

Recommended Draft Model Rule for Continuing Professional Education (CPE) Requirements

ARTICLE 3 – DEFINITIONS

Add the following definitions related to Article 6:

Rule 3-5 – CPE.

“CPE” means continuing professional education and is the term used to describe the professional development and education activities that assist licensees in achieving and maintaining quality in professional services.

Rule 3-6 - 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 state Board of licensure.

Rule 3-7 - Standards.

The “Standards” mean the Statement on Standards for Continuing Professional Education (CPE) Programs, issued jointly by the AICPA and NASBA, as amended from time to time.

Rule 3-8 - 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 3-9 - Technical committee.

A “technical committee” is a committee that serves as a resource in representing members and the public interest by identifying issues and in developing technical or policy recommendations on those issues. Technical committees are generally intended to be small and proactive, with members who are current and knowledgeable in the assigned technical areas. See Appendix A for further definition of technical areas.

Rule 3-10 - Technical learning activities.

“Technical learning activities” are learning activities that contribute to the professional competence of a licensee in fields of study that directly relate to the profession of accounting and to the licensee’s field of business. See Appendix A for further definition of those fields of study.

Rule 3-11 – Technical session.

A “technical session” is a session at an AICPA or state society meeting on topics and/or subject areas that meet the definition of technical areas as defined in Appendix A.

**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 – Experience 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. – Replace current rule with the following:

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, as a non-exclusive prerequisite for such renewal, certify 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 less than forty (40) credits of qualified CPE, including 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) Qualifying subject areas for CPE are categorized as either technical or non-technical. A list of qualifying subject areas and the related category are set forth in Appendix A. A minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period must be in technical learning activities.

Subjects other than those included in Appendix A may be acceptable for CPE if the licensee can demonstrate to the satisfaction of the Board that such subject or specific program contributes 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 less 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) A licensee granted an exception from the competency requirement by the Board may discontinue use of the word "inactive" in association with their license upon showing that they have completed qualifying CPE that averages no less 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" 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 certification 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 required in order to be reinstated.

Rule 6-5 –Activities qualifying for CPE credit. – Replace current rule with the following:

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) Qualifying CPE activities.

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

(A) A learning activity that meet the Standards and is coordinated and presented by a qualifying CPE program sponsor as set forth below in Rule 6-5 (a) (2).

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

- (i) Group Programs;
- (ii) Self Study Programs;
- (iii) Blended Learning Programs;
- (iv) Nano-Learning Programs;
- (v) Instructor/Developer of CPE programs in (i) through (iv) above and in (B) and (C) below; and
- (vi) Technical reviewer of CPE programs in (i) through (iv) above and in (B) and (C) below.

The definitions of the qualifying learning activities set forth in this Rule 6-5 (A) shall be found in the Standards. Instructional design requirements for the qualifying learning activities set forth in this Rule 6-5 (A) shall also be found in the Standards.

- (B) A college or university credit or non-credit course that meets the Standards, is coordinated and presented by a qualifying university or college as set forth in Rule 6-5 (a)(2)(ii) below, and is in a qualifying subject as set forth in Rule 6-4 (a) above;

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

- (C) A CPE program of the AICPA or state accounting societies; a technical session at meetings of the AICPA or state accounting societies; and participation and work on a technical committee, as defined in Rule 3-9, of the AICPA or state accounting societies.
- (D) Authorship of articles, books and other publications relevant to maintaining professional competence.
- (E) 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 (a) (2) below. These programs are generally related to topics of the specialized knowledge field of study, as defined in Appendix A, by persons or organizations with expertise in these specialized industries that are critical for a licensee providing professional services in these specialized industries.

- (F) Participation and work on committees of an international, national or state professional association, council or member organization other than technical committees of the AICPA or state accounting societies. These organizations support specialized professional services or specialized industries that require unique and specific knowledge in accounting and tax compliance.
 - (G) Participation in a study group, subject to the following requirements:
 - (i) The study group contains a minimum of three (3) licensees who meet for a minimum of fifty (50) minutes on a scheduled basis.
 - (ii) The topics of the group's discussion is directly related to a qualifying subject as set forth in Rule 6-4 (a)(3) above.
 - (iii) No instructor CPE credit can be earned by members of a study group.
- (2) The following are deemed to be qualifying CPE program sponsors:
- (A) The AICPA and state accounting societies;
 - (B) Universities or colleges accredited at the time the CPE program was delivered by virtue of membership in one of the regional accrediting agencies as set forth in Section 5 of the Act.
 - (C) Persons, firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors; and
 - (D) Persons, firms, associations, corporations or other groups that are recognized by the Board.
- (3) Acceptable evidence for completion of qualifying learning activities shall include the following:
- (A) For programs or courses as set forth in Rule 6-5 (a) (1) (A), (B) and (C), acceptable evidence should include a certificate of completion or transcript issued by the qualifying learning program sponsor.
 - (B) For activities set forth in Rule 6-5 (a) (1) (D), 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.
 - (C) For programs or courses as set forth in Rule 6-5 (a) (1) (E), 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.

- (D) For activities set forth in Rule 6-5 (a) (1) (F) and (G), acceptable evidence shall include written certificate of the licensee setting forth the following:
- (i) The nature of the activity (e.g., topic or specific new competency acquired), the items discussed and the source/materials considered.
 - (ii) The dates on which the learning activity occurred.
 - (iii) The number of CPE credits attributed to the learning activity.
 - (iv) Details of the relevance of the learning activity to the participant's current or future professional development.

Rule 6-6 – Continuing professional education records. – Replace current rule with the following:

(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) For qualifying CPE programs included in Rule 6-5(a)(1)(A)(i), (ii), (iii) and (iv), qualifying CPE program sponsors may recommend CPE credits under the following scenarios:
- Group programs, independent study and blended learning programs – A minimum of one full credit must be awarded initially, but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, etc.).
 - Self study – A minimum of one-half credit must be awarded initially but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, etc.).
 - Nano-learning – Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano-learning programs.

Nano-learning programs must be based on the duration of the program plus the qualified assessment, which when combined should be a minimum of 10 minutes. However, one-fifth (0.20 credit) is the maximum credit to be awarded for a single nano-learning program.

- (B) For blended learning programs included in Rule 6-5 (a)(1)(A)(iii), CPE credit must equal the sum of the CPE credit determination for the various completed

components of the program. For additional guidance, refer to the details found in the Standards.

- (C) An instructor/developer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) (i) through (iv) 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 should be claimed for instructor/developer CPE credit.
- (D) A technical reviewer of qualifying CPE programs included in Rule 6-5 (a) (1) (A) (i) through (iv) 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 should be claimed for technical reviewer CPE credit.
- (E) 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. CPE credits should be claimed only upon publication. Not more than fifty percent (50%) of the total CPE credits required for the CPE reporting period should be claimed for author CPE credit.
- (F) 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 (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 which would have been granted participants for the first presentation of a specific course of 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 should be claimed for instructor CPE credit.

(G) 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) (1) (E), (F) and (G).

(b) CPE records.

An applicant seeking renewal of a certificate, registration or license from the Board shall, as a non-exclusive prerequisite for such renewal, certify in a manner acceptable to the Board, that the applicant for renewal meets all of the continuing education 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. Renumbered to Rule 6-8 as well as rules that followed. See comments below.

The CPE Model Rule Task Force supports the concept of home state exemption. It is the understanding of the task force that a separate project is underway to consider the language in the Model Rules regarding home state exemption/CPE reciprocity. No language is submitted under this section in consideration of the separate project on this topic.

Rule 6-8 – Exceptions.

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

Rule 6-9 – Interstate practice.

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

Rule 6-10 – International reciprocity.

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

NASBA Draft

1-7-16

Confidential

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

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