

# State of Maine

02-280

DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION  
OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION

## BOARD OF ACCOUNTANCY

### ***Contents:***

- Ch. 1, Definitions
- Ch. 2, Advisory Rulings
- Ch. 3, Examination Requirements
- Ch. 4, Application for Certificate (*repealed*)
- Ch. 5, Certified Public Accountant License Requirements
- Ch. 6, Accounting Firm License Requirements
- Ch. 7, Complaints, Investigations and Adjudicatory Hearings (*repealed*)
- Ch. 8, Rules of Professional Conduct
- Ch. 9, Fees (*repealed*)

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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 1: DEFINITIONS**

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**SUMMARY:** This chapter outlines the definitions of the Maine Board of Accountancy.

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As used in these Rules, unless the context indicates otherwise, the following terms have the following meanings:

1. **AICPA.** AICPA means the American Institute of Certified Public Accountants.
2. **APPROVED REVIEWER.** Approved Reviewer means an individual licensed by the Board, or by another jurisdiction, who has been approved by a Report Acceptance Body, to be responsible for conducting peer reviews of firms.
3. *[REPEALED]*
4. **CPA.** CPA means Certified Public Accountant.
5. **CPE.** CPE means Continuing Professional Education.
- 5-A. **FIRM.** Firm means an organization holding a license issued by the Board under 32 M.R.S. §12252. Solely for purposes of Peer Review, “Firm” means an organization licensed by the Board to engage in practice as Certified Public Accountants.
6. **IQAB.** IQAB means the International Qualifications Appraisal Board.
7. **LICENSED.** Licensed means holding a Permit to Practice issued by the Board.
8. *[REPEALED]*
- 8-A. **MRA.** MRA means Mutual Recognition Agreement with NASBA/AICPA, represented by IQAB and another country.
9. **MULTI-JURISDICTIONAL FIRM.** Multi-jurisdictional firm means a firm with some members or employees who hold licenses issued by the Board and with other members or employees who hold licenses or permits to practice issued by one or more other jurisdictions.
10. **NASBA.** NASBA means the National Association of State Boards of Accountancy.
11. *[REPEALED]*

12. **OFF-SITE PEER REVIEW.** Off-Site Peer Review means a peer review conducted outside of the office of a reviewed firm, which consists of reviewing selected financial statements, the reports thereon, and related documents to determine compliance with professional standards, sufficient to provide the Approved Reviewer with a reasonable basis upon which to issue a peer review report meeting the requirements of these rules.
  13. **ON-SITE PEER REVIEW.** On-Site Peer Review means a peer review conducted at the office of a reviewed firm, which includes testing compliance with the firm's quality control policies and procedures, and a review of selected engagements, sufficient to provide the Approved Reviewer with a reasonable basis upon which to issue a peer review report meeting the requirements of these rules.
  14. **PA.** PA means Public Accountant.
  15. *[REPEALED]*
  16. **REPORT ACCEPTANCE BODY.** Report Acceptance Body means a firm, professional society, or other organization approved by the Board to be responsible for the selection of Approved Reviewers, the acceptance of Peer Reviews and letters of comments issued by Approved Reviewers, and the consideration of any responses of a reviewed firm to its peer review.
  17. **STATE.** State means the State of Maine.
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STATUTORY AUTHORITY: 32 M.R.S. §12214(4)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) - as "General Provisions and Definitions"

AMENDED:

June 7, 1989  
April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

AMENDED:

April 25, 1999 - as "Definitions"  
November 4, 2001  
October 27, 2010 – filing 2010-513  
January 1, 2020 – filing 2019-247

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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 2: ADVISORY RULINGS**

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**SUMMARY:** This rule establishes guidelines relating to advisory rulings.

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1. *[REPEALED]*

2. *[REPEALED]*

3. *[REPEALED]*

4. **ADVISORY RULINGS**

- A. **Authority and Scope.** The Board may issue an advisory ruling in accordance with 5 M.R.S. §9001, concerning the applicability of a statute or rule to existing facts. The Board shall review each request for an advisory ruling to determine whether the requested ruling is appropriate. The Board may, at its discretion, decline to issue an advisory ruling if the request is hypothetical, if there is insufficient information upon which to base a ruling or for any other reason the board deems proper.
- B. **Submission.** A request for an advisory ruling must be submitted to the Board in writing and must set forth in detail all facts pertinent to the question. The Board may require submission of additional information as it deems necessary to provide a complete a factual background.
- C. **Ruling.** The advisory ruling must include a statement of facts or assumptions, or both, upon which the ruling is based. The statement, without reference to other documents, must be sufficiently detailed to apprise the reader of the basis of the opinion. The ruling must be signed by the Board Chair, must be identified specifically as an advisory ruling, and must be numbered serially.
- D. **Publication.** The department shall mail the advisory ruling to the requesting party and the Board Administrator shall retain a copy. An advisory ruling is a public documents and shall be available for public inspection during the normal working hours of the Board. In addition, the Board may otherwise publish or circulate any advisory ruling as it deems appropriate.
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STATUTORY AUTHORITY: 5 M.R.S. §§8051 and 9001(4)

EFFECTIVE DATE:

Prior to 1978 (Filed 8-14-78)

AMENDED:

June 7, 1989  
April 23, 1996

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March 18, 1997

AMENDED:

April 25, 1999  
October 27, 2010 – filing 2010-514; as "Advisory Rulings"  
January 1, 2020 – filing 2019-248

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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 3: EXAMINATION REQUIREMENTS**

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**SUMMARY:** This chapter outlines the eligibility requirements to sit for the Certified Public Accountant examination.

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**1. [REPEALED]****2. ELIGIBILITY FOR EXAMINATION**

A. A candidate is eligible to take the examination without waiting until the candidate meets the experience requirements set forth in Chapter 5, Section 4 of the board's rules, provided the candidate meets the requirements of 32 M.R.S. §12228(3) and these rules.

B. *[REPEALED]*

**3. EDUCATIONAL REQUIREMENT**

A. Title 32 M.R.S. §12228(3) sets forth the education required of candidates applying for the CPA examination.

B. *[REPEALED]*

C. A college or university will be considered to be an "accredited college or university" if the college or university is accredited by an accrediting agency in good standing of the Council on Postsecondary Accreditation or equivalent agency. In the matter of foreign colleges or universities, the candidate shall submit his transcript to the Foreign Academic Credential Service or other service approved by the Board for its evaluation. Upon receipt of such evaluation, the Board shall determine the education qualification of such applicant.

**4. [REPEALED]****5. EXAMINATION**

The examination is the AICPA Uniform CPA examination. The examination tests the knowledge and skills required for performance as an entry-level certified public accountant or public accountant.

**6. DETERMINING AND REPORTING EXAMINATION GRADES**

A candidate must pass all test sections of the examination as provided in Section 7 of this chapter. The passing grade for each test section is 75.

## 7. RETAKE AND GRANTING OF CREDIT REQUIREMENTS

- A. A candidate may take the required test sections individually and in any order. Credit for any test section(s) passed is valid for eighteen (18) months from the actual date the candidate took that test section, without having to attain a minimum score on any failed test section(s) and without regard to whether the candidate has taken other test sections.
1. Candidates must pass all test sections of the examination within a rolling eighteen-(18) month period, which begins on the date that the first test section(s) passed is taken.
  - 2.(a) Subject to subsection 7(A)(2)(b), candidates cannot retake a failed test section in the same examination window. An examination window refers to a three-(3) month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, candidates will be able to test two out of the three months within an examination window.

(b) If the board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (a) 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.
  3. In the event all test sections of the Uniform CPA Examination are not passed within the rolling eighteen-(18) month period, credit for any test sections(s) passed outside the eighteen-(18) month period will expire and such test section(s) must be retaken.
- B. *[REPEALED]*
- C. A candidate retains credit for any and all test sections of an examination passed in another state if such credit would have been given, under then-applicable requirements, if the candidate had taken the examination in this State.
- D. The Board may, in particular cases, extend the term of conditional credit validity notwithstanding the requirements of subsection A, upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.
- E. A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time valid credit for passing each of the four test sections of the examination. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

## 8. *[REPEALED]*

## 9. CHEATING

- A. Cheating by a candidate in applying for, taking or subsequent to the examination will invalidate any grade otherwise earned by a candidate on a 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 rule, 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 or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to Board order.
- C. In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the candidate involved from the examination or move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.
- D. 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 Administrative Procedures Act following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:
1. Whether the candidate shall be given credit for any portion of the examination completed in that session; and
  2. 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 representatives 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 candidate's seat location and identifying information, and the names and identifying information of the candidates in close proximity of the candidate; and
  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 any other state to which the candidate may apply for the examination information as to the Board's findings and actions taken.

10. *[REPEALED]*

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STATUTORY AUTHORITY: 32 M.R.S. §§ 12214(4), 12228(4), 12240(4)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) - as "Registration of Certified Public Accountants"

AMENDED:

October 1, 1979  
June 7, 1989  
August 8, 1990  
July 23, 1991  
May 21, 1994 – as "Certified Public Accountants"  
April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

REPEALED AND REPLACED:

April 25, 1999 – as "Examination Requirements." The chapter now covers both Certified Public Accountants and Public Accountants; the latter had formerly been covered by Chapter 4, which see.

AMENDED:

November 4, 2001  
March 8, 2004 – filing 2004-77  
October 27, 2010 – filing 2010-515  
January 1, 2020 – filing 2019-249

**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**280 BOARD OF ACCOUNTANCY**

**Chapter 4: APPLICATION FOR CERTIFICATE**

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STATUTORY AUTHORITY: 32 M.R.S. §12214(4), §12228(10), §12240(2)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) – as "Registration of Public Accountants"

AMENDED:

October 1, 1979

June 7, 1989

August 8, 1990

July 23, 1991

May 21, 1994 – as "Public Accountants"

April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

REPEALED AND REPLACED:

April 25, 1999 – as "Certification Requirements." This now covers both Public Accountants and Certified Public Accounts. CPA's were formerly covered under Chapter 3, which see.

AMENDED:

November 4, 2001 – as "Experience Requirements"

March 8, 2004, filing 2004-78 – as "Application for Certificate"

REPEALED:

October 27, 2010 – filing 2010-516

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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 5: CERTIFIED PUBLIC ACCOUNTANT LICENSE REQUIREMENTS**

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**SUMMARY:** This chapter sets forth: (a) the application process and experience requirements for obtaining a certified public accountant license, and (b) the continuing professional education and renewal requirements for maintaining licensure.

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**1. APPLICATION FOR LICENSURE**

Applications for licensure as a certified public accountant under 32 M.R.S. §§ 12228, 12230 must be submitted on a form provided by the Board and must be accompanied by the license fee set forth in Chapter 10, Section 5(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Establishment of License Fees.”

**2. EXAMINATION**

The applicant must have passed the examination as provided in Chapter 3 of the Board’s rules.

**3. EDUCATION**

The applicant must meet the educational requirements set forth in 32 M.R.S. §12228(3). The 150 semester hours required by 32 M.R.S. §12228(3) must include a minimum of 15 hours in one or more of the topic areas described in subsections A-L below. Of the minimum 15 hours, at least 3 hours must be earned in auditing and attestation services (subsection C).

- A. Financial accounting and reporting for business organizations
- B. Financial accounting and reporting for government and not-for-profit entities
- C. Auditing and attestation services
- D. Managerial or cost accounting
- E. Taxation
- F. Fraud examination
- G. Internal controls and risk assessment
- H. Financial statement analysis
- I. Accounting research and analysis
- J. Tax research and analysis

- K. Accounting information systems
- L. Ethics relevant to the practice of public accounting

#### 4. EXPERIENCE

An applicant for licensure as a certified public accountant must comply with the experience requirement of 32 MRS §12228(10) and this Section.

- A. Except as otherwise expressly authorized by 32 M.R.S. §12228(10), experience in the practice of public accounting must be earned under the supervision of an individual licensed under 32 M.R.S. §12230, or holding the equivalent license, permit or certification of another state or territory of the United States.
- B. Except as otherwise expressly authorized by 32 M.R.S. §12228(10) experience must be earned in the employment of a firm licensed under 32 M.R.S. §12252, or an equivalent license, permit or certification of another state or territory of the United States.
- C. Notwithstanding subsection B hereof, the Board may recognize non-public accounting experience that it determines to be substantially equivalent to the experience required by this Section. *[Repealed as of July 1, 2020.]*
- C-1. In evaluating the acceptability of experience for licensure, the Board may consider the complexity and diversity of the work performed by the applicant, and the skill and knowledge of the applicant as evidenced by the work performed.
- D. For purposes of computing experience for part-time employees, 2,080 hours of work experience constitutes one (1) year of experience and 173 hours of part-time employment constitutes one (1) month of experience.
- E. A licensed supervisor must verify the applicants' work experience in writing. The licensed supervisor must submit such verification upon request of the applicant or the Board. The Board may, at its discretion, request further documentation to verify such experience.

#### 5. APPLICANTS HOLDING CREDENTIALS FROM ANOTHER COUNTRY

- A. The Board recognizes the existence of the International Qualifications Appraisal Board (IQAB), a joint body of NASBA and the AICPA, which is charged with:
  - 1. Evaluating the professional credentialing process of certified public accountants, or their equivalents, of countries other than the United States; and
  - 2. Negotiating principles of reciprocity agreements with the appropriate professional and/or governmental bodies of other countries seeking recognition as having requirements substantially equivalent to United States' requirements for the certificate of a certified public accountant.
- B. The Board shall give consideration to the terms of all principles of Mutual Recognition Agreements (MRA) established by IQAB. The Board may issue a license to an

individual holding an active license from another country with which IQAB has established a MRA.

## 6. LICENSE EXPIRATION AND RENEWAL

- A. **Expiration.** All licenses issued under this chapter expire annually.
- B. **Renewal.** To renew a license, the licensee shall follow the online renewal procedure prescribed by the board and shall remit the license fee set forth in Chapter 10, Section 5(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Establishment of License Fees.”
- C. **Late Renewal.** A license may be renewed online up to 90 days after expiration upon payment of the late fee set forth in Chapter 11, Section 2(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Late Renewals,” in addition to the renewal fee.

## 7. LICENSE REINSTATEMENT

A former licensee who applies for reinstatement pursuant to 32 M.R.S. §12234(2) shall demonstrate completion of 80 hours of continuing professional education in the 24 months preceding application that meets the requirements of Section 8 of this chapter. The 80 hours of continuing professional education must include four hours of ethics.

## 8. CONTINUING PROFESSIONAL EDUCATION (CPE)

- A. Except as set forth in the next paragraph, all licensees shall obtain 40 hours of CPE annually, due at time of renewal. The annual accumulation period for CPE is the twelve month licensure period prior to the renewal date. A person who obtains a license for the first time shall complete at least forty (40) credits of acceptable CPE during the first full annual period following the year in which the original license was obtained. If a licensee obtains more than 40 hours of CPE in any licensure period, no more than 20 hours of such excess may be carried forward and utilized in the immediately succeeding licensure period. (For example, an individual who obtains 70 hours of CPE in one year and 30 hours in the succeeding year has 30 excess hours in the first year. The licensee may carry forward 20 hours from the first year to the second in order to make up a deficiency and satisfy the CPE requirement for the second year. However, the licensee may not carry any of the excess from the first year to satisfy the CPE requirement in any subsequent year.)
- B. All licensees shall obtain at least 4 hours of CPE in professional ethics every three years, beginning with the date of first renewal. Acceptable CPE in ethics may include a program of study of the accountancy laws and rules of the State of Maine, including the Rules of Professional Conduct set forth in Chapter 8 of the board’s rules, or equivalent standards of the Securities Exchange Commission, the AICPA, or similar regulatory agency or professional organization.
- C. The Board may verify information submitted by an applicant by whatever means it deems appropriate.

- D. Notwithstanding Chapter 13, Section 4 of the rules of the Office of Professional and Occupational Regulation, entitled “Uniform Rule for the Substantiation of Continuing Education Requirements,” licensees shall retain documentation of compliance with the CPE requirement, including professional ethics, for the three annual licensure periods that immediately precede the current licensure period on a rolling basis.

## **9. CPE PROGRAM REQUIREMENTS**

### **A. PROGRAMS THAT QUALIFY FOR CPE CREDIT**

A specific program will qualify as acceptable CPE if it is a formal program of learning which contributes directly to the professional competence of a licensee in public practice. It is left to the individual licensee to determine the course of study to be pursued.

1. **ACCEPTABLE PROGRAMS.** The following are deemed to qualify as acceptable CPE programs:
  - a. Professional development programs of state and national professional accounting societies or institutes;
  - b. Accredited university or college credit or non-credit courses;
  - c. Formal correspondence or other individual study programs. Such programs must require registration and provide evidence of satisfactory completion.
  - d. Formal organized in-firm education programs;
  - e. Meetings of the National Association of State Boards of Accountancy (NASBA); and
  - f. Other formal, organized educational programs.

### **B. PROGRAMS THAT DO NOT QUALIFY FOR CPE CREDIT**

1. Any program or course specifically designed to prepare for the taking of the CPA examination.
2. Committee service with professional organizations.

### **C. STANDARDS FOR CPE PROGRAMS**

#### **1. STANDARDS FOR CPE PROGRAM DEVELOPMENT**

- a. The program must contribute to the professional competence of participants.
- b. The program must be developed by persons qualified in the subject matter and in instructional design.
- c. Program content must be current.

- d. The program must be reviewed by a qualified person other than the preparer to ensure compliance with the above standards.

## 2. **STANDARDS FOR CPE PROGRAM PRESENTATION**

- a. Instructors, facilitators and speakers must be qualified both with respect to program content and teaching methods used. They are considered qualified if through formal training and experience they have obtained sufficient knowledge to instruct the course competently.
- b. The number of participants and physical facilities must be consistent with the teaching method specified.
- c. The program must include some means for evaluating quality.

## 3. **STANDARDS FOR CPE REPORTING**

- a. Licensees in group or self-study programs must document their participation including: (i) sponsor; (ii) title and/or description of content; (iii) date(s); (iv) location; and (v) number of CPE contact hours.
- b. In order to support the reports that may be required of licensees, the sponsor of group or self-study programs must retain following the completion of any program: (i) record of participation; (ii) outline of the course (or equivalent); (iii) date(s); (iv) location; (v) instructor(s); and (vi) number of CPE contact hours. An outline is a schedule of activity listing major topics of discussion that is prepared in advance.
- c. Licensees attending a NASBA meeting must document the meeting agenda(s).

## 4. **SUBJECT MATTER**

- a. The following subject matters are acceptable without limitation:
  - i. Accounting, Auditing and Ethics
  - ii. Specialized Accounting Areas of Industry
  - iii. Administrative Practices
  - iv. Taxation
  - v. Management Services
- b. Credit for the following subject matters may not exceed 50% of the hours required by this chapter:
  - i. Communication Arts

- ii. Mathematics, Statistics, Probability and Quantitative Applications in Business
- iii. Economics
- iv. Business, Securities and Administrative Law
- v. Human Resources Policies
- vi. Computer Software Applications

Areas other than those listed above may be acceptable if the licensee can demonstrate to the Board that they contribute to the licensee's professional competence.

#### 5. **MEASUREMENT**

For purposes of this chapter, one hour is equal to 50 minutes of learning time.

#### 6. **INSTRUCTORS**

Credit as an instructor, discussion leader, or speaker will be allowed for any meeting, program, or engagement provided that the session is one that would meet the CPE requirements of those attending. An instructor, discussion leader, or a speaker will be credited for the first presentation only, and on a basis of 3 hours for each hour of class time. However, those credits may not exceed 50% of the hours required by these rules. To the extent a course or program has been substantially revised, the revised course shall be considered a first presentation.

#### 7. **PUBLICATIONS**

Credit may be allowed for published articles and books provided they contribute to the professional competence of the licensee. Credit for preparation of such publications may be given on a self-declaration basis of up to 50% of the renewal requirement. In exceptional circumstances a licensee may request additional credit by submitting the article(s) or book(s) to the Board with an explanation of the circumstances which the licensee feels justify a greater credit.

#### 8. **ASSISTANCE TO THE BOARD**

The Board may look to recognized state or national accounting organizations for assistance in interpreting the acceptability of and credit to be allowed for individual courses.

### D. **CERTIFICATION AND AUDIT**

All licensees must certify at time of renewal completion of the continuing professional education required by this chapter. The licensee's certification is subject to audit as set forth in Chapter 13 of the rules of the Office of Professional and Occupational Regulation, entitled "Uniform Rule for the Substantiation of Continuing Education Requirements."



STATUTORY AUTHORITY:

32 M.R.S. §12214(4), (4)(A) and (5) (repealed by P.L. 2009), §12228(3)(B),(4) and (10), §12231(2)(D)(2), and §12233, 10 M.R.S. §8003(4)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) - as "Registration of Offices."

Chapter 6, "Permits to Practice," was filed at the same time.

In June 7, 1989 filings, Chapter 5 became "Permits to Practice, Individual," and Chapter 6 became "Permits to Practice, Firms."

AMENDED:

July 23, 1991

May 21, 1994

April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

AMENDED:

April 25, 1999

November 4, 2001

March 8, 2004 – filing 2004-79

REPEALED AND REPLACED:

October 27, 2010 – filing 2010-517

AMENDED:

October 23, 2013 – filing 2013-251

January 1, 2020 except for Section 4(C) which is repealed as of July 1, 2020 – filing 2019-250

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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 6: ACCOUNTING FIRM LICENSE REQUIREMENTS**

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**SUMMARY:** This chapter outlines the requirements of firm licenses.

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**1. APPLICATION FOR LICENSURE**

- A. All accounting firms, including sole proprietorships, must apply for and maintain a firm license when licensure is required by 32 M.R.S. §12252(1)(A). Applications for licensure as an accounting firm must be submitted on a form provided by the Board and must be accompanied by the license fee set forth in Chapter 10, Section 5(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Establishment of License Fees.”
- B. *[REPEALED]*
- C. An individual who is responsible for the conduct of any engagement to deliver accounting services for which a license is required pursuant to the law, to clients with principal offices in this State, is deemed to regularly work in this State.
- D. An applicant for a firm license must provide the information required by 32 M.R.S. §12252(3)(A) and must indicate all other states or jurisdictions in which the firm has applied for or holds a license.

**2. FIRMS WITH UNLICENSED OWNERS AND AGENTS**

- A. Firms may be licensed if a simple majority, in terms of financial interests and voting rights, of its owners consists of individuals licensed by the Board or by other states, and if all unlicensed owners are individuals whose primary occupation consists of participation in the business of the firm. In order to evaluate applications for issuance or renewal of licenses of firms, the Board may require explanation and documentation of relationships (including without limitation “employee leasing,” subcontracting for services, and the provision of administrative or clerical services) between the applicant and any other business entity, and may require substantiation of the nature and extent of nonlicensee owners’ participation in the business of the firm.
- B. All unlicensed owners and agents of firms shall comply with the rules and professional standards applicable to licensed owners.
- C. Aside from any possible disciplinary action brought by the Board against any individual licensee, the Board may bring disciplinary action against the firm with respect to violations of applicable statutes or these rules by licensed or unlicensed partners, employees, or agents of the firm.

### **3. PEER REVIEW**

#### **A. PEER REVIEW CERTIFICATION AND COMPLIANCE REQUIREMENTS**

1. Firms renewing their licenses must certify the following to the Board:
  - a. The firm has completed a peer review on or before the license renewal date as required by 32 M.R.S. §12252(8)(A) and that a Peer Review Report has been submitted to a Report Acceptance Body. A multi-jurisdictional firm must submit a peer review report that meets the requirements of Section 3(G). The firm shall provide a copy of the peer review report to the Board within ten (10) days of receipt of the peer review report; or
  - b. That the firm conducts no attest services other than compilations.
2. If the firm conducts an attest service other than compilations after certifying to the Board under section 3(A)(1)(b) that it does not conduct attest services, the firm must complete a peer review within the time specified by 32 M.R.S. §12252(8)(B).
3. In the event that a firm's obligation to participate in an approved peer review program under 32 M.R.S. §12252(8) arises because the attest service provided by the firm includes audit engagements, the approved peer review program under these rules shall be an On-Site Peer Review. In the event that the attest service provided by the firm does not include audit engagements, the approved peer review program under these rules may be an Off-Site Peer Review.
4. Every firm must cooperate with the Approved Reviewer, the Report Acceptance Body, and the Board, and take all steps necessary, including the payment of all costs and fees relating to the peer review, to comply with the peer review requirement.
5. In addition to being grounds for denial of a license, it shall also be grounds for disciplinary action pursuant to 32 M.R.S. §12273-A for a firm to fail to comply with the terms of a peer review report accepted by a Report Acceptance Body, to fail to cooperate with the Approved Reviewer, the Report Acceptance Body or the Board, or to in any other manner fail to comply with the peer review requirements of these rules.

#### **B. QUALIFICATIONS OF APPROVED REVIEWERS**

1. An Approved Reviewer must meet the following minimum qualifications:
  - a. Hold a current individual license issued by the Board, or by another state;
  - b. Be actively practicing public accountancy in the accounting and auditing function;
  - c. Be independent from, and have no conflict of interest with, the licensee being reviewed; and

- d. Be familiar with all specialized services in the area of accounting and auditing provided by the firm being reviewed.
2. To be qualified as an Approved Reviewer, an individual must provide a Report Acceptance Body with documentation of his or her qualifications, (as stated above), and such other information requested by the Report Acceptance Body.
3. A Report Acceptance Body, in its discretion, may terminate the appointment of an individual to act as an Approved Reviewer.

**C. CONDUCT OF PEER REVIEWS**

1. In the case of a firm which undergoes a peer review, upon completion of the review, the Approved Reviewer shall write a peer review report which, at a minimum, sets forth the nature (On-Site or Off-Site) and scope of the peer review, including any limitations thereon, and the standards under which the peer review was performed. On-Site peer review reports shall, at a minimum, set forth an opinion on whether, during the period under review, the system of quality control for the accounting and auditing practice of the reviewed firm met generally accepted quality control standards and whether that system of quality control was being followed sufficiently to provide the Approved Reviewer with reasonable assurance that the firm was conforming with generally accepted quality control and professional standards. Off-Site peer review reports shall indicate that the financial statements and review reports submitted for review conformed to professional standards of reporting, or, if not, shall describe significant departures from those standards.
2. The peer review report shall also describe the reason for any qualification or limitation of the report and set forth any corrective measures to be undertaken by the firm to address any issues identified by the peer review.
3. Upon completion of the peer review and preparation of the peer review report, the Approved Reviewer shall issue a copy of the peer review report to the firm and to a Report Acceptance Body.

**D. QUALIFICATIONS OF REPORT ACCEPTANCE BODIES**

1. The Board shall approve one or more entities to function as Report Acceptance Bodies.
2. Report Acceptance Bodies must meet the following qualifications:
  - a. Any employee, agent or representative of a Report Acceptance Body who is involved in any decision relating to the conduct of a peer review engagement, shall be independent of the reviewed firm.
  - b. The organization must be competent to undertake the tasks required of Report Acceptance Bodies. Such competence may be demonstrated by proof of approval to serve in comparable capacities by a national

professional organization, or regulatory boards of other jurisdictions. Competence may also be demonstrated by submission to the Board of:

- i. Resumes of the individuals proposed to execute the Report Acceptance Body's tasks, which must include their experience in accounting and auditing functions, and other peer review activities;
- ii. Standards by which Approved Reviewers will be approved and evaluated;
- iii. Minimum requirements of peer review programs;
- iv. Procedures for resolution of disputes between Approved Reviewers and reviewed firms; and
- v. Proof of such other qualifications as may be required by the Board.

3. The Board may, in its discretion, terminate its approval of a Report Acceptance Body.

#### **E. REVIEW OF PEER REVIEW REPORTS BY THE BOARD**

A reviewed firm may request reconsideration of the action of a Report Acceptance Body by the Board. The Board may accept, alter, or reject and return for further review, any action of a Report Acceptance Body. If the Board proposes to accept the action of the Report Acceptance Body without any modification requested by the reviewed firm, the Board shall afford the reviewed firm the opportunity for an adjudicatory hearing. To be effective, the request for hearing must be received by the Board within 30 days of the reviewed firm's receipt of notice from the Board.

#### **F. EXTENSIONS**

1. The Board may grant an extension of time not to exceed 12 months to meet the peer review requirement for the following reasons:
  - a. Health;
  - b. Military service; or
  - c. Other good cause clearly outside of the control of the reviewed firm.
2. Requests for extensions of time shall be in writing and submitted with the renewal form no later than its due date.
3. An extension may be renewed upon application received by the Board prior to the expiration of the current extension, if the Board finds that the reasons justifying the extension continue to exist.

#### G. REVIEW OF MULTI-JURISDICTIONAL FIRMS

1. The Board may accept a peer review of a multi-jurisdictional firm, which is based solely upon work conducted outside of Maine as satisfying the peer review requirement, if:
  - a. the peer review was conducted within 3 years of the effective date of the renewal;
  - b. the peer review was performed in accordance with requirements equivalent to those of the Board;
  - c. the peer review studies, evaluates and reports on the financial reporting practice of the firm as a whole; and
  - d. at the conclusion of the peer review, the reviewer issues a report meeting the requirements of these rules.
2. A multi-jurisdictional firm seeking approval of a peer review must submit evidence that the proposed peer review was conducted under requirements equivalent to those of the Board, certification by the reviewer that the review was based solely on work conducted outside of Maine, and a report equivalent to the report required by these rules, with its application for renewal.

#### 4. LICENSE EXPIRATION AND RENEWAL

- A. **Expiration.** All firm licenses expire annually.
- B. **Renewal.** To renew a license, the licensee shall follow the renewal procedure prescribed by the Board and shall remit the license fee set forth in Chapter 10, Section 5(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Establishment of License Fees.”
- C. **Late Renewal.** A firm license may be renewed up to 90 days after expiration upon payment of the late fee set forth in Chapter 11, Section 2(1) of the rules of the Office of Professional and Occupational Regulation, entitled “Late Renewals,” in addition to the renewal fee. Renewal of a firm license that has expired for more than 90 days is governed by 32 M.R.S. §12252(2).

#### 5. *[REPEALED]*

STATUTORY AUTHORITY: 32 M.R.S. §12214(4), §12252, §12252(8), 10 M.R.S. §8003(4)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) - as "Permits to Practice."  
Chapter 5, "Registration of Offices," was filed at the same time.

AMENDED:

June 28, 1980  
June 7, 1989 – as "Permits to Practice, Firms."  
July 23, 1991  
April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

AMENDED:

April 25, 1999  
November 4, 2001  
October 27, 2010 – filing 2010-518; as "Accounting Firm License Requirements"  
January 1, 2020 – filing 2019-251

**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**280 BOARD OF ACCOUNTANCY**

**Chapter 7: COMPLAINTS, INVESTIGATIONS AND ADJUDICATORY HEARINGS**

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STATUTORY AUTHORITY: 32 M.R.S. §12214(4)

EFFECTIVE DATE:

May 21, 1994

April 23, 1996

EFFECTIVE DATE (ELECTRONIC CONVERSION):

March 18, 1997

AMENDED:

April 25, 1999

REPEALED:

October 27, 2010 – filing 2010-519



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**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION****280 BOARD OF ACCOUNTANCY****Chapter 8: RULES OF PROFESSIONAL CONDUCT**

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**SUMMARY:** This chapter adopts a code of professional conduct.

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The Board adopts the following Code of Professional Conduct. Interpretations and rulings of this or similar Codes of Conduct by the AICPA, courts or the Boards of other states, may constitute persuasive but not binding authorities with the Board, unless based on language of a Code that is materially inconsistent with these Rules.

**1. PREAMBLE**

The public places trust and confidence in the profession and the services it provides; consequently, licensees have a duty to conduct themselves in a manner that will be beneficial to the public and which fosters such trust and confidence. This Code of Professional Conduct identifies seven fundamental principles of conduct, six of which are intended to govern licensees' professional performance whether they are in public practice, industry, not-for-profit organizations, government, education or other professional endeavors. The seventh principle, independence, applies only to those professional services where it is required by professional standards. This Code of Professional Conduct defines the conduct that the public has a right to expect of the licensee, as well as all persons or entities the licensee has the authority or capacity to control.

With the exception of independence, these principles are universal and apply to all services and activities performed by the licensee in all aspects of his or her professional conduct. Independence, however, is a unique principle that applies only to those professional services where it is required in accordance with professional standards.

Users of the licensee's services draw confidence from the knowledge that the profession is bound to a framework which requires continued dedication to professional excellence and commitment to ethical behavior that will not be subordinated to personal gain.

**2. PRINCIPLE: PUBLIC INTEREST**

The grant of a license indicates that an individual has met the criteria established by state boards of accountancy to perform services in a manner that protects the public interest. The licensee must, therefore, have a keen consciousness of the public interest. The public consists of clients, credit grantors, governments, employers, investors, the business and financial community, and others who use the services of licensees. Services provided by licensees support and facilitate many societal needs, including the orderly functioning of commerce and the capital markets.

Because the licensee is seen as a representative of the profession by the public who retains or employs him or her or uses his or her services, the licensee should avoid conduct that might conflict with the public interest or erode public respect for, and confidence in, the profession.

**3. PRINCIPLE: INTEGRITY**

Integrity is a character trait demonstrated by acting honestly, candidly, and not knowingly misrepresenting facts, accommodating deceit, or subordinating ethical principles. Acting with integrity is essential to maintaining the public's trust. It incorporates both the spirit and substance in the application of the ethical and technical standards that govern the profession, or in the absence thereof, what is just and right.

A licensee should act with integrity in the performance of all professional activities in whatever capacity performed.

**4. PRINCIPLE: OBJECTIVITY**

Objectivity is a distinguishing feature of the accounting profession and is critical to maintaining the public's trust and confidence. It is a state of mind that imposes the obligation to be impartial and free of bias that may result from conflicts of interest or the inappropriate subordination of judgment. Objectivity requires a licensee to exercise an appropriate level of professional skepticism in carrying out all professional activities.

Although a licensee may serve multiple interests in many different capacities, objectivity must be maintained. This requires a careful assessment of the effects on objectivity of all professional relationships and activities.

A licensee should maintain objectivity in the performance of all professional activities in whatever capacity performed.

**5. PRINCIPLE: DUE CARE**

Due care imposes the obligation to perform professional activities with concern for the best interest of those for whom the activities are performed and consistent with the profession's responsibility to the public. It is essential to preserving the public's trust and confidence. Due care requires the licensee to discharge professional responsibilities with reasonable care and diligence and to adequately plan and supervise all professional activities for which he or she is responsible.

A licensee should act with due care in the performance of all professional activities in whatever capacity performed.

**6. PRINCIPLE: COMPETENCE**

Competence is derived from a combination of education and experience. It begins with a mastery of the common body of knowledge, skills, and abilities, and requires a commitment to life-long learning and professional improvement. A licensee should possess a level of competence, sound professional judgment, and proficiency to ensure that the quality of his or her activities meets the high level of professionalism required by these Principles. A licensee is responsible for assessing his or her own competence, which includes evaluating whether education, experience, and judgment are adequate for the responsibility assumed.

A licensee should be competent in the performance of all professional activities, in whatever capacity performed, and comply with applicable professional standards.

**7. PRINCIPLE: CONFIDENTIALITY**

A licensee has an obligation to maintain and respect the confidentiality of information obtained in the performance of all professional activities. Maintaining such confidentiality is vital to the proper performance of the licensee's professional activities.

A licensee shall not use or disclose, or permit others within the licensee's control to use or disclose, any confidential client or employer information without the consent of the client or employer. This obligation continues after the termination of the relationship between the licensee and the client or employer and extends to information obtained by the licensee in professional relationships with prospective clients and employers.

This principle shall not be construed to prohibit a licensee from disclosing information as required to meet professional or legal obligations.

**8. PRINCIPLE: INDEPENDENCE**

Independence, where required by professional standards, is essential to establishing and maintaining the reliability of, and the public's confidence in, the information reported on by the licensee.

A licensee should be independent in fact and appearance. Independence in fact is the absence of a licensee's interest in, relationship with, or services provided to, a person or entity that results in the licensee's loss of objectivity. Independence in appearance is the absence of such interests, relationships, or services which may, to a reasonable person having knowledge of all the facts, appear to result in an unacceptable threat to the licensee's objectivity.

When considering independence issues, it is presumed that the reasonable person would consider, among other factors:

- A. A licensee's normal strength of character under the circumstances;
- B. Pressures that may be exerted on the licensee by clients and others;
- C. The countervailing pressures of legal liability and professional discipline, including loss of reputation and license; and
- D. The safeguards established by the profession for the licensee's practice entity, such as peer review and quality control standards.

A licensee in the practice of public accounting should be independent in fact and appearance when engaged to provide services where independence is required by professional standards.

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STATUTORY AUTHORITY: 32 M.R.S. §12214(4)

EFFECTIVE DATE:

Prior to July 1, 1978 (filed August 14, 1978) - as "Unlawful Acts."  
Chapter 10, "Rules of Conduct," was filed at the same time.

<b>Chapter 8, "Unlawful Acts"</b>	<b>Chapter 10, "Rules of Conduct"</b>
REPEALED: June 7, 1989 - with the chapter reserved for "Quality Reviews."	REPEALED: June 7, 1989 - with the chapter reserved for "Miscellaneous Provisions."
REPEALED: July 23, 1991 - reservation itself repealed.	REPEALED: July 23, 1991 - reservation itself repealed.
EFFECTIVE DATE: April 23, 1996 - as "Rules of Professional Conduct."	
EFFECTIVE DATE (ELECTRONIC CONVERSION): March 18, 1997	
AMENDED: April 25, 1999 November 4, 2001	

**02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**280 BOARD OF ACCOUNTANCY**

**Chapter 9: FEES**

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STATUTORY AUTHORITY: 32 M.R.S. §12214(4), §12228(8), §12228(9), §12240(6), §12251(2),  
§12252(5)

EFFECTIVE DATE:  
April 25, 1999

REPEALED:  
October 27, 2010 – filing 2010-520