions of this chapter;

(4) Violation of a rule of professional conduct or other rule promulgated by the board under the authority granted by this chapter;

(5) Conviction of a felony under the law of any state or of the United States;

(6) Conviction of any crime an element of which is dishonesty, fraud, or moral turpitude under the law of any state or of the United States;

(7) Imposition of any sanction or disciplinary action, other than for failure to pay annual fees, by the United States Securities and Exchange Commission, Public Company Accounting Oversight Board, Internal Revenue Service, or other federal or state agency or foreign authority or credentialing body that regulates public accounting regarding the licensee's conduct while rendering public accounting or other professional services;

(8) Conduct discreditable to the public accounting profession; and

(9) Violation of any board order or agreement for the resolution of asserted violations of this chapter, a board rule of professional conduct, or other board rule.

**(b)** The board may deny an application for a license, registration, certificate, or practice privilege if it finds the applicant committed any of the acts, conduct, or practices prohibited by subsection (a) of this section.

**History.** Acts 1975, No. 160, § 12; 1979, No. 432, § 6; A.S.A. 1947, § 71-622; Acts 1997, No. 242, § 18; 1999, No. 180, § 38; 2005, No. 54, § 17.

**17-12-602. Sanctions.**

**(a)** If a licensee or holder of a practice privilege under § 17-12-311 is found to have committed an action or omission identified in § 17-12-601, the Arkansas State Board of Public Accountancy may impose any one (1) or more of the following sanctions:

**(1)** Suspension, revocation, or denial of his or her license or practice privilege or the renewal thereof;

**(2)** A penalty not to exceed ten thousand dollars (\$10,000) for each violation as well as investigation costs incurred by the board;

**(3)** Completion of appropriate education programs or courses;

**(4)** Preissuance review of audits, review reports, or compilations;

**(5)** Quality review conducted in such a manner as the board may specify;

**(6)** Successful completion of the licensing examination;

**(7)** Conditions or restrictions upon the license, registration, or practice privilege; and

**(8)** All other requirements or penalties the board finds appropriate to the circumstances of the case and that would achieve the desired disciplinary purposes but that would not impair the public welfare and morals.

**(b)** In any proceeding in which the board finds that the licensee or holder of a practice privilege has committed any action or omission identified in § 17-12-601, the board may also require the licensee to pay the cost of the proceeding.

**(c)** Each instance when a federal or state law or any board rule is violated shall constitute a separate violation.

**(d)** Upon imposition of a sanction, the board may order that the license, permit, certificate, credential, registration, or practice privilege be suspended until its holder has complied in full with all applicable sanctions imposed under this section.

**(e) (1)** The power and authority of the board to impose sanctions authorized in this section are independent of and in addition to any other civil or criminal proceeding concerning the same violation.

**(2)** The imposition of a penalty does not preclude the board from imposing other sanctions short of revocation.

**(f)** The board is authorized to file suit in either the Pulaski County Circuit Court or the circuit court of any county in which the defendant resides or does business to collect any

monetary penalty assessed under this chapter if the penalty is not paid within the time prescribed by the board.

**History.** Acts 1975, No. 160, § 13; A.S.A. 1947, § 71-623; Acts 1997, No. 242, § 19; 1999, No. 180, § 39; 2005, No. 54, § 18; 2009, No. 93, § 10; 2013, No. 90, § 8.

### **17-12-603. Procedure.**

**(a) Commencement of Proceeding.** The Arkansas State Board of Public Accountancy may initiate proceedings under this chapter either on its own motion or on the complaint of any person.

**(b) Notice—Service and Contents.** A written notice stating the nature of the charges against the accused and the time and place of the hearing before the board on the charges shall be served on the accused not less than thirty (30) days before the date of the hearing either personally or by mailing a copy by certified mail with return receipt to the address of the accused last known to the board.

**(c) Failure to Appear.** If, after having been served with the notice of hearing, the accused fails to appear at the hearing and defend, the board may proceed to hear evidence against him or her and may enter any order as shall be justified by the evidence, which order shall be final unless he or she petitions for a review thereof as provided herein. However, within thirty (30) days from the date of any order, upon a showing of good cause for failure to appear and defend, the board may reopen the proceedings and may permit the accused to submit evidence in his or her behalf.

**(d) Rights of Accused.** At any hearing the accused may appear in person and by counsel, produce evidence and witnesses on his or her own behalf, cross-examine witnesses, and examine such evidence as may be produced against him or her. A corporation may be represented before the board by counsel or by a shareholder who is a certified public accountant or public accountant of this state in good standing. The accused shall be entitled, on application to the board, to the issuance of subpoenas to compel the attendance of witnesses on his or her behalf.

**(e) Subpoenas—Oaths.** The board or any member thereof may issue subpoenas to compel the attendance of witnesses and the production of documents and may administer oaths, take testimony, hear proofs, and receive exhibits in evidence in connection with or upon hearing under this chapter. In case of disobedience to a subpoena, the board may invoke the aid of any court of this state in requiring the attendance and testimony of witnesses and the production of documentary evidence.

**(f) Evidence.** The board shall not be bound by technical rules of evidence.

**(g) Record.** A stenographic record of the hearings shall be kept, and a transcript filed with the board.

**(h) Attorney for the Board.** At all hearings, the board's legal counsel shall appear and represent the board.

**(i) Decision.** The decision of the board shall be by majority vote.

**(j) Judicial Review.** Anyone adversely affected by any order of the board shall be entitled to pursue all rights and remedies available under the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

**History.** Acts 1975, No. 160, § 14; 1979, No. 432, § 7; A.S.A. 1947, § 71-624; 2017, No. 277, § 3.

**17-12-604. Reinstatement.**

Upon application in writing and after hearing pursuant to notice, the Arkansas State Board of Public Accountancy may issue a new certificate to a certified public accountant whose certificate shall have been revoked, or the board may permit the reregistration of anyone whose registration has been revoked or may reissue or modify the suspension of any license to practice public accounting which has been revoked or suspended.

**History.** Acts 1975, No. 160, § 15; A.S.A. 1947, § 71-625; Acts 1999, No. 180, § 40.

**Subchapter 7**  
**— Liability of Accountants**

17-12-701. Applicability.

17-12-702. No liability to persons not in privity — Exceptions.

**17-12-701. Applicability.**

This subchapter shall apply only to acts, omissions, decisions, or other conduct in connection with professional services occurring or rendered on or after April 6, 1987.

**History.** Acts 1987, No. 661, § 3.

**17-12-702. No liability to persons not in privity — Exceptions.**

No person, partnership, or corporation licensed or authorized to practice under the Public Accountancy Act of 1975, § 17-12-101 et seq., or any of its employees, partners, members, officers, or shareholders shall be liable to persons not in privity of contract with the person, partnership, or corporation for civil damages resulting from acts, omissions, decisions, or other conduct in connection with professional services performed by such a person, partnership, or corporation, except for:

(1) Acts, omissions, decisions, or conduct that constitutes fraud or intentional misrepresentations; or

(2) Other acts, omissions, decisions, or conduct if the person, partnership, or corporation was aware that a primary intent of the client was for the professional services to benefit or influence the particular person bringing the action. For the purposes of this subdivision (2), if the person, partnership, or corporation:

(A) Identifies in writing to the client those persons who are intended to rely on the services; and

(B) Sends a copy of the writing or similar statement to those persons identified in the writing or statement, then the person, partnership, or corporation or any of its employees, partners, members, officers, or shareholders may be held liable only to the persons intended to so rely, in addition to those persons in privity of contract with such a person, partnership, or corporation.

**History.** Acts 1987, No. 661, § 1.