RULE 13 CONTINUING EDUCATION

Pursuant to the provisions of the Act, the Board prescribes the following regulations amending requirements of continuing education to be met from time to time by licensees in order to maintain the highest standard of proficiency in the profession of public accountancy.

13.1 DEFINITIONS THAT ARE APPLICABLE TO RULE 13:

(a) Continuing Professional education (CPE): An integral part of lifelong learning required to provide competent professional accounting service to the public. The set of activities that enables accounting professionals to maintain and increase their professional competence.

(b)Group Program: An educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom setting or using the Internet or video conferencing technology (non-interactive Internet courses will not qualify in this area). Interactive webinars are considered group programs. The key component in interactive CPE courses is that the content is delivered in a manner so that the participants can interact with the remote instructor.

(c) Independent Study: An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor (all independent study must be approved in advance by the Arkansas State Board of Public Accountancy).

(d) Self-study Program: An educational process designed to permit a participant to learn a given subject without major involvement of an instructor. Self-study programs use a word count formula or a pilot test (a sampling of at least three individuals) to measure the average completion time from which the recommended CPE credit is determined.

(e) Authorship: An education process designed to permit a participant to increase professional competence through research and writing articles, books or CPE programs. For the writer to receive CPE credit, the article, book, or CPE program must be in the subject areas specified in Rule 13.2(a)(1) and formally accepted in writing for publication.

13.2 BASIC REQUIREMENTS

(a) An applicant for renewal of a license must have completed acceptable continuing education, except as otherwise provided in Section 13.2(b), in the amount of 120 hours within 36 months or 40 hours within 12 months immediately preceding January 1 of the year for which the license is renewed, and further provided that:

(1) Beginning January 1, 2014, all license holders shall complete at least 50% of the required hours in the subject areas of accounting, accounting ethics, attest, or taxation.

(2) License holders engaged in any attest or compilation function shall complete at least 20% of the required hours in the subject areas of attest and accounting theory/practice.

(3) License holders must complete at least 4 hours of CPE in the area of accounting professional conduct and ethics during the 36-months immediately

preceding the expiration date of their current license. Licensees who received their initial license during the current calendar year are exempt from the ethics requirement until their first full calendar year of licensure. Licensees must also complete one hour of CPE on Arkansas State Board of Public Accountancy specific laws and rules. This requirement may be satisfied by completing a web based course via the Board's website or attending group training taught by a board member, board staff member, or a designee of the Board, and will count towards the 4 hour ethics requirement. The hour of CPE on Board specific rules and laws must be completed during the 36 months immediately preceding the expiration date of the current license.

(4) Licensees who are in their first calendar year of licensure must obtain CPE hours pro-rated based on the date of initial licensure.

(b) The Board may make exceptions for reasons of individual hardship including, but not limited to, health, military service, foreign residency, or other good cause. No exception shall be made solely because of age or retirement.

(c) As required by ACA 17-1-106(f), the Board shall allow a full or partial exemption from continuing education requirements for the following licensees:

(1) An active duty military service member deployed outside of the State of Arkansas;
(2) A returning military veteran within one (1) year of his or her discharge from active duty; or
(3) The spouse of a person under (1) or (2) above.

In order to receive a full or partial CPE exemption, a qualifying individual must submit a written request for an exemption to the Board. The written request must explain whether a full or partial waiver of the CPE requirement is sought and why such waiver is appropriate under the individual's specific circumstances. In deciding the extent of any CPE waiver allowed under this Rule, the Board will take into consideration factors including, but not limited to:

(1) ability to access any CPE programs;
(2) ability to access various types of CPE;
(3) applicant's personal circumstances; and
(4) the length of time on duty.

(d) Responsibility for documenting the acceptability of the continuing education requirement rests with the applicant, who must retain such documentation for a period of five (5) years following the end of the year of completion of the continuing education hours.

13.3 PROGRAMS WHICH QUALIFY

(a) A program qualifies as acceptable continuing education if it is a formal program of learning which contributes directly to the professional competence of an individual licensed to practice as a public accountant. The responsibility for substantiating that a particular program meets the requirements of this paragraph rests solely upon the licensee.

(b) Continuing education programs requiring attendance will qualify only if
(1) An outline of the program is prepared in advance and preserved.

(2) The program is at least one hour (fifty-minute period) in length, excluding meal time and business session. Credit shall be based on contact hours. A 50-minute period will be considered as being equal to one hour. One-half CPE credit hours (equal to 25 minutes) are permitted after the first hour has been earned in a given program. Hours devoted to preparation by the participant shall not be counted as a contact hour.
(3) The program is conducted by a qualified instructor. A qualified instructor or discussion leader is anyone whose background, training, education or experience makes it appropriate for her/him to lead a discussion on the subject matter of the particular program. A lecturer or discussion leader shall be afforded CPE credit for preparation and presentation of a program for twice the number of CPE hours applicable for participants to the extent that the program contributes to the professional accounting competence of the applicant. Such credit does not pertain to the teaching of academic courses or other CPE courses that do not meet the criteria of Rule 13.3(a). Repetition of the same course material in the same year will not be allowable for credit as continuing education.
(4) A record of registration or attendance is maintained.
(5) The sponsor of the program is either approved registered or exempt from registration pursuant to the provisions of Rule 13.4.

(c) The following programs are examples deemed to qualify, provided Subsection 13.3(a) and (b) are met:

(1) Programs or seminars sponsored by accredited higher educational institutions [see Rule 13.4(f)(2)], government agencies, NASBA, professional organizations of Certified Public Accountants and Public Accountants, firms of Certified Public Accountants and Public Accountants, and industrial firms that meet the guidelines of Rule 13.3(b).
(2) Technical sessions at meetings of recognized national and state accounting organizations and their chapters.
(3) University or college courses offered by accredited institutions [see Rule 13.4(f)(2)] through classroom, correspondence, or distance learning. Courses taught must be upper level college courses and may only be used for CPE one time in a three year period. For credit courses, each semester hour of credit shall equal 15 hours towards the requirement, and a quarter hour credit shall equal 10 hours. For non-credit short courses, credit is computed by contact hours.

(d) Individual study programs, distance learning, independent study and self-study for which evidence of satisfactory completion is issued by the provider organization prior to January 1 of the year for which the licensee is being renewed may qualify. The Board shall accept the hours of continuing education credit recommended by the provider organization (subject to the constraints of Rule 13.3(b)(2)). NASBA's Quality Assurance Services (QAS) hours will be accepted if the course is QAS registered. Sponsors of such programs, excluding those offered by providers listed in paragraphs (c1), (c2), and (c3) above, must be registered or exempt from registration pursuant to the provisions of Rule 13.4 (see Rule 13.3(f) below).

(e) Articles, books, or CPE programs, as indicated in Rule 13.1(e), may qualify for self-declared CPE credit if the article, book or CPE program contributes to the professional competence of the licensee and has been formally accepted for publication in writing prior to the effective date of the license year (see Rule 13.3(f) below).

(f) Combined credit awarded in paragraphs 13.3(d) and 13.3(e) above shall not exceed 60 percent of the total CPE hours required.

(g) Acceptable continuing education will not include any education leading to completion of the requirements to acquire a CPA certificate. Included in this category is (1) any academic work necessary to qualify to take the CPA Examination [per Board Rule 3.3(b)] and (2) any CPA Review courses or course(s) offered for the specific purpose of preparing to take the CPA Examination.

(h) Computer science courses include those courses related to computing, networks, communications, and the internet; system software; application software involving web browsers, word processing, spreadsheets, database management systems and presentation software. These courses must have a connection to the practice of accounting, auditing, or taxation. Acceptable computer science courses do not include tutorials and/or related videos. Computer Science courses may not be used to meet the attest and accounting requirements of Rule 13.2(a)(2).

(i)Continuing education programs accepted in other jurisdictions that have a sponsor review program will be accepted.

(j) For a holder of an active CPA license in multiple jurisdictions, continuing education courses accepted by the jurisdiction of residence will be accepted. However, minimum requirements prescribed in Rule 13.2(a) must be met.

(k) Specialized knowledge courses are those courses that are related to a concentrated, specialized skill set. This field of study also includes subjects related to specialized industries, such as not-for-profit organizations, health care, or oil and gas. Specialized knowledge courses may not be used to meet the requirements of Rule 13.2(a)(1).

(l) Programs in the following subject areas are not acceptable continuing education: spirituality, personal health and/or fitness, sports and recreation, foreign languages and cultures and other subjects which will not contribute directly to the professional competence of the licensee.

13.4 APPROVED SPONSORS

(a) The sponsor of any continuing education program(s), which is not exempt under Rule 13.4(f), must, prior to offering such program(s) register as follows:

(1) Those sponsors offering programs totaling more than 16 credit hours per year, or offering programs more than 5 times per year must register with the National Registry of CPE Sponsors, administered by the National Association of State Boards of Accountancy (NASBA); sponsors of such programs in self-study format may register with NASBA's QAS as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.
(2) Those sponsors offering programs which total 16 credit hours or less per year and offering programs 5 times or less per year must either register with the National Registry of CPE Sponsors administered by NASBA or register with the Board annually using a registration form prescribed by the Board; sponsors of such programs in self-study format may register with NASBA's Quality Assurance Services as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.

(b) The sponsor of any continuing education program registered with NASBA's National Registry of CPE Sponsors or Quality Assurance Service shall comply with the requirements of the Registry. Those sponsors registering with the Board as well

as those exempt under Rule 13.4(f) shall keep detailed records of the following:

(1) The date and location of the program presentation;
(2) The names of each instructor or discussion leader;
(3) A list of licensees attending each program presentation, and the license numbers of such attendees; and
(4) A written outline of the program presentation.

(c) The records required by subparagraph 13.4(b) shall be retained for a period of 5 years after the end of the year of each program presentation.

(d) The sponsor of any continuing education program approved or exempt from registration pursuant to this rule must advise attendees of such approval or exemption, together with the sponsor number, subject code and the number of continuing education hours allowable.

(e) The Board may withdraw approval of any continuing education program if the sponsor of such program fails to comply with the provisions of this Rule.

(f) The following are exempt from registering with the Board and the NASBA Registry of CPE Sponsors:

(1) Professional accounting and legal organizations such as the American Institute of Certified Public Accountants, the Arkansas Society of Certified Public Accountants, the National Society of Public Accountants, the Arkansas Society of Public Accountants, NASBA, the Institute of Management Accountants, the American Accounting Association, the American Bar Association, the Arkansas Bar Association, and other similar organizations;
(2) Universities or colleges that are accredited per Rule 3.1;
(3) Firms, both accounting and industrial, offering organized in-firm education programs which meet the requirements of Rule 13.3(a); and
(4) Governmental entities.

13.5 CPE REPORTING REQUIREMENTS

(a) Applicants for renewal of a license must submit with their annual registration a representation that the applicant has met the CPE requirement for issuance of a license together with a CPE statement, in a form prescribed by the Board, showing the continuing education programs and hours completed during the twelve months immediately preceding January 1 of the year for which the license is being renewed. The applicant must retain all supporting documentation for the programs and hours for five (5) years following the end of the year of completion.

(b) The CPE statement shall show the following:

(1) Name of the attendee;
(2) NASBA registration number or an E, if the sponsor is exempt;
(3) Sponsoring organizations;
(4) Location of program;
(5) Title of program or description of content;
(6) Dates attended and/or completed and submitted;
(7) Field of Study
(8) Hours claimed; and
(9) Other information as designated by the Board.

(c) On an annual basis, the Board will audit the CPE statements of a selected number of licensees, and those licensees will be required to submit support documentation acceptable to the Board as part of the audit process. Licensees who fail the CPE audit can appeal to the CPE Compliance Committee, and if necessary, the full Board.

13.6 NONCOMPLIANCE AND SANCTIONS

(a) Should a licensee report less than the required number of CPE hours, the licensee shall complete the balance of the CPE hours for the reporting period and provide the Board with appropriate documentation no later than January 31 of the following CPE reporting period. Delinquent CPE hours reported to the Board under Section 13.6 shall first apply to the deficiency and any remaining CPE hours shall be applied to the current CPE reporting period.

(b) Should a licensee fail to timely report CPE hours in conjunction with the renewal application or fail to timely file a report on completion of the balance of the CPE hours as provided in paragraph (a) of this section, the Board shall serve notice of noncompliance upon the licensee. The notice shall state the nature of the noncompliance. The licensee shall, within thirty (30) days of the date of the notice, deliver acceptable documentation to the Board that the licensee has successfully completed the minimum CPE hours to correct the noncompliance.

(c) In addition to the notice of noncompliance described above, the Board may institute a proceeding to impose disciplinary action against a licensee who fails to comply with any provision under Rule 13. The disciplinary action for a licensee who completes the minimum number of CPE hours during the period provided in paragraph (a) of this section shall be a monetary penalty unless the Board determines that other disciplinary action is appropriate. The disciplinary action for a licensee who failed to obtain the minimum CPE hours before the date for correction of the delinquency under paragraph (a) of this section or who completed the minimum CPE hours after notice of noncompliance under paragraph (b) of this section may be suspension of the license unless the Board determines other disciplinary action to be appropriate.

(d) A licensee who has been suspended pursuant to this section may file a petition for reinstatement which shall state the reasons for noncompliance, that the licensee is presently in compliance, any other material information and that the licensee has not performed any of the services set forth in A.C.A § 17-12-505 since the suspension under this section. The petitioner may request a hearing and the Board may require additional CPE hours as a condition of reinstatement. Any reinstatement shall be subject to the provisions of Rule 13.9.

13.7 INACTIVE STATUS

(a) A licensee on inactive status shall not perform any of the services set forth in A.C.A. § 17-12-505. If the licensee performs any such services, he shall be subject to discipline by the Board pursuant to A.C.A. § 17-12-602, et seq. or § 17-12-105.

(b) A licensee who complies with this Rule 13.7 shall be granted an exception to the continuing education requirement of A.C.A. § 17-12-502.

(c) To qualify for this exception, the licensee must annually pay the appropriate inactive status registration fee as determined by the Board and complete a form prescribed by the Board.

(d) A person on inactive status may convert to active status as follows:

1. Complete a form prescribed by the Board and submit payment of the appropriate fee(s) (initial or upgrade) for active status.
2. Comply with CPE requirements under these rules for the renewal period following reinstatement on a pro rata basis, such hours to be computed at a rate of 3 1/3 hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs.
3. Undergo a federal and state background check.
4. Comply with the appropriate condition below:

(A) If inactive for less than three (3) years, the licensee must deliver documentation acceptable to the Board showing completion of forty (40) hours of CPE, qualified pursuant to Rule 13.2, for each consecutive (12) month period the licensee was on inactive status. For any period of less than twelve (12) consecutive months, whether alone or as part of a period exceeding twelve (12) months, the number of CPE hours shall be prorated at the rate of 3 1/3 hours of CPE per month of inactive status.
(B) If inactive for less than (1) year, the licensee will be considered not to have been inactive for CPE reporting purposes.
(C) If inactive for three (3) years or more, the licensee must develop and deliver to the Board a proposed program of CPE as specified in Rule 13.2(a) (to include four hours of accounting professional conduct and ethics). After the Board's approval of the CPE program, the licensee shall complete all of the CPE hours during the 36-month period immediately preceding the date of the licensee's application for active status. The licensee shall attach to said application documentation acceptable to the Board showing successful completion of all of the CPE hours comprising said CPE program.

(D) Applicants who have been inactive for three (3) years or more must have at least one year of experience verified by a form approved by the Board from a licensee as defined in the Act or from another state. This experience must have been earned within the five years preceding the application for active status.

13.8 RETIRED AND DISABLED STATUS

(a) Retired Status. A licensee who is at least 55 years old and has filed a request on a form prescribed by the Board stating that he or she has no association with accounting work for compensation may be granted retired status upon approval of the application. Licensees on retired status are not required to comply with the continuing professional education requirements set forth in Board Rule 13 or to make payment of annual license fees.

(1) The licensee who has been granted retired status immediately becomes ineligible for retired status upon:

(a) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(b) Serving on a Board of Directors, Board of Trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(2) Upon the occurrence of either 13.8(a)(1)(a) or 13.8(a)(1)(b) above, the licensee must notify the Board and request an application for active status or inactive status (if eligible) and:

a) Pay the license fee established by the Board;

b) Complete the active or inactive license application; and

c) If converting to active status, meet the requirements of Board Rule 13.7(d).

(b) Disabled Status. Disabled status may be granted to a licensee who submits to the Board a statement and a letter from the licensee's physician that identifies the disability and states that the individual is unable to work because of a severe, ongoing, physical or mental impairment or medical condition that is not likely to improve within the next 12 consecutive months. Licensees on disabled status are not required to comply with the continuing professional education requirements set forth in Board Rule 13 or to make payment of annual license fees.

(1) The licensee who has been granted disabled status immediately becomes ineligible for disabled status upon:

(a) Re-entering the workforce in a position that has an association with accounting work for which he or she receives compensation; or

(b) Serving on a Board of Directors, Board of Trustees, or in a similar governance position, unless the service is provided without compensation and is for a charity or a civic or not-for-profit organization.

(2) Upon the occurrence of either 13.8(b)(1)(a) or 13.8(b)(1)(b) above, the licensee must notify the Board and request an application for active status or inactive status (if eligible) and:

a) Pay the license fee established by the Board;

b) Complete the active or inactive license application; and

c) If converting to active status, meet the requirements of Board Rule 13.7(d).

(c) For purposes of this section the term "association with accounting work" shall include, but not be limited to, the following:

(1) Whether for the public or for an employer - Working, supervising, or providing oversight of accounting work performed in the areas of financial accounting and reporting; tax compliance, planning or advice; management advisory services; accounting information systems; treasury, finance, or audit; or

(2) Representing to the public, including an employer, that the individual is a CPA or public accountant in connection with the sale of any services or products involving accounting work, including such designation on a business card, letterhead, proxy statement, promotional brochure, advertisement, or office; or

(3) Offering testimony in a court of law purporting to have expertise in accounting and reporting, auditing, tax, or management services.

(d) All Board rules and all provisions of the Public Accountancy Act of 1975 apply to an individual in retired or disabled status. Licensees in retired status must use the term "Retired" adjacent to their CPA or PA title. Licensees in disabled status must use the term "Inactive" adjacent to their CPA or PA title.

13.9 ACTIVATION OF DELINQUENT, SUSPENDED OR REVOKED LICENSES

(a) A person whose license is delinquent, suspended, void, or revoked and who applies for active status will be subject to the same CPE requirements as those who wish to activate inactive licenses (see Rule 13.7).

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