

I MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

Bill No. 242 (FC)

Introduced by:

Edward J.B. Calvo *EC*

A.R. Unpingco

Mark Forbes

AN ACT TO AMEND CHAPTER 35 TITLE 22 OF THE
GUAM CODE ANNOTATED, RELATIVE TO THE
GUAM ACCOUNTANCY ACT OF 2003, AND TO
AMEND TITLE 25, CHAPTER 2 OF THE GUAM
ADMINISTRATIVE RULES, RELATIVE TO
POLICIES WITHIN THE ADMINSTRATIVE RULES
AND REGULATIONS OF THE GUAM BOARD OF
ACCOUNTANCY.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan*

3 finds the Guam Board of Accountancy ("GBA") regulates the practice of

4 public accountancy, as well as the administration of testing, certification,

5 licensure, and enforcement of certified public accountants ("CPAs") for the

6 purpose of protecting the welfare of the general public. *I Liheslaturan*

7 *Guåhan* further finds most state boards of accountancy subscribe to

8 regulatory and professional standards incorporated in the Uniform

1 Accountancy Act (“UAA”), a model code issued and periodically updated
2 by the National Association of State Boards of Accountancy (“NASBA”)
3 and the American Institute of Certified Public Accountants (“AICPA”).

4 Having essentially adopted all provisions of the UAA with
5 enactment of the Guam Accountancy Act of 2003 (“the ACT”), GBA has
6 during the ensuing two years determined it is now necessary to
7 incorporate several definitive technical clarifications in Guam’s Public
8 Accountancy statutes including: 1) clarification of educational
9 qualifications required of candidates for the CPA Exam; 2) delineation of
10 the types of accounting experience required to qualify for a CPA certificate
11 and license to practice; 3) definition of licensing classifications relative to
12 the requirements met; 4) updating of reciprocity requirements relative to
13 national and international standards; and 5) clarification and/or correction
14 of obvious omissions and/or errors existing in the ACT as originally
15 passed.

16 It is therefore the intent of *I Liheslaturan Guåhan* to revise existing
17 statutes as well as administrative rules and regulations for the purpose of
18 bettering Guam’s compliance with and administration of nationally and
19 internationally accepted standards and practices of public accountancy.

1 **Section 2.** Section 35103(b) of Chapter 35 of Title 22, Guam Code

2 Annotated is hereby *amended* to read:

3 “(b) ‘Attest’ means providing the following financial
4 statement services:

5 (1) any audit or other engagement to be performed in
6 accordance with the Statements on Auditing Standards (‘SAS’);

7 (2) any review of a financial statement to be performed
8 in accordance with the Statements on Standards for Accounting
9 and Review Services (‘SSARS’); and

10 (3) any ~~examination of prospective financial information~~
11 engagement to be performed in accordance with the Statements
12 on Standards for Attestation Engagements (‘SSAE’).”

13 The statements on standards specified in this definition shall be
14 adopted by reference by the Board pursuant to rulemaking and shall
15 be those developed for general application by recognized national
16 accountancy organizations such as the AICPA and the PCAOB.

17 **Section 3.** Section 35103(r) of Chapter 35 of Title 22, Guam Code

18 Annotated is hereby *amended* to read:

19 “(r) ‘State’ means any state of the United States, the District of

1 Columbia, Puerto Rico, the United States Virgin Islands, and Guam,
2 and the Commonwealth of the Northern Mariana Islands."

3 **Section 4.** A *new* Subsection (t) is *added* to §35103 of Chapter 35 of
4 Title 22, Guam Code Annotated to read:

5 "(t) 'PCAOB' means the Public Company Accounting
6 Oversight Board."

7 **Section 5.** A *new* Subsection (u) is *added* to §35103 of Chapter 35 of
8 Title 22, Guam Code Annotated to read:

9 "(u) 'Principal place of business' means the office location
10 designated by the licensee for purposes of substantial equivalency
11 and reciprocity."

12 **Section 6.** Section 35104(a) of Chapter 35 of Title 22, Guam Code
13 Annotated is hereby *amended* to read:

14 "(a) There is hereby created the Guam Board of Accountancy,
15 which shall have responsibility for the administration and
16 enforcement of this Chapter. The Board shall consist of five (5)
17 members appointed by *I Maga'lahi*, all of whom shall be residents of
18 Guam and holders of licenses currently valid under §35106 of this
19 Chapter. The term of each member of the Board shall be four (4)

1 years. Vacancies occurring during a term shall be filled by
2 appointment by *I Maga'lahi* for the unexpired remaining term,
3 provided that all appointments first occurring after this Guam
4 Accountancy Act becomes law, whether due to term expiration or
5 otherwise, shall be for terms of the following lengths: the first two
6 appointments for two year terms, the second two appointments for
7 three year terms and a third single appointment for a four year term,
8 until the Board shall have no more than two terms expiring in any
9 one year. Thereafter, all appointments shall be for four year terms.

10 Upon the expiration of a member's term of office, such member shall
11 continue to serve until a successor shall have been appointed and
12 taken office. Any member of the Board whose certificate under
13 §35105 of this Chapter is revoked, or suspended shall automatically
14 cease to be a member of the Board. *I Maga'lahi* may, after a hearing
15 pursuant to the Administration Adjudication Law, remove any
16 member of the Board for neglect of duty or other cause."

17 | **Section 7.** Section 35105(b) of Chapter 35 of Title 22, Guam Code
18 Annotated is hereby *amended* to read:

19 "(b) Good moral character for purposes of this §35105

1 means the propensity to provide professional services in a fair,
2 honest, and open manner ~~lack of a history of dishonest or felonious~~
3 acts. The Board may refuse to grant a certificate, or license, on the
4 ground of failure to satisfy this requirement only *if* there is a
5 substantial connection between the lack of good moral character of
6 the applicant and the professional responsibilities of a licensee and *if*
7 the finding by the Board of lack of good moral character is supported
8 by clear and convincing evidence. When an applicant is found to be
9 unqualified for a certificate or license because of a lack of good moral
10 character, the Board shall furnish the applicant a statement
11 containing the findings of the Board, a complete record of the
12 evidence upon which the determination was based, and a notice of
13 the applicant's right of appeal."

14 **Section 8.** Section 35105(c) of Chapter 35 of Title 22, Guam Code
15 Annotated is hereby *amended* to read:

16 "(c) The education requirement for a certificate shall be at
17 least ~~one hundred fifty (150) semester hours of~~ a college education
18 including a baccalaureate, or higher degree, conferred by a college or
19 university acceptable to the Board, the total educational program to

1 include an accounting concentration, or equivalent, as determined by
2 Board rule to be appropriate.”

3 **Section 9.** Section 35105(d)(2) of Chapter 35 of Title 22, Guam Code
4 Annotated is hereby *amended* to read:

5 “(2) Notwithstanding Title 22 GCA, §35105(c), beginning
6 October 1, 2005, August 1, 2003, the education requirement, which
7 must be met *before* an applicant is qualified to take the examination
8 prescribed in Subsection (d)(1) shall be ~~as follows:~~ the completion of
9 a baccalaureate degree, or its equivalent, conferred by a college or
10 university acceptable to the Board, with an accounting and business
11 concentration, or equivalent, as determined by Board rule to be
12 appropriate, within 150 days following the examination. No credit for
13 the examination shall be granted if the education requirement is not
14 completed within such time.”

15 **Section 10.** Section 35105(f) of Chapter 35 of Title 22, Guam Code
16 Annotated is hereby *amended* to read:

17 “(f) An applicant for initial issuance of a certificate and
18 inactive license under this §35105 shall show that the applicant has
19 met the education and examination requirements as defined herein

1 and as prescribed by the Board by rule.

2 An applicant for initial issuance of a certificate and active
3 license under this §35105 shall show that the applicant has met the
4 education and examination requirements and has had two (2) ~~one (1)~~
5 years of experience as defined herein and in the Rules as prescribed
6 by the Board by rule; or if the applicant's educational qualifications
7 comprise a baccalaureate degree with an accounting concentration, or
8 equivalent, as determined by the Board to be appropriate, and not
9 less than thirty (30) semester hours of additional study in the field of
10 business or related subjects, then that such applicant shall have had
11 one (1) year of experience as defined herein and as prescribed by the
12 Board by rule. This experience shall include providing any type of
13 service or advice involving the use of accounting, attest, compilation,
14 management advisory, financial advisory, tax or consulting skills all
15 of which must be ~~was~~ verified by an active licensee, ~~meeting~~
16 ~~requirements prescribed by the Board by rule.~~ This experience
17 would be acceptable if it was gained through employment in
18 government, industry, academia or public practice, meeting all
19 requirements prescribed by the Board by rule. To be authorized to

1 sign reports on attest engagements, an applicant shall show that the
2 applicant has had experience in attest services as prescribed by the
3 Board by rule. The type of experience now acceptable can be applied
4 retroactively.

5 An applicant for initial licensure, or initial certification, who
6 first sat for the exam as a Guam candidate in May 2000 or *prior*, shall
7 have had two (2) years of experience in the practice of public
8 accountancy, meeting requirements prescribed by the Board by rule;
9 or, *if* the applicant's educational qualifications comprise a
10 baccalaureate degree with an accounting concentration, or
11 equivalent, as determined by the Board to be appropriate, and not
12 less than thirty (30) semester hours of additional study in the field of
13 business or related subjects, then that such applicant shall have had
14 one (1) year of experience in such practice;

15 An applicant for initial licensure or initial certification who first
16 sat for the exam as a Guam candidate in November 2000, or *after, but*
17 *before October 2005*, shall have had one (1) year of experience in the
18 practice of public accountancy, meeting requirements prescribed by
19 the Board by rule;

1 An applicant for initial ~~licensure~~ or ~~initial~~ certification and
2 active licensure, who first sat for the exam as other than a Guam
3 candidate and did *not* meet ~~Guam's current~~ a one hundred fifty (150)
4 hour educational requirements at the time of first sitting shall have
5 had two (2) years of experience in the practice of public accountancy,
6 meeting requirements prescribed by the Board by rule;

7 An applicant for initial ~~licensure~~ or ~~initial~~ certification and
8 active licensure who first sat for the exam as other than a Guam
9 Candidate and did meet ~~Guam's current~~ a one hundred fifty (150)
10 hour educational requirements at the time of first sitting shall have
11 had one year of experience in the practice of public accountancy,
12 meeting requirements prescribed by the Board by rule."

13 **Section 11.** Section 35105(g) of Chapter 35 of Title 22, Guam Code
14 Annotated is hereby *amended* to read:

15 “(g) Upon the effective date of this Chapter, any person
16 holding a valid certificate issued under *prior* Guam law shall be
17 deemed to have met the requirements for certification set out in this
18 §35105. Individuals who held certificates issued prior to the effective
19 date of this ~~L~~law will be marked ‘inactive’ unless they are issued

1 licenses pursuant to and in accordance with §35106.”

2 **Section 12.** Section 35106(c)(1) of Chapter 35 of Title 22, Guam Code
3 Annotated is hereby *amended* to read:

4 “(c) **Non-substantial equivalency reciprocity.** (1) With
5 regard to applicants that do not qualify for reciprocity under the
6 substantial equivalency standard set out in §35122 of this Chapter,
7 the Board shall issue a license to a holder of a certificate, license, or
8 permit issued by another state upon a showing that:

9 (A) The applicant passed the uniform CPA
10 ~~examination required for issuance of the applicant’s~~
11 ~~certificate with grades that would have been passing~~
12 ~~grades at the time in Guam;~~

13 (B) The applicant had four (4) years of experience
14 outside of Guam of the type described in §35105(f) or
15 meets comparable equivalent requirements prescribed by
16 the Board by rule, after passing the examination upon
17 which the applicant’s certificate was based and within the
18 ten (10) years immediately preceding the application; and

19 (C) If the applicant’s certificate, license, or permit

1 was issued more than four (4) years prior to the
2 application for issuance of an initial license under this
3 Section, that the applicant has fulfilled the requirements
4 of continuing professional education that would have
5 been applicable under Subsection (d) of this Section.”

6 **Section 13.** Section 35106(d) of Chapter 35 of Title 22, Guam Code
7 Annotated is hereby *amended* to read:

8 “(d) For renewal of a license under this §35106 each licensee
9 shall participate in a program of learning designed to maintain
10 professional competency. Such program of learning must comply
11 with rules adopted by the Board. The Board may by rule create an
12 exception to this requirement for certificate holders who do not
13 perform or offer to perform for the public one (1) or more kinds of
14 services involving the use of accounting or auditing skills, including
15 issuance of reports on financial statements, or of one (1) or more
16 kinds of management advisory, financial advisory or consulting
17 services, or the preparation of tax returns or the furnishing of advice
18 on tax matters. Licensees granted such an exception by the Board
19 must place the word ‘inactive’, or such other indicative wording as

1 the Board may prescribe by rule, adjacent to their CPA title on any
2 business card, letterhead or any other document or device, with the
3 exception of their CPA certificate, on which their CPA title appears.”

4 **Section 14.** Section 35106(e) of Chapter 35 of Title 22, Guam Code
5 Annotated is hereby *amended* to read:

6 “(e) ~~_[Deleted]. For renewal of a license under this §35106, each~~
7 ~~licensee shall participate in a program of learning designed to~~
8 ~~maintain professional competency. Such program of learning must~~
9 ~~comply with rules adopted by the Board. The Board may by rule~~
10 ~~create an exception to this requirement. Licensees granted such an~~
11 ~~exception by the Board must place the word “inactive” adjacent to~~
12 ~~their CPA title on any business card, letterhead, or any other~~
13 ~~document or device with the exception of their CPA certificate on~~
14 ~~which their CPA title appears.”~~

15 **Section 15.** Section 35107(d)(4) of Chapter 35 of Title 22, Guam Code
16 Annotated is hereby *amended* to read:

17 “(4) Any individual licensee who signs or authorizes
18 someone to sign the report on the financial statements on behalf
19 of the CPA firm shall meet the competency requirement of

1 §35107(de)(3).”

2 **Section 16.** Section 35107(i)(3) of Chapter 35 of Title 22, Guam Code
3 Annotated is hereby *amended* to read:

4 “(3) may require, with respect to peer reviews
5 contemplated by §35107(i)(2), that they be subject to oversight
6 by the Board or an oversight body established or sanctioned by
7 Board rule, which body shall periodically report to the Board
8 on the effectiveness of the review program under its charge,
9 and provide to the Board a listing of CPA firms that have
10 participated in a peer review program that is satisfactory to the
11 Board; and”

12 **Section 17.** The Title of §35109 of Chapter 35 of Title 22, Guam Code
13 Annotated is hereby *amended* to read:

14 “~~§35109. Enforcement-Grounds for Discipline Against~~
15 ~~Holders of Certificates, Licenses, Firm Permits to Practice and 22~~
16 ~~GCA §35122 Practitioners.~~”

17 **Section 18.** Section 35109(a) of Chapter 35 of Title 22, Guam Code
18 Annotated is hereby *amended* to read:

19 “(a) After notice and hearing pursuant to §35111 of this

1 Chapter, the Board may revoke any certificate, licenses, or Firm
2 Permit to Practice issued under §35105, §35106, or §35107 or
3 corresponding provisions of prior law, or revoke or limit privileges
4 under §35122; suspend any such certificate, license or Firm Permit to
5 Practice or refuse to renew any such certificate, license, or Firm
6 Permit to Practice for a period of not more than five (5) years;
7 reprimand, censure, or limit the scope of practice of any licensee;
8 impose an administrative fine not exceeding Five Thousand Dollars
9 (\$5,000), or place any licensee on probation, all with or without terms,
10 conditions, and limitations, for any one (1) or more of the following
11 reasons:

12 (1) Dishonesty, ~~F~~fraud or deceit in obtaining a
13 ~~certificate, license, Firm Permit to Practice, or §35122~~ privilege;

14 (2) Cancellation, revocation, suspension, or refusal to
15 renew a license or privileges under §35122 for disciplinary
16 reasons in any other state for any cause;

17 (3) Failure, on the part of a ~~holder of a~~ licensee under
18 §35106 or Firm Permit to Practice under §35107, to maintain
19 compliance with the requirements for issuance, or renewal of

1 such license or Firm Permit to Practice, or to report changes to
2 the Board under §35106(g) or §35107(g);

3 (4) Revocation or suspension of the right to practice
4 before any state or Federal agency;

5 (5) Dishonesty, fraud, deceit or gross negligence in the
6 performance of services as a licensee or individual granted
7 privileges under §35122, or in the filing or failure to file one's
8 own income tax returns, or other required tax filings;

9 (6) Violation of any provision of this Chapter, or rule
10 promulgated by the Board under this Chapter, or violation of
11 professional standards;

12 (7) Violation of any rule of professional conduct
13 promulgated by the Board under §35104(h)(4) of this Chapter;

14 (8) Conviction of a felony, or of any other crime an
15 element of which is dishonesty, deceit or fraud, under the laws
16 of the United States, of Guam, or of any other state, *if* the acts
17 involved would have constituted a crime under the laws of
18 Guam;

19 (9) Performance of any fraudulent act while holding a

1 certificate, license, Firm Permit to Practice, or §35122 privilege
2 issued under this Chapter, or prior law;

3 (10) Any conduct reflecting adversely upon the
4 licensee's fitness to perform services while a licensee, or
5 individual granted privileges under §35122; ~~and~~

6 (11) Making any false or misleading statement or
7 verification, in support of an application for a certificate or Firm
8 Permit to Practice filed by another; and.

9 (12) Failure to pay child support as determined by the
10 Child Support Enforcement Division of the Office of the Attorney
11 General ~~Office~~ of Guam."

12 **Section 19.** Section 35109(c) of Chapter 35 of Title 22, Guam Code
13 Annotated is hereby *amended* to read:

14 "(c) In any proceeding in which a remedy provided by
15 §35109(a) or §35109(b) is imposed, the Board may also require the
16 respondent licensee to pay the costs of the investigation, the
17 proceeding and other related costs, fees including reasonable
18 attorneys fees, incurred by the Board."

19 **Section 20.** A *new* Subsection (1) is hereby *added* to §35111(a) of

1 Chapter 35 of Title 22, Guam Code Annotated to read:

2 “(1) A licensee, a holder of a certificate, or an individual with
3 privileges under §35122 against whom a complaint has been issued
4 under this §35111 may waive in writing their right to a hearing before
5 the Board on such charge(s), thus sustaining such charge(s) and
6 accepting such penalty as may be imposed by the Board with respect
7 thereto.”

8 **Section 21.** Section 35112(a) of Chapter 35 of Title 22, Guam Code
9 Annotated is hereby *amended* to read:

10 | “(a) In any case where the Board has suspended or revoked or
11 refused to renew a certificate, license, a Firm Permit to Practice, or
12 privileges under §35122 ~~refused to renew a certificate or Firm Permit~~
13 ~~to Practice~~, the Board may, upon application in writing by the person
14 or firm affected and for good cause shown, modify the suspension, or
15 reissue the certificate, license, or Firm Permit to Practice, or remove
16 the limitation or revocation of privileges under §35122.”

17 **Section 22.** Section 35113(b) of Chapter 35 of Title 22, Guam Code
18 Annotated is hereby *amended* to read:

19 “(b) Licensees performing attest or compilation services must

1 provide those services in accordance with applicable professional
2 standards.”

3 **Section 23.** Section 35119 of Chapter 35 of Title 22, Guam Code
4 Annotated is hereby *amended* to read:

5 | **“§35119. Privity of Contract.”**

6 **Section 24.** Section 35121(c)(2)(D) of Chapter 35 of Title 22, Guam
7 Code Annotated is hereby *amended* to read:

8 “(D) In no event shall the damages awarded
9 against or paid by a licensee exceed the amount
10 determined under (C) or twenty (20) times the total fee
11 paid, or to be paid, to licensee by plaintiff, whichever is
12 less. The licensee shall not be jointly liable on any
13 judgment entered against any other party to the action.”

14 **Section 25.** Section 35122(a)(2) of Chapter 35 of Title 22, Guam Code
15 Annotated is hereby *amended* to read:

16 “(2) An individual whose principal place of business is
17 *not* in Guam having a valid certificate or license as a Certified
18 Public Accountant from any state which the NASBA National
19 Qualification Appraisal Service has *not* verified to be in

1 substantial equivalence with the CPA licensure requirements of
2 the AICPA/NASBA Uniform Accountancy Act shall be
3 presumed to have qualifications substantially equivalent to the
4 requirements of Guam and shall have all the privileges of
5 certificate holders and licensees of Guam without the need to
6 obtain a certificate or license under §35105 or §35106, if such
7 individual obtains from the NASBA National Qualification
8 Appraisal Service verification that such individual's CPA
9 qualifications are substantially equivalent to the CPA licensure
10 requirements of the AICPA/NASBA Uniform Accountancy
11 Act. However, such individuals shall file written notice with
12 the Board, on such form as may be specified by the Board, of
13 their intent to enter Guam under this provision, shall pay any
14 fee required, and shall have received written confirmation of
15 receipt of such notice from the Board prior to practicing as a
16 CPA."

17 **Section 26.** Section 35122(d) of Chapter 35 of Title 22, Guam Code

18 Annotated is hereby *amended* to read:

19 "~~(c)~~The provisions of this section only apply to individual

1 licensees. No firm, as defined in §35103(g), shall practice public
2 accountancy ~~perform services as a certified public accountant~~ in
3 Guam without a Firm Permit to Practice issued pursuant to §35107.”

4 **Section 27.** A new Subsection (f) of §2102 of Chapter 2 of Title 25,
5 Guam Administrative Rules is hereby *added* to read:

6 “(f) ‘License’ means any certificate and license issued under
7 §35106 of this Chapter, or a certificate or individual permit to
8 practice issued under corresponding provisions of prior law,
9 with one of the following statuses, as prescribed by the Board
10 by rule:

11 (1) ‘Active License’ status means a license issued and
12 timely renewed under §35106 of this Chapter to an
13 applicant fulfilling all education, examination and
14 experience requirements of §35105 of this Chapter. An
15 Active License status entitles the licensee to practice
16 public accountancy in Guam. Active status licenses issued
17 after October 1, 2005, will indicate on the face thereof
18 whether the licensee has fulfilled the attest experience
19 requirements and is authorized to perform attest services

1 in Guam;

2 (2) 'Inactive License' status means a license issued and
3 timely renewed under §35106 of this Chapter to an
4 applicant fulfilling only the education and examination
5 requirements, but not the experience requirements, of
6 §35105 of this Chapter. Inactive status licenses may also
7 be granted by the Board as an exception under §35106(d)
8 of this Chapter, as prescribed by rule. An Inactive status
9 licensee is not authorized to and shall *not* practice public
10 accountancy in Guam. All Inactive status licensees are
11 granted an exception under 25 GAR §2105(g)(1) to the
12 CPE renewal requirements of 25 GAR §2105(d)(1) and
13 must comply with the requirements of 25 GAR §2105(g)
14 applicable to each Inactive status licensee's exception;

15 (3) 'Retired License' status means any valid, timely
16 renewed Active status or Inactive status license that a
17 licensee requests be granted retired status as an exception
18 by the Board under §35106(d) of this Chapter, as
19 prescribed by rule. Retired status licensees are granted an

1 exception under 25 GAR §2105(g)(1) to the CPE renewal
2 requirements of 25 GAR §2105(d)(1) and must comply
3 with the requirements of 25 GAR §2105(g) applicable to
4 their exception; and

5 (4) 'Delinquent License' status means any certificate,
6 license or permit issued under this Act, or under
7 corresponding provisions of prior law, that is not timely
8 renewed under §35106 or §35107 of this Chapter or as
9 prescribed by the Board by rule."

10 **Section 28.** Section 2103(d)(1)(B) of Chapter 2 of Title 25, Guam
11 Administrative Rules is hereby *amended* to read:

12 "(B) NASBA/Prometric/AICPA Fees, Actual
13 amounts specified in the CBT Services
14 Agreement between AICPA, NASBA, and
15 Prometric, as amended from time to time."

16 **Section 29.** A new Subsection (D) of §2103(d)(1) of Chapter 2 of Title
17 25, Guam Administrative Rules is hereby *added* to read:

18 "(D) Application for Expiration Extensions (for
19 Notice to Schedule, Conditional Credits, etc.),

1 Twenty-five Dollars (\$25.00)/application.”

2 **Section 30.** Section 2103(d)(2)(A)(iv) of Chapter 2 of Title 25, Guam
3 Administrative Rules is hereby *amended* to read:

4 “(iv) Substantial Equivalency, per 22 GCA,
5 §35122, Two One-Hundred-Fifty Dollars
6 (\$200150.00).”

7 **Section 31.** Section 2103(d)(2)(B) of Chapter 2 of Title 25, Guam
8 Administrative Rules is hereby *amended* to read:

9 “(B) Renewal (annually).

10 (i) Active, per 22 GCA, §35105(f), Seventy-
11 Five Dollars (\$75.00).

12 (ii) Inactive, per 22 GCA, §35105(fg),
13 Seventy-Five Dollars (\$75.00).

14 (iii) Foreign, per 22 GCA, §35106(h),
15 Seventy-Five Dollars (\$75.00).

16 (iv) Substantial Equivalency, per 22 GCA,
17 §35122, One Hundred Fifty Dollars
18 (\$150.00).

19 (v) Retired, per 22 GCA, §35106(d),

1 Seventy-Five Dollars (\$75.00)."

2 **Section 32.** Section 2103(d)(2)(C)(iv) of Chapter 2 of Title 25, Guam
3 Administrative Rules is hereby *amended* to read:

4 "(iv) Substantial Equivalency, per 22 GCA,
5 §35122, Two ~~One~~ Hundred Fifty Dollars
6 (\$2150.00)."

7 **Section 33.** Section 2103(d)(4) of Chapter 2 of Title 25, Guam
8 Administrative Rules is hereby *amended* to read:

9 "(4) Delinquency fee for late filing of any required CPE
10 forms, or License or Permit renewal application
11 forms, Certification, licensee, or Firm Permit to
12 Practice Renewal applications received after April
13 30, Two Dollars (\$2.00)/day (minimum Fifty
14 Dollars (\$50.00) per form"

15 **Section 34.** Section 2103(e) of Chapter 2 of Title 25, Guam
16 Administrative Rules is hereby *amended* to read:

17 "(e) Obligation of all holders of certificates, ~~licensees~~ licenses
18 and Firm Permits to Practice, to notify the Board of changes of
19 address and changes of employment.

1 All holders of certificates, ~~licensees~~ licenses and Firm Permits to
2 Practice shall notify the Board in writing within thirty (30) days of
3 any change of address and, in the case of holders of certificates and
4 ~~licensees~~ licenses, any change of employment.”

5 **Section 35.** Section 2103(f) of Chapter 2 of Title 25, Guam
6 Administrative Rules is hereby *amended* to read:

7 “(f) **Communications.** Holders of certificates, ~~licensees~~
8 licenses and Firm Permits to Practice shall respond in writing to any
9 communication from the Board requesting a response, within thirty
10 (30) days of the mailing of such communication by registered or
11 certified mail, to the last address furnished to the Board by the
12 holders of certificates, licenses and Firm Permits to Practice.”

13 **Section 36.** Section 2104(a)(8) of Chapter 2 of Title 25, Guam
14 Administrative Rules is hereby *amended* to read:

15 “(8) The accounting and business concentration or
16 equivalent contemplated by 22 GCA, §35105(e) as a 150 hour
17 requirement shall consist of the semester hours specified in 25
18 GAR, §2104(b) below. No more than six (6) hours will be
19 recognized for internships or life experience.”

1 **Section 37.** Section 2104(a)(9) of Chapter 2 of Title 25, Guam
2 Administrative Rules is hereby *amended* to read:

3 “(9) The accounting and business concentration or
4 equivalent contemplated by 22 GCA, §35105(~~c~~) shall consist of
5 the semester hours specified in 25 GAR, §2104(k) below. No
6 more than six (6) hours will be recognized for internships or life
7 experience.”

8 **Section 38.** Section 2104(b) of Chapter 2 of Title 25, Guam
9 Administrative Rules is hereby *amended* to read:

10 “(b) **Certification Education Requirement.** For purposes of
11 certification per 22 GCA, §35105(e), an applicant will be deemed to
12 have met a 150 hour ~~the~~ education requirement if the applicant has
13 met any one (1) of the following four (4) conditions:”

14 **Section 39.** Section 2104(b)(3)(B) of Chapter 2 of Title 25, Guam
15 Administrative Rules is hereby *amended* to read:

16 “(B) At least twenty four (24) ~~thirty six (36)~~
17 semester hours in business courses (which shall include
18 six (6) semester hours in economics, three (3) semester
19 hours in business law, three (3) semester hours in finance

1 and can include accounting courses beyond the
2 elementary level in excess of those included to meet the
3 twenty-four (24) semester hour requirement at the upper
4 division level or graduate level)."

5 **Section 40.** Section 2104(b)(4)(B) of Chapter 2 of Title 25, Guam
6 Administrative Rules is hereby *amended* to read:

7 "(B) At least twenty four (24) ~~thirty six (36)~~
8 semester hours in business courses (which shall include 6
9 semester hours in economics, three (3) semester hours in
10 business law, three (3) semester hours in finance and can
11 include accounting courses beyond the elementary level
12 in excess of those included to meet the twenty-four (24)
13 semester hour requirement at the upper division level or
14 graduate level)."

15 **Section 41.** Section 2104(g)(2) of Chapter 2 of Title 25, Guam
16 Administrative Rules is hereby *amended* to read:

17 "(2) Upon the implementation of a computer-based
18 examination, a Candidate may take the required Test Sections
19 individually and in any order. Credit for any Test Section(s)

1 passed shall be valid ~~for~~ through the end of the eighteenth
2 (18th) months ~~from after~~ the actual ~~date~~ month the Candidate
3 took that Test Section, without having to attain a minimum
4 score on any failed Test Section(s) and without regard to
5 whether the Candidate has taken other Test Sections.”

6 **Section 42.** Section 2104(g)(2)(A) of Chapter 2 of Title 25, Guam
7 Administrative Rules is hereby *amended* to read:

8 “(A) Candidates must pass all four (4) Test Sections
9 of the Uniform CPA Examination within a rolling
10 eighteen (18)-month period, which begins in the month
11 ~~on the date~~ that the first Test Section(s) passed is taken.”

12 **Section 43.** Section 2104(g)(6) of Chapter 2 of Title 25, Guam
13 Administrative Rules is hereby *amended* to read:

14 “(6) A Candidate shall be deemed to have passed the
15 Uniform CPA Examination once the Candidate holds at the
16 same time valid credit for passing each of the four (4) Test
17 Sections of the examination. For purposes of this section, credit
18 for passing a Test Section of the computer-based examination is
19 valid from the actual month ~~date~~ of the Testing Event for that

1 Test Section, regardless of the date the Candidate actually
2 receives notice of the passing grade.”

3 **Section 44.** Section 2104(k) of Chapter 2 of Title 25, Guam
4 Administrative Rules is hereby *amended* to read:

5 “(k) **Examination Education requirement.** For purposes of
6 qualifying to take the exam per 22 GCA, §35105(c~~d~~)(2), an applicant
7 will be deemed to have met the education requirement *if* the
8 applicant has met any one (1) of the following four (4) conditions:”

9 **Section 45.** Section 2103(k)(3)(B) of Chapter 2 of Title 25, Guam
10 Administrative Rules is hereby *amended* to read:

11 “(B) completed at least twenty four (24) ~~thirty-six~~
12 ~~(36)~~ semester hours in business courses (which shall
13 include six (6) semester hours in economics, three (3)
14 semester hours in business law, three (3) semester hours
15 in finance and can include accounting courses beyond the
16 elementary level in excess of those included to meet the
17 twenty-four (24) semester hour requirement at the upper
18 division level or graduate level).”

19 **Section 46.** Section 2104(k)(4)(B) of Chapter 2 of Title 25, Guam

1 Administrative Rules is hereby *amended* to read:

2 “(B) completed at least twenty four (24) ~~thirty-six~~
3 ~~(36)~~ semester hours in business courses (which shall
4 include six (6) semester hours in economics, three (3)
5 semester hours in business law, three (3) semester hours
6 in finance and can include accounting courses beyond the
7 elementary level in excess of those included to meet the
8 twenty-four (24) semester hour requirement at the upper
9 division level or graduate level).”

10 **Section 47.** The Title of §2105 of Chapter 2 of Title 25, Guam
11 Administrative Rules is hereby *amended* to read:

12 “**§2105. Issuance of Certificates and Licenses, Renewal of**
13 **Licenses ~~Certificates and Registrations~~, Continuing Professional**
14 **Education, and Reciprocity.”**

15 **Section 48.** Chapter 25 of the Guam Administrative Rules, Section
16 2105(a)(1) is hereby *amended* to read:

17 “(1) Applications for initial certificates and licenses, and
18 for renewal of licenses pursuant to the Act shall be made on a
19 form provided by the Board. Applications for renewal of

1 licenses are due annually no later than June 30th, shall be filed
2 no later than sixty (60) days prior to the expiration date set by
3 these rules. Applications will not be considered filed until the
4 applicable fee prescribed in the Rules is received. *If* an
5 application for renewal is filed late, it shall also be accompanied
6 by the delinquency fee prescribed in the Rules.

7 Applications for renewal of licenses shall be accompanied
8 by evidence satisfactory to the Board that the applicant has
9 complied with the continuing professional education
10 requirements under 22 GCA, §35106 and of these Rules. During
11 each three (3) year renewal period after January 1, 2004, at least
12 six (6) ~~two (2)~~ hours of ethics continuing professional education
13 shall be required.

14 Failure to meet the license renewal requirements by the
15 deadlines set forth in these rules will result in the license
16 reverting to a delinquent status. Any delinquent license that is
17 not renewed to an active, inactive or retired status within three
18 (3) years will be cancelled.

19 Applications for initial certificates, and licenses, and for

1 renewal of licenses ~~and registrations~~ pursuant to the Act shall
2 be cleared by the Director of the Department of Revenue and
3 Taxation for tax purposes.”

4 **Section 49.** Section 2105(b) of Chapter 2 of Title 25, Guam
5 Administrative Rules is hereby *amended* to read:

6 “(b) **Experience required for initial certificate and active**
7 **license.** The experience required to be demonstrated for
8 issuance of an initial certificate and active status license
9 pursuant to 22 GCA, §35105 shall have been obtained within
10 the five (5) years prior to the date of application and shall meet
11 the requirements of this Rule.”

12 **Section 50.** Section 2105(b)(2) of Chapter 2 of Title 25, Guam
13 Administrative Rules is hereby *amended* to read:

14 “(2) The applicant shall have their experience verified to
15 the Board by an active status licensee as defined in the Act or
16 from another state. Acceptable experience shall include
17 employment in industry, government, academia or public
18 practice. The Board shall look at such factors as the complexity
19 and diversity of the work. Applicant’s experience shall have

1 been performed in accordance with applicable professional
2 standards. Experience in public accounting shall be completed
3 under the supervision or in the employ of a person licensed or
4 otherwise having comparable authority under the laws of any
5 state or country to engage in the practice of public accountancy.
6 Experience in academia, private or governmental accounting or
7 auditing shall be completed under the supervision of an
8 individual actively licensed by a state to engage in the practice
9 of public accountancy. Experience in attest services shall be
10 comprised of at least 1000 hours of direct experience in
11 providing attest services under the direct supervision of an
12 individual licensed or otherwise having comparable authority
13 under the laws of any state or country to engage in the practice
14 of public accountancy and provide attest services.”

15 **Section 51.** Section 2105(d) of Chapter 2 of Title 25, Guam
16 Administrative Rules is hereby *amended* to read:

17 **“(d) Continuing professional education requirements for**
18 **renewal of the license ~~or registration~~.** The following requirements
19 of continuing professional education apply to the renewal of licenses

1 ~~and registrations~~ pursuant to 22 GCA §35106.”

2 **Section 52.** Section 2105(d)(1) of Chapter 2 of Title 25, Guam
3 Administrative Rules is hereby *amended* to read:

4 “(1) An applicant seeking renewal of an active status
5 ~~license, or registration~~, shall show that the applicant has
6 completed no less than one hundred twenty (120) hours of
7 continuing professional education, complying with these Rules
8 during the three (3)-year period preceding renewal, with a
9 minimum of twenty (20) hours in each year. An applicant
10 seeking renewal of an active license ~~or registration~~ shall
11 demonstrate participation in a program of learning, meeting the
12 standards set forth in the Statement on Standards for
13 Continuing Professional Education (CPE) Programs jointly
14 approved by NASBA and AICPA.”

15 **Section 53.** Section 2105(d)(2) of Chapter 2 of Title 25, Guam
16 Administrative Rules is hereby *amended* to read:

17 “(2) An applicant whose license, ~~or registration~~, has
18 become delinquent ~~lapsed~~ shall complete no less than one
19 hundred twenty (120) hours of CPE complying with these Rules

1 during the three (3)- year period preceding the date of
2 reapplication. An applicant whose license ~~or registration~~ has
3 become delinquent ~~lapsed~~ shall be required to identify and
4 complete a program of learning designed to demonstrate the
5 currency of the licensee's competencies directly related to his or
6 her area of service."

7 | **Section 54.** Section 2103(d)(1)(B) of Chapter 2 of Title 25, Guam
8 Administrative Rules is hereby *amended* to read:

9 " (3) An active status licensee granted an exception from
10 the competency requirement by the Board may discontinue use
11 of the word 'inactive' in association with their CPA title upon
12 showing that they have completed no less than one hundred
13 twenty (120) hours of continuing professional education
14 complying with these Rules during the three (3)-year period
15 preceding their request to discontinue use of the word
16 'inactive'."

17 **Section 55.** Section 2105(d)(4) of Chapter 2 of Title 25, Guam
18 Administrative Rules is hereby *amended* to read:

19 " (4) An applicant seeking renewal of an active status

1 license ~~or registration~~ shall show that the applicant has
2 completed no less than one hundred twenty (120) hours of
3 continuing professional education, including at least thirty (30)
4 hours of CPE in accounting and auditing subjects, no more than
5 thirty (30) hours of CPE in personal development subjects, and
6 no less than six (6)~~two (2)~~ hours of ethics continuing
7 professional education during the three (3)-year period
8 preceding renewal.”

9 | **Section 56.** Section 2105(f) of Chapter 2 of Title 25, Guam
10 Administrative Rules is hereby *amended* to read:

11 “(f) **Continuing professional education records.**

12 (1) Applicants for renewal of active status licenses ~~or~~
13 ~~registrations~~ pursuant to this Act shall file ~~with their~~
14 ~~applications~~ a signed CPE Report form provided by the Board,
15 including a statement indicating they have met the
16 requirements for participation in a program of continuous
17 learning as set forth by the Board or contained in the Statement
18 on Standards for Continuing Professional Education (CPE)
19 Programs jointly approved by the NASBA and the AICPA.

1 Applicants' CPE Reports are due annually no later than January
2 15th, covering the three (3)-year period ending the preceding
3 December 31st. Any CPE reporting form received after January
4 15th, but on or before June 30th will be assessed the delinquency
5 fee for late filing. Applicants who do not meet the requirements
6 by December 31st will be granted an automatic extension until
7 June 1st provided the applicant completes an additional 16
8 hours (136 hours total) of CPE in accounting and auditing
9 subjects. Applicants utilizing this automatic extension must
10 ensure the Board receives all required information, forms and
11 fees by June 1st. Responsibility for documenting the
12 acceptability of the program and the validity of the credits rests
13 with the applicant who should retain such documentation for a
14 period of five (5) years following completion of each learning
15 activity.

16 (2) The Board will verify, on a test basis, information
17 submitted by applicants for renewal of licenses ~~or registrations~~.
18 In cases where the Board determines that the requirement is not
19 met, the Board may grant an additional period of time in which

1 the deficiencies can be cured. Fraudulent reporting is a basis
2 for disciplinary action.”

3 **Section 57.** Section 2105(g)(3) of Chapter 2 of Title 25, Guam
4 Administrative Rules is hereby *amended* to read:

5 “(3) Licensees granted such an exception by the Board
6 must place the word ‘inactive’ adjacent to their CPA title on
7 any business card, letterhead or any other document or device,
8 with the exception of their CPA certificate, on which their CPA
9 title appears, unless such exception was granted as a result of
10 licensee’s request for retired status, in which event the licensee
11 must substitute the word ‘retired’ for the word ‘inactive’.”

12 **Section 58.** Section 2105(h) of Chapter 2 of Title 25, Guam
13 Administrative Rules is hereby *amended* to read:

14 “(h) **Interstate practicereciprocity.** *If* the substantial
15 equivalency standard set out in 22 GCA, §35122 is not applicable, the
16 Board:

17 (1) shall issue a certificate to the holder of a certificate issued
18 by another state provided that the applicant: establishes a principal
19 place of business in Guam, and

1 (a1) Has successfully completed the CPA examination.

2 Successful completion of the examination means that the
3 applicant passed the examination in accordance with the rules
4 of the other state at the time it granted the applicant's initial
5 certificate.

6 (b2) Has, in addition to meeting the requirements of
7 Subsection (a1) satisfied the requirements set out in 22 GCA
8 §35106(c)(1)(B).

9 (c3) Has experience of the type required under this Act
10 and these Rules for issuance of the initial certificate.

11 (d4) Has met the CPE requirement pursuant to 22 GCA,
12 §35106 (c)(1)(C) if applicable.

13 (2) may authorize the individual that maintains a principal
14 place of business outside of Guam to exercise practice privileges in
15 Guam if such individual:

16 (a) Has an active CPA license in good standing issued by
17 another state; as provided within 22 GCA §35103 (r);

18 (b) Has met the 4 in 10 experience requirement set out in
19 22 GCA §35106(c)(1)(b) of the Act;

1 (c) Provides Nnotice to the Board in the same manner and
2 on comparable forms as required for substantially
3 equivalent practitioners under 22 GCA §35122 of the Act
4 and rules; and

5 (d) Consents to each of the terms and conditions
6 pertaining to the use of practice privileges as set out in 22
7 GCA §35122(a)(3) of the Act and rules.”

8 **Section 59.** Section 2106(a)(1) of Chapter 2 of Title 25, Guam
9 Administrative Rules is hereby *amended* to read:

10 “(1) Applications by firms for initial issuance and for
11 renewal of permits pursuant to 22 GCA, §35107 shall be made
12 ~~annually~~ on a form provided by the Board, ~~and, in the case of a~~
13 Applications for renewal of permits are due annually no later
14 than ~~shall be filed no earlier than four (4) months and no later~~
15 ~~than two (2) months prior to June 30th of each year.~~
16 Applications will not be considered filed until the applicable
17 fee and all required documents prescribed in these Rules are
18 received by the Board. *If* an application for permit renewal is
19 filed late, it shall also be accompanied by the delinquency fee

1 prescribed in these Rules.

2 **Section 60.** Section 210(a)(2) of Chapter 2 of Title 25, Guam
3 Administrative Rules is hereby *amended* to read:

4 “(2) A sole proprietor may apply simultaneously for an
5 individual license or a renewal of an individual registration or a
6 license and a Firm Permit to Practice and will pay only the fee
7 for the individual license or renewal thereof registration.”

8 **Section 61.** Section 2106(c)(6) of Chapter 2 of Title 25, Guam
9 Administrative Rules is hereby *amended* to read:

10 “(6) In gathering information about the professional
11 work of licensees, the Board may make use of investigators,
12 either paid or unpaid, who are *not* members of the Board.
13 Except for investigation of non-technical matters, all
14 investigators and consultants hired by the Board who
15 undertake the investigation of Guam CPAs shall be active
16 certified public accountants with a minimum of five (5) years of
17 active licensure in the area of public accountancy. Non-
18 technical matters are matters not encompassing the technical
19 proficiency of a licensee in the practice of public accountancy.”

1 **Section 62.** Section 2106(d)(2) of Chapter 2 of Title 25, Guam
2 Administrative Rules is hereby *amended* to read:

3 “(2) The Board, or a A Peer Review Oversight
4 Committee ~~shall be appointed~~ by the Board, shall ~~to~~ monitor
5 such the equivalent programs to determine and report to the
6 ~~Board~~ that the programs meet the requirements set out in this
7 Act and these Rules.”

8 **Section 63.** Section 2106(f) of Chapter 2 of Title 25, Guam
9 Administrative Rules is hereby *amended* to read:

10 “(f) Documentation and Retention. Licensees and CPA
11 firms shall comply with all professional standards applicable to
12 particular engagements, including but not limited to standards
13 adopted by recognized standards setting bodies such as the Public
14 Company Accounting Oversight Board (PCAOB), the Comptroller
15 General of the United States, and the Auditing Standards Board.
16 Accordingly, the retention period for Attest Documentation shall be
17 seven (7) years and shall be measured from the report date. Any
18 Attest Documentation involved in a pending investigation or
19 disciplinary action shall not be destroyed until the licensee has been

1 notified in writing of the closure of such investigation or disciplinary
2 proceeding.”

3 **Section 64.** Section 2107(a) of Chapter 2 of Title 25, Guam
4 Administrative Rules is hereby *amended* to read:

5 “(a) **Grounds for enforcement actions against licensees.**

6 The grounds for revocation and suspension of certificates,
7 ~~registrations~~ and licenses, and other disciplinary action against
8 licensees and individuals with privileges under 22 GCA, §35122, are
9 set out in 22 GCA, §35109 in both specific and general terms. The
10 general terms of that provision of the Act include the following
11 particular grounds for such disciplinary action:”

12 **Section 65.** Section 2107(a)(1) of Chapter 2 of Title 25, Guam
13 Administrative Rules is hereby *amended* to read:

14 “(1) Fraud or deceit in obtaining a certificate,
15 ~~registration~~ or license, within the meaning of 22 GCA, §35109,
16 includes the submission to the Board of any knowingly false or
17 forged evidence in, or in support of, an application for a
18 certificate, ~~registration~~ or license, and cheating on an
19 examination as defined in these Rules.”

1 **Section 66.** Section 2107(a)(4)(C) of Chapter 2 of Title 25, Guam
2 Administrative Rules is hereby *amended* to read:

3 “(C) Presenting as one’s own a certificate,
4 ~~registration~~ or license issued to another;”

5 **Section 67.** Section 2107(b) of Chapter 2 of Title 25, Guam
6 Administrative Rules is hereby *amended* to read:

7 “(b) **Return of certificate, ~~registration~~, license, or Firm**
8 **Permit to Practice.** Any licensee whose certificate, license or Firm
9 Permit to Practice issued by the Board is subsequently suspended or
10 revoked shall promptly return such certificate, ~~registration~~, license, or
11 Firm Permit to Practice to the Board.”

12 **Section 68.** Section 2110(a)(1) of Chapter 2 of Title 25, Guam
13 Administrative Rules is hereby *amended* to read:

14 “(1) A person whose certificate, or license, ~~or~~
15 ~~registration~~ has been revoked or suspended or an individual
16 whose privileges under 22 GCA, §35122 have been revoked or
17 limited, or a firm whose Permit to Practice has been revoked or
18 suspended or a person or firm that has been put on probation
19 pursuant to 22 GCA, §35109 may apply to the Board for

1 modification of the suspension, revocation or probation after
2 completion of all requirements contained in the Board's original
3 order."

4 **Section 69.** Section 2110(b)(2) of Chapter 2 of Title 25, Guam
5 Administrative Rules is hereby *amended* to read:

6 "(2) The Board may impose appropriate terms and
7 conditions for reinstatement of a certificate, license, ~~registration,~~
8 Firm Permit to Practice or privileges under 22 GCA, §35122 or
9 modification of a suspension, revocation or probation."

10 **Section 70.** Section 2110(b)(3) of Chapter 2 of Title 25, Guam
11 Administrative Rules is hereby *amended* to read:

12 "(3) In considering an application under §2110(a), the
13 Board may consider all activities of the applicant since the
14 disciplinary penalty from which relief is sought was imposed,
15 the offense for which the applicant was disciplined, the
16 applicant's activities during the time the certificate, license,
17 ~~registration,~~ privileges under 22, GCA §35122 or permit was in
18 good standing, the applicant's rehabilitative efforts, restitution
19 to damaged parties in the matter for which the penalty was

1 imposed, and the applicant's general reputation for truth and
2 professional probity."

3 **Section 71.** Sections 27 through 70 of this law are considered part of
4 the Guam Administrative Rules and may be amended through the
5 Administrative Adjudication process.

6 **Section 72.** *If* any provision of this law or its application to any
7 person or circumstance is found to be invalid or contrary to law, such
8 invalidity shall *not* affect other provisions or applications of this law which
9 can be given effect without the invalid provisions or application, and to
10 this end the provisions of this law are severable.