

Draft Model Rules for Continuing Professional Education (CPE)

Approved for exposure for comment by
NASBA Board of Directors on January 6, 2017
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Send comments to lhaberman@nasba.org

ARTICLE 3 – DEFINITIONS

Rule 3-4 – Continuing Professional Education (CPE).

Continuing Professional Education (CPE) is an integral part of the lifelong learning required to provide competent service to the public. It is the set of activities that enables CPAs to maintain and improve their professional competence.

Rule 3-5 - CPE reporting period.

A “CPE reporting period” is the period of time as to which a licensee must report or attest to the completion of CPE requirements to the Board of Accountancy.

Rule 3-6 - Subject matter expert.

A “subject matter expert” is a person who is an authority in a particular area or topic. A subject matter expert is involved in developing CPE materials where knowledge expertise is needed.

Rule 3-7 - Technical committee.

A “technical committee” is a committee that serves as a resource to identify issues regarding the practice of accountancy and develop technical or policy recommendations on those issues.

Rule 3-8 - Technical fields of study.

“Technical fields of study” are technical subjects that contribute to the competence of a CPA in the profession of accountancy and that directly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Accounting;
- (b) Accounting (Government);
- (c) Auditing;
- (d) Auditing (Government);
- (e) Business Law;
- (f) Economics;
- (g) Finance;
- (h) Information Technology;

- (i) Management Services;
- (j) Regulatory Ethics;
- (k) Specialized Knowledge;
- (l) Statistics; and
- (m) Taxes.

Rule 3-9 - Non-technical fields of study.

“Non-technical fields of study” are subjects that contribute to the competence of a CPA in areas that indirectly relate to the CPA’s field of business. These fields of study include, but are not limited to:

- (a) Behavioral Ethics;
- (b) Business Management & Organization;
- (c) Communications and Marketing;
- (d) Computer Software & Applications;
- (e) Personal Development;
- (f) Personnel/Human Resources; and
- (g) Production.

**ARTICLE 6 – ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES AND REGISTRATIONS,
CONTINUING PROFESSIONAL EDUCATION AND RECIPROCITY**

Rule 6-1 - Applications.

No proposed change to current rule. Not within scope of project.

Rule 6-2 – Experience required for initial certificate.

No proposed change to current rule. Not within scope of project.

Rule 6-3 – Evidence of applicant’s experience.

No proposed change to current rule. Not within scope of project.

Rule 6-4 – CPE requirements for renewal of the certificate or registration.

The following requirements of CPE apply to the renewal of certificates and registrations pursuant to Section 6(d) of the Act.

- (a) An applicant seeking renewal of a certificate, registration or license from a Board shall assert in a manner acceptable to the Board, that the applicant for renewal meets all of the following CPE requirements:
 - (1) Completion of qualifying CPE during the CPE reporting period that averages no fewer than forty (40) credits of qualified CPE, including an average of two (2) credits of qualifying ethics CPE, for each annual period included in the CPE reporting period; and

- (2) Completion of a minimum of twenty (20) credits of qualifying CPE during each annual period included in the CPE reporting period.
- (3) Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study.

Qualifying subject areas for CPE are categorized as either technical or non-technical fields of study as set forth in Rules 3-8 and 3-9 above. Subjects other than technical and non-technical fields of study may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subjects or specific programs contribute to the maintenance of the licensee's professional competence.

(b) A person who obtains a certificate, registration or 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 certificate, registration or license was obtained. There is no provision for carry-over from an annual period in which CPE was not required.

(c) An applicant whose certificate, registration or license has lapsed or has been suspended shall complete qualifying CPE that averages no fewer than forty (40) credits of qualified CPE, for each annual period included in the CPE reporting period preceding the date of reapplication, not to exceed a total of one hundred twenty (120) credits. An applicant whose certificate or registration has lapsed or has been suspended shall be required to identify and complete a program of learning designed to demonstrate the currency of the licensee's competencies directly related to his or her area of practice.

(d) Licensees granted an exception from the competency requirement by the Board may discontinue use of the word "inactive" or "retired" in association with their license upon showing that they have completed qualifying CPE that averages no fewer than forty (40) credits of qualified CPE for each annual period included in the CPE reporting period preceding the request to discontinue use of the word "inactive" or "retired," not to exceed a total of one hundred twenty (120) credits.

(e) Upon request by the Board, the applicant for renewal shall provide proof of completion or other evidence acceptable to the Board that supports the assertion by the applicant that the applicant has met the CPE renewal requirements. If the Board so requests, the applicant shall also submit an explanation of how any portion of CPE credits for renewal questioned by the Board relate to the applicant's continuing professional competence.

(f) For a certificate, registration or license that has been lapsed, suspended or inactive for a period of five (5) years or more, the Board has the discretion to determine the number and type of CPE credits as a requirement for reinstatement.

Rule 6-5 –Activities qualifying for CPE credit.

CPE activities are learning opportunities that contribute directly to a licensee’s knowledge, ability and/or competence to perform his or her professional responsibilities. CPE activities should address the licensee’s current and future work environment, current knowledge and skills and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities.

(a) The following learning activities shall qualify for CPE credit:

- (1) A learning activity that complies with the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the AICPA and NASBA, and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (b).

The sources of qualifying learning activities include but are not limited to the following:

- (A) Group Programs;
- (B) Self-Study Programs;
- (C) Blended Learning Programs;
- (D) Nano-Learning Programs;
- (E) Instructor/Developer of CPE programs in (A) through (D) above or in (2) and (4) below;
- (F) Technical Reviewer of CPE programs in (A) through (D) above or in (2) and (4) below; and
- (G) Independent Study.

- (2) A college or university course that is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (b)(2) below, and is in a qualifying subject area as set forth in Rule 6-4 (a) above;

No CPE credit shall be permitted for attending or instructing college or university courses considered to be basic or introductory accounting courses or CPA exam preparation/review courses.

- (3) Authorship of published articles, books and other publications relevant to maintaining professional competence.
- (4) A group learning activity that is coordinated and presented by a person, firm, association, corporation or group, other than a qualifying learning program sponsor as defined in Rule 6-5 (b) below. These programs are generally related

to topics of the specialized knowledge field of study by persons or organizations with expertise in these specialized industries.

- (5) Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in accounting or tax compliance.

(b) The following are deemed to be qualifying CPE program sponsors:

- (1) The AICPA and state CPA societies;
- (2) Universities or colleges accredited at the time the CPE program was delivered by virtue of accreditation by an organization recognized by the Council for Higher Education Accreditation as a specialized, professional, or regional accrediting organization;
- (3) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors; and
- (4) Persons, firms, associations, corporations or other groups that are recognized by the Board.

(c) Acceptable evidence for completion of qualifying learning activities shall include the following:

- (1) For programs or courses as set forth in Rule 6-5 (a) (1) and (2), acceptable evidence should include a certificate of completion or transcript issued by the qualifying learning program sponsor.
- (2) For activities set forth in Rule 6-5 (a) (3), acceptable evidence may include a copy of the publication that names the licensee as author or contributor; a statement from the licensee supporting the number of CPE credits claimed; and the name and contact information of the independent reviewer(s) or publisher.
- (3) For programs or courses as set forth in Rule 6-5 (a) (4), acceptable evidence may include a certificate of attendance or other verification supplied by the program sponsor. If a certificate of attendance or other verification is not available, then acceptable evidence shall include copies of the course agenda, program materials, or other documents attributable to the learning activity.

- (4) For activities set forth in Rule 6-5 (a) (5), acceptable evidence shall include a written certificate of the licensee setting forth all of the following:
- (A) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.
 - (B) The dates on which the learning activity occurred.
 - (C) The number of CPE credits attributed to the learning activity.
 - (D) Details of the relevance of the learning activity to the participant's current or future professional development.

Rule 6-6 – Continuing professional education records.

(a) Computation of CPE credits.

Each approved CPE course, program, or activity shall be measured by program length, with one 50-minute period equal to one CPE credit.

(1) Computation of CPE credits for qualifying CPE programs shall be as follows:

- (A) Group programs, independent study and blended learning programs – A minimum of one credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
- (B) Self-study – A minimum of one-half credit must be earned initially, but after the first credit has been earned, credits may be earned in one-fifth or one-half increments.
- (C) Nano-learning – The credit to be earned for a single nano-learning program is one-fifth credit.
- (D) For blended learning programs included in Rule 6-5 (a)(1)(C), CPE credit must equal the sum of the CPE credit determination for the various completed components of the program.
- (E) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation. For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor/developer CPE credit.

- (F) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) through (D) may receive CPE credit for actual review time up to the actual number of CPE credits for the learning activity. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for technical reviewer CPE credit.
- (G) Authors of published articles, books and other publications may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence. For the author to receive CPE credit, the article, book or CPE program must be formally reviewed by an independent party. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for author CPE credit.
- (H) For courses that are part of the curriculum of a university, college or other educational institution, each semester hour credit shall equal fifteen (15) CPE credits, and each quarter hour shall equal ten (10) CPE credits.

For non-credit courses, CPE credit shall equal actual time in class.

CPE credit for instructing a college or university course shall be twice the credit that would have been granted participants for the first presentation of a specific course or program and none thereafter, except if the course content has been substantially revised. To the extent a course has been substantially revised, the revised portion shall be considered a first presentation. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period can be claimed for instructor CPE credit.

- (I) Not more than twenty-five percent (25%) of the total qualifying CPE credits for a CPE reporting period may consist of a combination of the learning activities defined in Rule 6-5 (a) (4) and (5).

(b) CPE records.

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the CPE requirements set forth in Rule 6-4 above. Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant who should retain such documentation for the longer of a period of five years or two reporting periods following completion of each learning activity.

The Board will verify, on a test basis, information submitted by applicants for renewal of a certificate, registration or license. In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured or seek disciplinary action, at the Board's discretion. Fraudulent reporting is a basis for disciplinary action.

Rule 6-7 –CPE Reciprocity.

A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located.

(a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of this state.

(b) If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state.

Rule 6-8 – Exceptions.

Not within scope of this task force's project.

Rule 6-9 – Interstate practice.

Not within scope of this task force's project.

Rule 6-10 – International reciprocity.

Not within scope of this task force's project.

Rule 6-11 – Peer review for certificate holders who do not practice in a licensed firm.

Not within scope of this task force's project.