



Colorado State Board of Accountancy Statutes, Rules and Regulations

Colorado State Board of Accountancy

Statutes, Rules and Regulations

Presented by



Prepared by: Rosemary E. Weiss, Retired CPA

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Notice to Readers

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Continuing Professional Education Department, Colorado Society of Certified Public Accountants
7887 East Belleview Avenue, Suite 200, Englewood, CO 80111 | 303-773-2877 | 800-523-9082
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About the Author

Rosemary E. Weiss began her career in public accounting in 1964 with the International CPA firm of Coopers & Lybrand, LLP (then Lybrand, Ross Bros. and Montgomery.) After five years, Ms. Weiss started her own firm, Weiss & Company, where she practiced for 21 years before merging with Coopers & Lybrand LLP in 1990. In 1997, she retired from public practice.

Ms. Weiss is a past president of the State Board of Accountancy and was a member of the Board from 1986 to 1999.

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Introduction

Section 1

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History of Ethics Requirements in Colorado

- Colorado was one of first states to require ethics and the first state to require a state rules and regulations course
- Subsequently required CR&R or ethics course for renewal
- All candidates who go from inactive to active, or reinstate an expired or retired certificate
- New Colorado certificants must take CR&R within 6 months before or after Colorado licensure
- 2009 requirements changed to require 4 hours of regulatory and/or behavioral ethics for renewal (max of 2 hours in CR&R)
- 2013 defines CR&R course content



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Definition of CR&R

“This course discusses the Colorado Statutes and Rules that pertain to CPAs licensed to practice in the State of Colorado. Students will become familiar with the Colorado Revised Statutes, the Rules of the State Board of Accountancy, and the Policies adopted by the Board currently in effect and how the statutes, rules, and policies pertain to them”



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1.7H Board Acceptance of Colorado Rules and Regulations (CR&R) Courses

A. The Board will not accept or consider courses in CR&R that do not cover current Colorado Revised Statutes and Board Rules and comply with the content outline set forth in this Rule 1.7H.

B. The CR&R Content Outline represents only a general description of the materials that must be addressed in the CR&R course. A CR&R course must address all provisions of the applicable Colorado Revised Statutes, Board Rules, and Board Policies.



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1.7H Board Acceptance of Colorado Rules and Regulations (CR&R) Courses

C. The failure of a CR&R course to cover all Colorado Revised Statutes and Board Rules and Policies is not a defense to a violation of the Act or these Rules.

D. For the purposes of CR&R, Colorado Revised Statutes, Board Rules, and legislative documents may be considered by program sponsors as instructional materials and not as reference or supplements to the instructional materials. The use of these documents by program sponsors when providing CR&R courses will be considered compliant with the Joint Standards.



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1.7H Board Acceptance of Colorado Rules and Regulations (CR&R) Courses

E. CR&R Content Outline:

This course discusses the Colorado Statutes and Rules that pertain to CPAs licensed to practice in the State of Colorado. Students will become familiar with the Colorado Revised Statutes, the Rules of the State Board of Accountancy, and the Policies adopted by the Board currently in effect and how the statutes, rules, and policies pertain to them.

- Overview of Regulatory Requirements
- Review of Colorado Revised Statutes (as they pertain to accountancy), Board of Accountancy Rules, and Policies.
- Legislative changes affecting the accounting profession, as applicable.



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- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • State Board of Accountancy • Organization and duties of the Board • State Board of Accountancy Website (overview) • Certified Public Accountant Designation • Proper use - Holding Out • Types of Certificates • Status and maintenance of Certificates • Licensure – Examination and certification | <ul style="list-style-type: none"> • Continuing professional education • Disclosures • Names • Mobility/Practice Privilege and reciprocity • Peer Review • Professional Conduct • Unlawful Acts • Accountant/Client Privilege • Grounds for disciplinary Action • Client Records • Firms | <ul style="list-style-type: none"> • Firm Registration • Firm Names • Peer Review • Disclosures |
|--|---|---|

CR&R course materials and/or certificates of completion must include the date on which the current version offered/taught was last updated.



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Regulatory & Behavioral Ethics Qualify Towards the 4-Hour Requirement

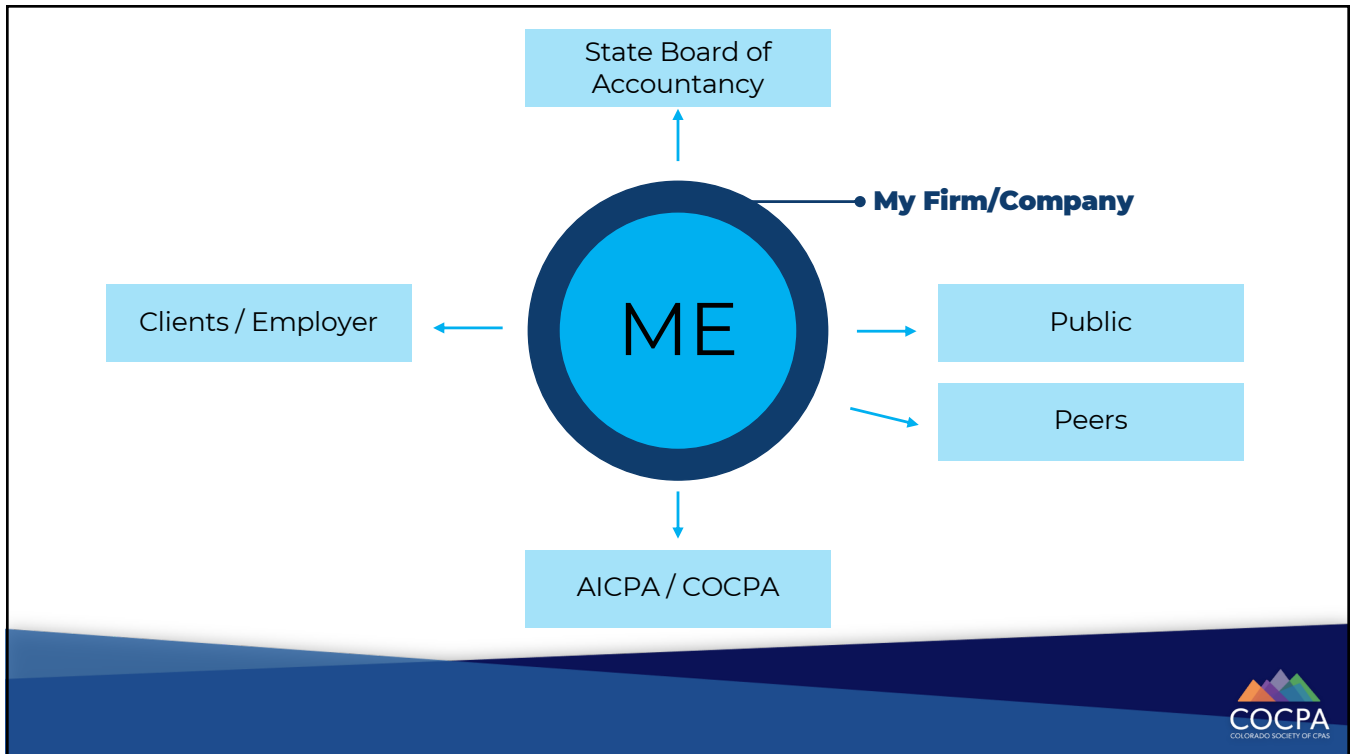
REGULATORY ETHICS deals with the necessary ethical background knowledge required to adhere to rules and regulations of boards, government entities, associations, etc.

BEHAVIORAL ETHICS are subjects related to the general professional ethics programs including, but not limited to:

- Ethics and professional conduct
- Ethical practice in business
- Personal ethics
- Ethical decision making
- Corporate ethics



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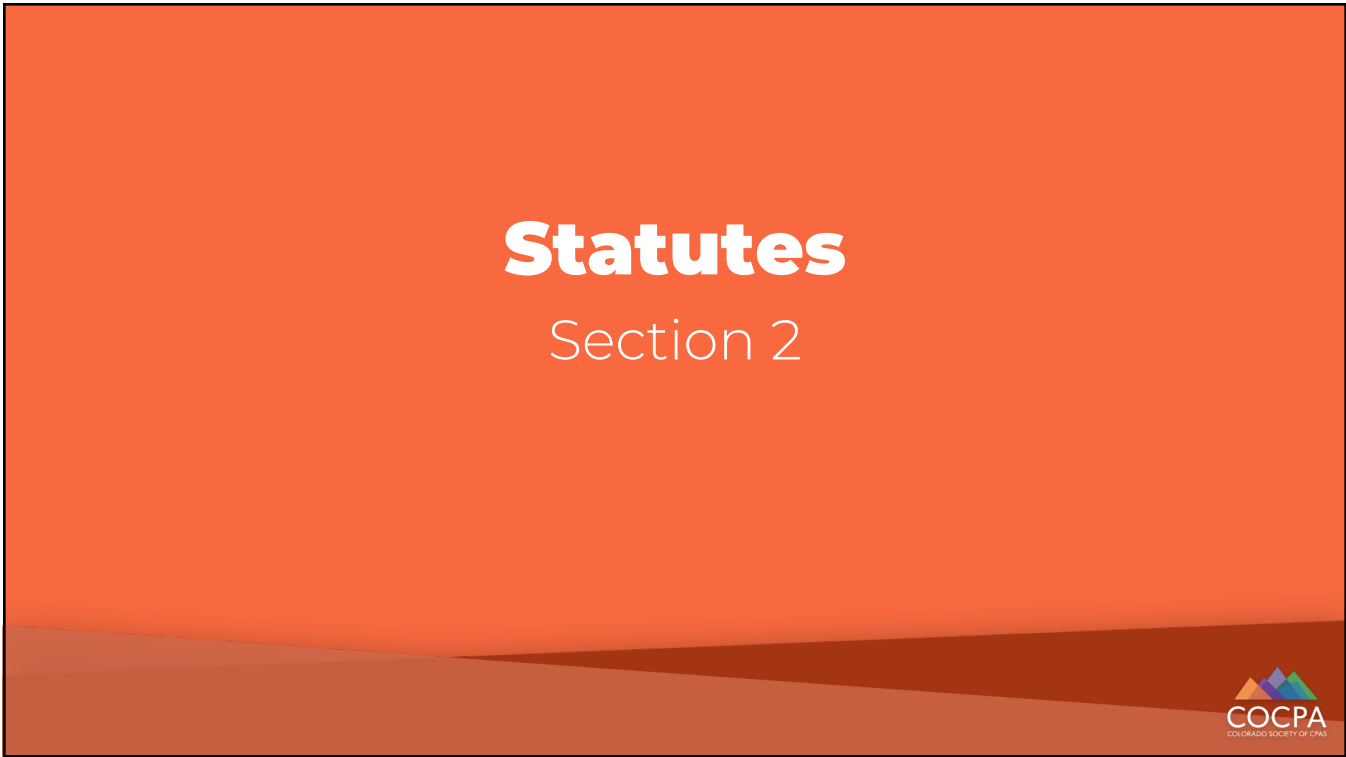
A slide with a blue background on the left and a photograph of a modern glass skyscraper on the right. The blue section contains contact information for the Colorado State Board of Accountancy. The photograph shows a tall, modern building with many windows, viewed from a low angle looking up. The COCPA logo is in the bottom right corner.

**Board of
Accountancy**

Colorado State Board of Accountancy
1560 Broadway, Suite 1350
Denver, CO 80202
Phone: 303-894-7800
Fax: 303-894-2310
Email:
dora_accountancyboard@state.co.us

COCPA
COLORADO SOCIETY OF CPAS

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A slide with a solid orange background. The text 'Statutes' is in a large, bold, white font, and 'Section 2' is in a smaller, white font below it. The COCPA logo is in the bottom right corner.

Statutes
Section 2

COCPA
COLORADO SOCIETY OF CPAS

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Overview of Statutes

- Statutes written by the legislature
- Various subjects



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Subjects

1. Legislative declaration
2. Definitions
3. State Board of Accountancy – subject to termination
4. Powers and duties of Board
5. Fees
6. Disposition of fees
7. CPA certificate
 - Issuance
 - Renewal
 - Reinstatement



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Subjects

8. Education and experience requirements
9. Examinations—re-examinations
10. Approval of schools
11. Issuance of certificate by reciprocity or by passing the examination of another state
12. Use of the title "certified public accountant"
13. Retired CPA
14. Registration of partnerships, professional corporations, limited liability companies
15. Continuing education



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Subjects

16. Unlawful acts
17. Exceptions—acts not prohibited—rules (including temporary practice permits)
18. Single act evidence of practice
19. Inactive certificant
20. Grounds for disciplinary action—administrative penalties
21. Response to Board communication
22. Revocation or suspension of partnership, professional corporation, or LLC registrations



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Subjects

23. Hearings before board:

- Notice
- Procedure
- Review

24. Investigations, examinations, and cease-and-desist orders against unlawful act

25. Judicial review

26. Reconsideration and review of board action

27. Unauthorized practice—penalties ownership of accountant's working papers

28. Ownership of state auditor's work papers



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HB 10-1236

What was in the bill?

- 150 hour requirement (after June 30, 2015)
- Mandatory peer review
- Expansion of experience requirement
- Expansion of CPA title to “Inactive CPA”
- Addition of PCAOB discipline to grounds for disciplinary action
- Increase in fining authority
 - Individuals –
 - was \$1,000 per violation
 - now \$5,000 per violation
 - CPA firms –
 - was \$2,000 per violation
 - now \$10,000 per violation
- Numerous administrative and housekeeping changes



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13-90-107 Colorado Revised Statutes

13-90-107 has been added to the Colorado Statutes. It relates to testimony by a CPA (and other professionals) and when consent is required.

It also provides the State Board of Accountancy with subpoena powers. You should carefully note the client notification and speedy return of subpoenaed documents requirements. This new statute provides clarification related to a CPA's examination as a witness.



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13-90-107 Colorado Revised Statutes

A CPA or his/her staff shall not be examined without the consent of his/her client.

A State Auditor's Office employee or his/her work product also cannot be examined without consent unless material is made open to the public.

This Statute provides the Board of Accountancy with limited subpoena power for *private entity audit and review*. A second CPA or CPA firm with no interest in the matter, may review the report or working papers for compliance. The conclusion would be reviewed by the Board.



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13-90-107 Colorado Revised Statutes

The Statute provides subpoena power to the Board of Accountancy related to public entity audit and reviews. This shall not be construed as relating to the examination of income tax returns.

Any CPA or firm that receives a subpoena shall notify the client of the subpoena within 3 business days after the date of service of the subpoena. The Board of Accountancy must return subpoenaed records within 30 days after completion of an investigation. In general, this new Statute provides clarity as to the subpoena power of The Board of Accountancy, as well as guidelines for the CPA as to “Confidential Client Information.”



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SENATE BILL 19-155 SUNSET ACCOUNTANCY BOARD LEGISLATION

On May 20, 2019 Governor Polis signed the above bill which was effective July 1st. The new law continues the Board of Accountancy until 9/1/30 and makes the following changes:

1. Modifies grounds for disciplinary action to include fraudulent, coercive, dishonest, incompetent, untrustworthy or financially irresponsible practices
2. Clarifies that acting as resident manager of CPA firm without an active CPA license as grounds for disciplinary action
3. Exempts from state registration foreign public accounting firms, if work in Colorado is incident to work outside the State
4. Details continuing education requirements for nonresident CPAs
5. Allows non-licensed CPAs to use other nationally recognized designations including the word “management” under restricted circumstances



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SENATE BILL 20-007

The Senate bill provides for numerous guidelines to treat substance abuse.

As a result of this Bill, Chapter 1.11 of the Board of Accountancy Rules and Regulations has been changed, related to the discipline of Certificants related to substance abuse.



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12-100-114 Partnerships, PCs, and LLCs

1. Registration—Required of ALL above firms engaged in Colorado in the “practice of public accounting” as CPAs (except those with principal place of business in another state or jurisdiction)
 - A) At least one partner, shareholder, or member must be a CPA or registered firm of this State in good standing
 - B) A simple majority of ownership must be CPAs in good standing
 - C) Each resident manager in charge of a Colorado office must be a Colorado CPA in good standing



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12-100-114 Partnerships, PCs, and LLCs

2. Application process defined. Requires notification of change in partners, shareholders, members, managers or officers, and location of business within 30 days of change.

Renewal fees and process defined.



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12-100-114 Partnerships, PCs, and LLCs

3. Corporation must be in compliance with “Colorado Business Corporation Act”

- A. Organized solely for the purpose of “public accounting” and such other activities deemed suitable

Each partner engaged in Colorado in the practice of public accounting shall be a Colorado CPA in good standing.

The president of any such corporation shall be a shareholder and a director.



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12-100-114 Partnerships, PCs, and LLCs

All partners, shareholders, or members shall be jointly and severally liable for all acts, errors, and omissions EXCEPT

During periods of time when the company maintains professional liability insurance or designated funds or monies in lieu of that insurance.

The insurance shall be in an amount for each claim of at least \$50,000 times the number of CPAs involved with the firm in this state to a maximum of \$300,000 per claim up to an aggregate of \$1,000,000 during the year.

Please read the Statute for more details. This is only a brief overview.



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12-100-114 Partnerships, PCs, and LLCs

A partnership name shall be ended by words or abbreviations permitted under the law which the partnership is organized.

A corporation shall be ended by the word “Corporation,” “Incorporated,” “Professional Corporation,” “Corp,” “Inc.” or “PC.”

A limited liability company shall be ended with “Limited Liability Company,” “LLC,” or “Ltd.”



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12-100-114 Partnerships, PCs, and LLCs

No renewal of licenses for any professional entity without the required peer review (issues attest or compilation reports).



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Rules and Regulations as Amended

Section 3

Effective November 14 , 2018



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Rules

- Written by Colorado State Board of Accountancy
- Formal rule-making procedure
- Rules committee
- Rules change October 2012
- Major Rules change July 2013
- Minor Rules changes Fall, 2018
- Renumbering and referencing changes Fall, 2019



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Chapter 1.1: Organization & Administration

Acronyms

- | | | |
|----------|--------|---------|
| • AICE | • FASB | • MRA |
| • AICPA | • GASB | • NACES |
| • CPA | • GAAP | • NASBA |
| • CPE | • GAAS | • NIES |
| • CR&R | • IRS | • PCAOB |
| • C.R.S. | • IQAB | • SEC |



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2013 Changes to Chapter 1.1: Organization & Administration

Definitions:

- Active/Valid
- AICPA Ethics Examination
- AICPA Code of Professional Conduct
- AICPA Professional Standards
- Applicant
- Baccalaureate Degree
- Board
- Candidate
- Certificate
- Certificate Holder
- Client
- CPE
- CPE Reporting Period
- CR&R
- Ethics CPE
- Examination
- Expired
- Fields of Study
- Financial Statements
- Firm



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2013 Changes to Chapter 1.1: Organization & Administration

Definitions in Chapter

- He, His, Him
- Holding Out
- Inactive
- Individual
- Joint Standards
- Licensee
- Mobility/Practice Privilege
- Network
- Network Firm
- Owner
- Peer Review Oversight Committee
- Peer Review
- Peer Review Program
- Peer Review Reports
- Peer Review Standards
- Peer Review/Reviewing Firms
- Person
- Practice of Public Accounting
- Practice of Privilege/Mobility
- Professional Business
- Professional Services
- Reactivation
- Registrant
- Renewal
- Report Acceptance Body



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2010 Changes to Chapter 1.1: Organization & Administration

New Definitions in Chapter

- Responsible Party
- Retired
- Sponsoring Organization
- Substantial Equivalency
- U.S. GAAP
- U.S. GAAS

Incorporation by reference. Various materials incorporated by reference not including later amendments.



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Chapter 1.2: Education

Candidates can sit for exam with 120 hours and then subsequently complete the remaining 30 hours of education. Specific ethics and communications hours were added.

Education in lieu of experience no longer applies after July 1, 2015.



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2013 Changes to Chapter 1.2: Education

On or after July 1, 2015, the Board will not issue a CPA Certificate to anyone not satisfying the 150-hour requirement, no matter when the application was filed.

Pending applications will not qualify after that date.



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Chapter 1.2: Education

Education Requirements have changed in 2018.

Please note the elimination of the 3 semester hours in technical or accounting communications requirement.



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Chapter 1.3: Exam

Minor changes made in 2013 to this chapter (related to candidate conduct).

Minor changes in rolling 18-month period to pass all 4 sections of exam proposed in 2018. The Board deferred consideration for November rule-making hearing.



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Chapter 1.4: General Experience and Verification Requirements

- Must be verified by an actively licensed (for the entire period of employment) CPA. In 2018 the Board added that at its discretion it could make exceptions to this provision.
- One year of work experience. A minimum of 1,800 verified qualifying work hours that may be a combination of full and part time
- Must be gained over a *minimum* of 12 months and not more than three years
- Must be obtained no more than five years prior to the application



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Chapter 1.4: Experience

Experience is now gained through four avenues

- Public Accounting
- Industry
- Government
- Academia

Comparable work experience not addressed by these rules may be approved by the Colorado State Board of Accountancy.



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Chapter 1.5: Certification Requirements

4 “Es” For Certification

1. Education
2. Exam
3. AICPA ethics course and exam with 90% or better score
4. Experience



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Chapter 1.5: Certification Requirements

Individuals granted a certificate who issue attest, review, or compilation reports must enroll in a peer review program within 30 days following the issuance of their certificate.

A certificate holder must register any form of partnership, PC, or LLC before he can hold out or engage through that entity in any activity for which an Active or valid certificate or registration is required.



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Chapter 1.6: Certificate Requirements

An individual who holds an active CPA license or certificate from another state may use the title “certified public accountant” or CPA immediately followed or preceded by the name or abbreviation of the State issuing the license (such as “CPA NM” or “New Mexico CPA”).

An inactive or retired status individual can assume the title CPA if it is immediately followed or preceded by the term “inactive” or “retired.”



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Chapter 1.6: Certificate Requirements

No individual while holding out can perform one or more kinds or combination of services involving the use of accounting or attestation services unless that individual:

1. Holds an Active Certificate
2. Is authorized to provide such services under Chapter 1.11 (Practice Privilege/Mobility)



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Chapter 1.6: Certificate Requirements

Notices

- Certificate holders shall inform the Board of any name, address, telephone, or email change within 30 days
- There is a 60 day grace period from the expiration date of a certificate and no discipline for “holding out” for that period. There is a late fee.



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Chapter 1.6: Certificate Requirements

Names

- Assumed or trade name restrictions
- Cannot be misleading
- Cannot claim or imply the ability to influence a regulatory body



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Chapter 1.6: Certificate Requirements

Offering Services via Internet

- Name of certificate holder
- Mailing and physical address of the principal location where the certificate holder offers and/or provides professional services
- Business telephone number
- Colorado certificate number



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2018 Changes to Chapter 1.6

The Board removed the provisions about ownership of certificates and the need for certificant to return his/her certificate to the Board.

The Board also removed requirements for current period CPE in order to change to retired status.



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Additional 2018 Changes

An additional 10 hours for each full quarter during the current CPE period were added for candidates to reactivate or reinstate their certificate.



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Chapter 1.6: Certificate Requirements

Disclosure & Licensees

Board Notification Required

- Imposition of discipline by any agency or state board
- Notice of disciplinary charges by any agency or state board
- Initiation of civil or alternate dispute resolution proceeding by a government entity related to ANY audit
- Judgment, settlement, or resolution of any civil or alternate dispute resolution proceeding by a government entity related to ANY audit



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Chapter 1.6: Certificate Requirements

Disclosure & Licensees

Board Notification Required Continued

- Any judgment, award, or settlement of any civil action or arbitration proceeding of \$150,000 or more
- A criminal charge against or a conviction, deferred prosecution, or a plea of guilty or nolo contendere to a crime that is a felony, or an element of the crime is dishonesty or fraud
- Initiation of an administrative proceeding or disciplinary proceeding by agency, authority, or board related to ANY audit
- Any decision, judgment, settlement, or resolution related to the prior proceeding



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Chapter 1.7: Continuing Professional Education

Conditions of Renewal of an Active Status of Certificate

- Renewal period will be established by the Division of Registrations
- Must complete 80 hours of acceptable CPE during the reporting period
- No more than 16 hours of personal development
- 4 hours of ethics (no more than 2 hours of CR&R can count for this requirement. Any excess hours in CR&R can be reported as specialized knowledge)
- Within 6 months, before or after, obtaining an original or reciprocity certificate, the certificate holder must take a CR&R course
- Effective 1/1/14, no more than 50% of CPE can be in any combination of teaching and/or publishing—this may change at future rules making hearing



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Active Certificate

An active certificate expires and shall be renewed every even-numbered year as follows:

- 80 hours of CPE
- No more than 16 hours of “Personal Development”
- 4 hours of ethics—previously explained

Certificate holders will renew their certificate in November and firms will renew their registration in August.



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Active to Inactive Certificate

To change a certificate from active status to inactive status a certificate holder must notify the Board, in a manner prescribed by the Board, of the certificate holder's request for the change to inactive status.



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Retired Status Certificate

To become eligible for retired status you must

- Have held an Active Certificate in good standing from any state
- Be at least 55 years of age AND have held a CPA certificate in good standing for 15 years and active Colorado certificate for at least two of those years
- *The following was removed in 2018:* Attest to having completed 10 hours of CPE for each full quarter that the Certificate was active during the reporting period in which the applicant retired
- Can not perform any services for which an Active certificate is required.
- Must be renewed every two years
- Detailed conditions for return to active status from retired status



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Retired Status Certificate

To become eligible for retired status you must

- A certificate holder granted retired status may be known and styled as a “Retired Certified Public Accountant”
- The status does not require any continuing professional education
- The Retired CPA may apply to the Board to change his/her status to an active status after meeting certain CPE requirements
- Retired certificates must be renewed every two years



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Conditions of Changing from an Inactive or Retired Status to an Active Status

When The Certificate Has Been Inactive Or Retired For Less Than two Years

80 hours of CPE obtained within the two years immediately preceding the application, including no more than 16 in Personal Development, two hours of CR&R, and 4 hours total in ethics with no more than 20% in teaching or publishing an article



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Conditions of Changing from an Inactive or Retired Status to an Active Status

When a Certificate Has Been Inactive or Retired for Two Years or more

Same as above, with no CPE in Personal Development, teaching or publishing and an AICPA Ethics Exam, CR&R but no 4-hour ethics requirement

In 2019 the Board added more onerous requirements for reinstatement/reactivation.



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Reinstatement of an Expired Certificate

Expired Less Than Two Years

80 hours of CPE with no more than 16 hours in personal development, teaching, or publishing an article, four hours in ethics including two hours in CR&R plus any hours of CPE accrued but not completed as of the date that the certificate expired. *This will probably be changed by the Board at its next rule-making hearing.*

Expired Two But Less Than Six Years

80 HOURS OF CPE plus any hours of CPE accrued but not completed as of the date that the certificate expired. **no personal development**, teaching, or publishing an article or book. AICPA Ethics Course and two hours in CR&R.



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Reinstatement of an Expired Certificate

Expired Six Years or More

80 hours CPE plus any hours of CPE accrued but not completed as of the date that the certificate expired. No Personal Development, teaching, or publishing an article or book. AICPA ethics course and two hours of CR&R The certificate holder must also obtain experience or education according to certain conditions or satisfying same conditions as an applicant for initial certification or if applicants holds a license, certificate, or other recognized qualification in full force and effect from a foreign country with an MRA or another state with substantial equivalency.



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Continuing Education Required after Board Action

On the date a certificate is reinstated, reactivated, or returned to active status, a certificate holder is current with CPE.

10 hours of CPE is required for each full quarter remaining in the reporting period. No more than 20% in “Personal Development” **plus 50% in any combination of teaching or publishing an article** and 4 hours of ethics. CPE used for reactivation or reinstatement cannot be used to satisfy the requirements of this rule. *The teaching component may change at the Board’s next rule-making hearing.*



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Certificate Requirements *continued*

Beware....

For any reinstatement or reactivation, the Certificate holder is responsible not just for the CPE required to become active, but also ANY CPE the applicant *should have taken* during the time the certificate was active.



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CPE

- The requirements now reference the August, 2016 AICPA/NASBA joint statement on standards for continuing professional education (CPE) programs.
- They also reference the AICPA/NASBA “fields of study”
- Please note the board has carefully specified the content requirements for a CR&R course to qualify
- Nano learning is now an accepted way to complete CPE
- The Board sent out CPE Audit notifications in late September.
- MAKE SURE THE BOARD HAS YOUR CORRECT EMAIL ADDRESS!!!!



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AICPA / NASBA CPE Fields of Study

- Accounting
- Accounting (Governmental)
- Auditing
- Auditing (Governmental)
- Administrative Practice
- Social Environment of Business
- Regulatory Ethics
- Business Law
- Business Management and Organization
- Finance
- Management Advisory Services
- Marketing
- Behavioral Ethics
- Communications
- Personnel/HR
- Personal Development
- Computer Science
- Economics
- Mathematics
- Production
- Specialized Knowledge and Applications
- Statistics
- Taxes



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Highlight of the AICPA / NASBA CPE Standards

CPAs are responsible for enrolling in CPE programs that will enable them to maintain and enhance their professional competence. They are also responsible for meeting the CPE requirements of their State Boards of accountancies, applicable government entities, and professional or other organizations.



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CPE Programs Must

- Be based on relevant learning objectives and outcomes that clearly articulate the knowledge, skills, and abilities that can be achieved by participants in the learning activities
- Be consistent with the prerequisite education, experience and /or advance preparation of participant
- Be current, technically accurate, and effectively designed
- Have been developed by individuals qualified in the subject matter and familiar with instructional design
- Be reviewed by qualified persons other than those who developed them



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Internet-Based Group Programs Must

- Employ some type of monitoring device to verify that ALL participants are actively participating during the duration of the course (75% of polling questions must be answered)
- Require a live instructor while the program is being presented



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Self-Study Programs Must

- Be based on materials specifically developed and designed for instructional use
- Employ learning methodologies that clearly define learning objectives
- Guide the participant through the learning process by eliciting responses that test understanding of the material by evaluative feedback (incorrect responses) or reinforcement feedback (correct responses)
- Require successful completion of a final examination with a minimum passing grade of 70%
- Include a minimum of 5 questions per hour of CPE credit when using objective type questions
- Include program expiration date
- Self-study requiring only the reading of general professional literature, IRS publications, or reference material followed by a test will not be acceptable



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CPE Credit Measurement

- One 50 minute period is equal to one CPE credit
- One-half credit increments are permitted after the first credit has been earned. Instruction time must be rounded *down* to the nearest half or full contact hour
- Group and Internet-group programs are based on actual program length
- Self-study is based on the results of pilot studies to determine average completion time or computes the recommended CPE credit using the prescribed word count formula
- University or college courses are one semester system equals 15 credits and one quarter system equals 10 credits



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CPE Credit Published Articles

- CPE credit for writers of published articles, books, or CPE programs is based on research and writing time.
- For writers to receive CPE credits, the article, book, or CPE program must be formally reviewed by an independent party. CPE credit should be claimed only upon publication. Please note there is a documentation requirement in order to obtain credit. For panel presentations and/or teaching, there are certain specifications and document requirements as well



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Independent Study

Standard No. 5

CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve their professional competence.



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Certificate of Attendance

Documentation for CPE Programs must include a Certificate of Completion, Certificate of Attendance, or Firm Transcript that includes:

1. Name and contact information of CPE program sponsor;
2. participant's name;
3. title of program;
4. Field of study
5. date(s) the program was offered or completed;
6. location of program, if applicable;
7. type of instruction/delivery method;
8. number of CPE credits completed; and
9. verification by the CPE program sponsor (verification may be in form of a signature, seal or other similar indicia)



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Chapter 1.8: Peer Review

Peer Review Requirements

- In the interest of public protection
- All CPAs and CPA firms issuing attest or compilation reports
- Must enroll in an approved Peer Review Program the earlier of within 30 days of licensure, registrations, or immediately upon issuing the first attest or compilation report
- Are effective for registrants and certificate holders upon renewal of firm registrations in 2014 and CPA certificates in 2015
- Every three years



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Chapter 1.8: Peer Review

Peer Review Requirements Continued

- Must attest that they have undergone a Peer Review or they are exempt
- If inspected by the PCAOB must undergo Peer Review that covers the portion of the certificate holders practice not subject to the PCAOB inspection
- According to AICPA Standards for Performing and Reporting on Peer Reviews
- Board may take disciplinary action against any CPA firm or CPA who fails or does not comply with any remedial action mandated in the rules
- Submission of Peer Review Reports if and when a complaint is filed or initiated, the firm must submit their report Review 8.6 B. for submission of peer review documents by sponsoring organizations via a secure website on January 1, 2014.



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Chapter 1.9: Rules of Professional Conduct

These rules were completely rewritten in 2013, although much of the content remains the same. Changes include the following:

1. Conflict of interest, and when a licensee may perform professional services is clarified and contains requirements for disclosure and consent
2. Permitted commissions, contingent fees, and referral fees are explained along with requirements for disclosure



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Chapter 1.9: Rules of Professional Conduct

Confidential client and employer information is described, and a list of “Acceptable Disclosure” is provided

Client records are clearly described, along with the obligations to retain, return, and provide those records

The Board has added a provision regarding Safeguarding of Client Records and Property that includes ensuring that clients are notified and records secured in the event of a certificate holders’ death or incapacitation



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Chapter 1.10: Declaratory Orders

This chapter remains the same and has no direct bearing on the practice of accounting.



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Chapter 1.11: Practice Privilege/Mobility

An out-of-state individual or firm who qualifies shall be deemed to have all the privileges of a certificate holder or firm without the need to register or obtain a Colorado certificate.

Requirements

- Individual holds a valid CPA certificate from a “substantially equivalent state or territory,” or
- Individual is deemed to have “substantially equivalent” qualifications
- The individual’s principal place of business is not in this state
- No notice required
- Subject to Colorado disciplinary authority



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Chapter 1.11: Practice Privilege/Mobility

In order to implement Colorado Senate Bill 20-007 concerning treatment for substance use disorders, the Grounds for Disciplinary Orders section of this Chapter has been deleted and replaced with a reference to the grounds for discipline noted in the Accountancy Statute.

The term “alcohol” has been replaced with “substance abuse disorder” throughout.



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Chapter 1.12: Firm Requirements

This relatively new chapter includes

- Requirements for registration
- CPA firm names, the use of assumed or trade names, and the prevention of firm names being misleading
- Description, and the use of names relating to “Network Firms”
- Required firm notifications (change of name, status, form of business, termination, etc) 2018 change only requires ownership notification in majority ownership
- Renewal
- Providing services over the internet
- Required disclosures to the Board
- The Board added in 2018 that only notification of *majority* ownership was required.



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Chapter 1.12: Firm Requirements

A Firm name, including a Registrant’s name, is considered misleading if the name:

1. Implies the existence of a corporation if the Firm is not incorporated or is not a professional corporation.
2. Implies the existence of a partnership if the Firm is not such an entity.
3. Implies the existence of a limited liability company if the Firm is not a limited liability company.
4. Implies that the Firm is comprised of more than one Person if, in addition to the Owner, the Firm is not comprised of at least one other Owner or Person employed, professionally associated, or contractually related on a regular and continuous basis with the Firm.
5. Implies that more than one Individual in the Firm is a CPA if no more than one CPA is an Owner or is employed by, or professionally associated, or contractually related to the Firm on a regular and continuous basis.



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Chapter 1.12: Firm Requirements

6. Includes the name of a Person who is not a CPA in any State or is not a CPA or its legal equivalent in a foreign country if the title "CPA" is included in the Firm's name.
7. Indicates or implies an association with Persons who are not members of the Firm, unless the Firm is a Network Firm
8. Contains any representation that would likely cause a reasonable person to be misled or confused about the Firm's legal entity
9. Contains any representation that would likely cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities.
10. Claims or implies the ability to influence a regulatory body or official.
11. Includes the name of any Licensee whose license or registration has been revoked or discipline
12. Contains implications that cause a reasonable person to be deceived



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Board of Accountancy Policies

- Application processing
- Certificates
- Education requirements
- Examinations
- Complaints
- Grounds for Denial and Sanctions
- General



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Disciplinary Process

Section 4



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Disciplinary Process

A Complaint is Filed

1. Traditional complaint
2. Board-initiated complaint
3. "Anonymous correspondence"



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Disciplinary Process

A Complaint is Processed

1. Board consideration
2. Dismissal
3. Refer to investigation
4. Refer to Attorney General's Office for disposition
 - a. Stipulated Settlement
 - b. Hearing before A.L.J
 - c. Hearing before Board



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Disciplinary Process

Administrative Penalties

1. Deny the issuance
2. Refuse to renew
3. Revoke
4. Suspend
5. Fine
6. Censure
7. Issue letter of admonition
8. Place on probation
9. Impose other conditions or limitations



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Thank You!

Presented by



Prepared by: Rosemary E. Weiss, Retired CPA

Appendices

Colorado Revised Statutes 2019

TITLE 12

PROFESSIONS AND OCCUPATIONS

ARTICLE 100 ACCOUNTANTS

Editor's note: This title 12 was repealed and reenacted, with relocations, in 2019, resulting in the addition, relocation, or elimination of sections as well as subject matter. For amendments to this title 12 prior to 2019, consult the 2018 Colorado Revised Statutes and the Colorado statutory research explanatory note beginning on page vii in Title 12, 2019 Colorado Revised Statutes. Former C.R.S. section numbers are shown in editor's notes following those sections that were relocated. For a detailed comparison of this title 12, see the comparative tables located in the back of the index or <https://leg.colorado.gov/sites/default/files/images/olls/title-12-2019-comparative-table.pdf>

Cross references: For practicing a profession or operating a business without a license, see § 16-13-306; for rule-making procedures and license suspension and revocation procedures by state agencies, see article 4 of title 24; for an alternative disciplinary action for persons licensed, registered, or certified pursuant to this title 12, see § 24-34-106; for disposition of money collected under this title 12, see §§ 24-35-101 and 24-36-103.

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TITLE 12
PROFESSIONS AND OCCUPATIONS

ARTICLE 100
ACCOUNTANTS

12-100-101. Legislative declaration. (1) It is declared to be in the interest of the citizens of the state of Colorado and a proper exercise of the police power of the state of Colorado to provide for the licensing and registration of certified public accountants, to ensure that persons who hold themselves out as possessing professional qualifications as certified public accountants are, in fact, qualified to render accounting services of a professional nature, and to provide for regulation of certified public accountants employed, serving clients, or doing business in Colorado and the maintenance of high standards of professional conduct by those licensed and registered as certified public accountants. Because of the customary reliance by the public upon audited financial statements and upon financial information presented with the opinion or certificate of persons purporting to possess expert knowledge in accounting or auditing, it is further declared to be in the interest of the citizens to limit and restrict, under the circumstances set forth in this article 100, the issuance of opinions or certificates relating to accounting or financial statements that utilize or contain wording indicating that the author has expert knowledge in accounting or auditing or that purport to express an independent auditor's opinion as to financial position, financial results of operations, changes in financial position, reliability of financial information, or compliance with conditions established by law or contract to persons licensed or registered pursuant to this article 100.

(2) It is declared that the state board of accountancy may invoke discipline proactively with regard to certified public accountants employed, serving clients, or doing business in Colorado when required for the protection of the public health, safety, and welfare of the citizens of this state.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 793, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-101 as it existed prior to 2019.

12-100-102. Applicability of common provisions. Articles 1 and 20 of this title 12 apply, according to their terms, to this article 100.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 793, § 1, effective October 1.

12-100-103. Definitions - rules. As used in this article 100, unless the context otherwise requires:

(1) "Accredited college or university" means either:

(a) A college or university that is accredited by one of the following regional accrediting agencies or their successor agencies:

- (I) The Middle States Association of Colleges and Schools;
- (II) The North Central Association of Colleges and Schools;
- (III) The New England Association of Schools and Colleges;
- (IV) The Northwest Commission on Colleges and Universities;
- (V) The Southern Association of Colleges and Schools;
- (VI) The Accrediting Commission for Schools, Western Association of Schools and

Colleges; or

(b) A college or university that meets academic standards substantially equivalent to the standards of the agencies specified in subsection (1)(a) of this section. The board shall establish by rule what constitutes substantially equivalent academic standards.

(2) "Board" means the state board of accountancy created in section 12-100-104.

(3) "Foreign corporation" means a corporation organized under the laws of another state that meets the requirements of section 12-100-114 (11).

(4) "Foreign limited liability company" means a limited liability company organized under the laws of another state that meets the requirements of section 12-100-114 (11).

(5) "Limited liability company" means a limited liability company organized for the sole purpose of providing professional services to the public customarily performed by certified public accountants and includes foreign limited liability companies.

(6) "Peer review" means a study, appraisal, or review by an independent certified public accountant of one or more aspects of the professional work of another certified public accountant or of a registered partnership, corporation, or limited liability company that issues attest or compilation reports.

(7) "Person" includes individuals, partnerships, professional corporations, and limited liability companies.

(8) "Professional corporation" means a corporation organized for the sole purpose of providing professional services to the public customarily performed by certified public accountants and includes foreign corporations.

(9) "State" means any state, territory, or insular possession of the United States and the District of Columbia.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 793, § 1, effective October 1; (1)(a) amended, (SB 19-155), ch. 235, p. 2334, § 12, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-102 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

- (a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-104. State board of accountancy - subject to termination. (1) The state board of accountancy is hereby created and consists of seven members appointed by the governor. Each member of the board shall be a citizen of the United States and a resident of this state. Five members of the board shall be holders of valid certified public accountant certificates issued under the laws of this state, a majority of whom are engaged in active practice as certified public accountants. Two members of the board shall be members of the public who do not hold a certified public accountant certificate. Members shall be appointed for terms of four years each. Any vacancy occurring during a term shall be filled by appointment by the governor for the unexpired term. Upon the expiration of a member's term of office, the member shall continue to serve until a successor is appointed. In no event shall a member of the board serve more than two consecutive terms. The governor shall remove from the board any member whose certificate has become void or has been revoked or suspended and may remove any member of the board for neglect of duty, misconduct, or incompetence.

(2) A majority of the board shall constitute a quorum for the transaction of business.

(3) In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this article 100, a copy of the records of the board certified as correct by the board shall be admissible in evidence as being the records of the board.

(4) The disclosure of reports or working papers subpoenaed by the board or any person or group authorized by the board to conduct an investigation into audit or review attest activities of a certified public accountant or certified public accounting firm pursuant to section 13-90-107 (1)(f)(III) or (1)(f)(IV) that is not in good faith shall subject the member of the board, person, or group to civil liability for damages to be determined by a court of competent jurisdiction.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 794, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-103 as it existed prior to 2019.

12-100-105. Powers and duties of board. (1) The board has the power and duty to:

(a) Elect annually from among its members a chair and prescribe the duties of such office;

(b) Make rules pursuant to the provisions of article 4 of title 24 and section 12-20-204;

(c) Make appropriate rules of professional conduct in order to establish and maintain a high standard of integrity in the profession of public accounting. Any rule of professional conduct applies with equal force to all persons holding certificates under this article 100. No rule of professional conduct shall be promulgated that will work to the disadvantage of one group and in favor of another. Every person practicing as a certified public accountant in the state shall be governed and controlled by the rules. All rules of professional conduct shall be promulgated pursuant to the provisions of article 4 of title 24.

(d) Prescribe forms for and receive applications for certificates and grant certificates, including contracting with people to receive and review the applications as the agent of the board;

(e) Give examinations to applicants and, as necessary, contract for assistance in administering the examination;

(f) Take disciplinary or other action as authorized in section 12-20-404 against any person who, while holding a certificate, violates this article 100; issue confidential letters of concern under the circumstances specified in section 12-20-404 (5); issue cease-and-desist orders under the circumstances and in accordance with the procedures specified in section 12-20-405; or impose other conditions and limitations;

(g) Keep a record of all certificates, suspensions, and revocations and of the board's own proceedings;

(h) Administer this article 100 and exercise and perform any other powers and duties granted or directed by the general assembly;

(i) Collect all fees prescribed by this article 100.

(2) Publications of the board circulated in quantity outside the executive branch shall be issued in accordance with the provisions of section 24-1-136.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 795, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-104 as it existed prior to 2019.

12-100-106. Fees. (1) A fee authorized to be established pursuant to section 12-20-105 shall be paid for each application made to the board, whether it is an application for examination or reexamination or for issuance, renewal, reactivation, or reinstatement of a certificate of certified public accountant, an application for registration with the board as a public accounting firm, or any other application requiring formal action or consideration by the board. The fee required shall not be returnable irrespective of the action taken by the board.

(2) A fee authorized to be established pursuant to section 12-20-105 shall be paid for each examination in which the candidate is examined in the subjects prescribed by the board.

(3) Any person making application for a certificate of certified public accountant under section 12-100-111 shall pay a fee authorized to be established pursuant to section 12-20-105 in addition to the fee required in subsection (1) of this section.

(4) Nothing in this section shall be construed to authorize the board to impose any notice, fee, or other submission requirement on a certified public accountant or registered public accountant from another state or a foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company, that is practicing accountancy in this state pursuant to section 12-100-117 (2).

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 796, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-106 as it existed prior to 2019.

12-100-107. Certificate of certified public accountant - issuance - renewal - reinstatement - rules. (1) The board shall grant a certificate of certified public accountant to any applicant who:

(a) Meets the requirements of section 12-100-111;

(b) Satisfies the board of the applicant's continued competence; or

(c) (I) Passes a written examination pursuant to section 12-100-109; and

(II) Meets the requirements of section 12-100-108.

(2) All certificates issued pursuant to this article 100 are subject to the renewal, expiration, reinstatement, and delinquency fee provisions specified in section 12-20-202 (1) and (2). Any person whose certificate has expired shall be subject to the penalties provided in this article 100 or section 12-20-202 (1).

(3) Any person who practices certified public accounting after the expiration of his or her certificate shall be practicing in violation of this article 100. The board may refuse to reactivate or reinstate any expired certificate for conduct that constitutes a violation of this article 100.

(4) Effective on the first renewal period established by the board after May 31, 2011, the board shall not renew the certificate of a holder who issues attest or compilation reports unless the certificate holder performs public accounting within a partnership, professional corporation, or limited liability company or the certificate holder has undergone a peer review conducted according to rules promulgated by the board that meet the standards for performing and reporting on a peer review of the American Institute of Certified Public Accountants or an equivalent standard.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 797, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-108 as it existed prior to 2019.

12-100-108. Educational and experience requirements - rules. (1) On and after July 1, 2015, a person meets the educational and experience requirements necessary to be issued a certificate of certified public accountant if the applicant:

(a) (I) Has a baccalaureate or higher degree conferred by an accredited college or university with an accounting program approved by the board or has a baccalaureate with a nonaccounting concentration supplemented by what the board determines to be the equivalent of an accounting concentration, including related courses in other areas of business administration; and

(II) Has completed at least one hundred fifty semester hours of college education approved by the board;

(b) Has successfully completed a course of study concerning the subject of professional ethics approved by the board and passed a written examination concerning the subject prepared and given by educational institutions or professional organizations deemed qualified by the board to administer the examination; and

(c) Has one year's experience that:

(I) Meets the requirements set by the board by rule;

(II) Is in any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, which may be gained through employment in government, industry, academia, or public practice; and

(III) Is verified by an actively licensed certified public accountant who meets the requirements set by the board by rule.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 798, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-109 as it existed prior to 2019.

12-100-109. Examinations - reexaminations - rules. (1) The board shall provide licensure examinations as often as necessary to provide candidates a reasonable opportunity to take the examination. Examinations shall adequately test a candidate's knowledge of accounting, auditing, and any other related subject the board deems relevant and necessary. Any additional examination subject shall be designated by the board by rule. The board shall set the passing score for an examination at a level to adequately reflect the minimum level of competency necessary for the practice of accountancy.

(2) The board shall establish by rule the standards for granting conditional examination credit for candidates who pass one or more but not all of the sections of the examination.

(3) The board may use the standard examinations and advisory grading service promulgated by the American Institute of Certified Public Accountants, which examination shall be deemed prima facie to meet the requirements of this section.

(4) A candidate for a certificate of certified public accountant who meets the educational requirements set by the board by rule is entitled to take an examination.

(5) Any candidate who has passed any or all sections of an examination in another state shall be credited for passing the sections if the sections passed are determined by the board to be equivalent to sections of the examination offered in this state and if the testing requirements in the other state are substantially the same as in this state.

(6) If a candidate fails an examination or fails to pass in all subjects as provided in subsection (5) of this section, the board may require the candidate to take additional study before taking another examination.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 798, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-111 as it existed prior to 2019.

12-100-110. Approval of schools. (1) The board shall approve the accounting program of the schools that meet the following requirements:

(a) The school has a curriculum designed to give the candidate proficiency in those subjects in which the candidate must pass an examination to be licensed.

(b) The school shall have adequate equipment and resources, including suitable facilities for practical instruction and shall maintain an adequate professional library. It shall provide a sufficient number of full-time salaried instructors with satisfactory professional training. It shall provide a satisfactory major in accountancy and allied subjects. It shall require for admission the satisfactory completion of an approved four-year secondary school course of study or the equivalent.

(2) If any applicant is a graduate from a school that has not at the time of the filing of the application been approved by the board, the board may make an investigation to determine whether or not the school did, at the time of the applicant's attendance, meet the requirements set forth in subsection (1) of this section. If the board finds that the school did, at that time, meet the requirements set forth in that subsection, the board may approve the school as of the time of the applicant's graduation from the school.

(3) The board may, after a hearing, withdraw its approval of any school that fails to meet the requirements of the law and the standards of the board. The board shall give notice to the school complained against and shall hold a hearing on the complaint within a reasonable time after notice is given.

(4) Before disapproving any school for which approval is sought, the board shall give notice to the school of its contemplated action and shall hold a hearing within a reasonable time after notice is given, affording the school an opportunity to be heard.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 799, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-112 as it existed prior to 2019.

12-100-111. Issuance of certificate by reciprocity or by passing examination of another state. (1) The board, in its discretion, may waive the examination of persons qualified under this subsection (1) and may issue a certificate of certified public accountant to:

(a) Any person who is the holder of a certificate of certified public accountant issued after examination under the laws of another state and who possesses the qualifications prescribed in section 12-100-107 for an applicant applying for a certificate as of the time of the issuance of the certificate by the other state or possesses substantially equivalent qualifications;

(b) A person who has passed an examination under the laws of another state and who possesses the qualifications prescribed in section 12-100-107 at the time the person applies for a certificate in this state or possesses substantially equivalent qualifications; or

(c) Any person who is the holder of a certificate, license, or degree in a foreign country that constitutes a recognized qualification for the practice of public accounting in the country, is comparable to that of a certified public accountant in this state, and is in full force and effect.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 800, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-113 as it existed prior to 2019.

12-100-112. Use of the title "certified public accountant". (1) (a) A person who has received from the board and holds an active certificate of certified public accountant shall be styled and known as a certified public accountant and may also use the abbreviation "C.P.A."

(b) A partnership, professional corporation, or limited liability company of certified public accountants that is registered under this article 100 may use the words "certified public accountants" or the abbreviation "C.P.A.s" in connection with its partnership, professional corporation, or limited liability company name.

(2) A person authorized to use the title "certified public accountant" or the abbreviation "C.P.A." shall provide to any client residing in or headquartered in Colorado, during the course of an engagement, an address and telephone number for the certified public accountant's firm or, in the case of a sole practitioner, the address and telephone number of the sole practitioner.

(3) (a) Except as authorized in subsection (4) of this section, a person shall not assume or use the title or designation "certified public accountant", the abbreviation "C.P.A.", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the

person is a certified public accountant unless the person holds a certificate as a certified public accountant issued under this article 100 or under the laws of any other state. A person who is inactive pursuant to section 12-100-113 (2) may use the title "inactive certified public accountant" or "inactive C.P.A."

(b) Except as authorized by subsection (1) or (4) of this section, an individual, partnership, professional corporation, or limited liability company shall not assume or use any title or designation using the word "certified", "registered", "chartered", "enrolled", "licensed", "independent", or "approved" in conjunction with the word accountant or auditor or any abbreviation thereof or any title, designation, or abbreviation likely to be confused with "certified public accountant" or the abbreviation "C.P.A.", including the terms "chartered accountant" and "certified accountant" and the abbreviation "C.A."

(c) Except as authorized in subsection (4) of this section, a partnership, professional corporation, or limited liability company shall not assume or use the title or designation "certified public accountants", the abbreviation "C.P.A.s", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership, professional corporation, or limited liability company is composed of certified public accountants unless the partnership, professional corporation, or limited liability company is registered as a partnership, professional corporation, or limited liability company of certified public accountants under this article 100 or the laws of any other state.

(4) (a) A certified public accountant from another state or jurisdiction of the United States who is practicing in this state pursuant to section 12-100-117 may use the title "certified public accountant", the abbreviation "C.P.A.", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(b) A foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company that is practicing in this state pursuant to section 12-100-117 may use the title or designation "certified public accountants", the abbreviation "C.P.A.s", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership, corporation, or limited liability company is composed of certified public accountants.

(c) Notwithstanding any other provision of law to the contrary, an individual subject to section 12-100-116 (1)(a)(II) may use an accounting designation that includes the word "management" conferred by a bona fide nationally recognized accounting organization, such as the American Institute of CPAs, the Chartered Institute of Management Accountants, or the Institute of Management Accountants, or their successor organizations, if the designation does not purport to confer the right to perform audit or attest services as defined by any state or foreign jurisdiction.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 800, § 1, effective October 1; (3)(a) amended and (4)(c) added, (SB 19-155), ch. 235, p. 2334, § 13, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-115 as it existed prior to 2019. (2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1,

2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-113. Status - retired - inactive. (1) **Retired status.** (a) Any person who has received from the board and holds a certificate of certified public accountant, including an expired certificate of certified public accountant that remains subject to renewal, reactivation, or reinstatement, may apply to the board for retired status. The board may grant retired status by issuing a retired status certificate of certified public accountant to any person who meets established conditions prescribed by the board.

(b) Any person issued a retired status certificate of certified public accountant may be styled and known as a "retired certified public accountant" or "retired C.P.A."

(c) During the time a certified public accountant remains in a retired status, the person shall not perform those acts set forth in section 12-100-116 (1)(a) and (1)(b). The board retains jurisdiction over retired status certified public accountants.

(2) **Inactive status.** (a) The holder of a certificate of certified public accountant, upon notice to the board in any form or manner designated by the board, shall have the holder's name transferred to an inactive list and shall not be required to comply with the continuing education requirements for certificate renewal pursuant to section 12-100-115 so long as the holder remains inactive. Each inactive certificent shall register in the same manner as active certificate holders and pay a fee pursuant to section 12-20-202 (1). To resume the practice of public accounting as a certified public accountant, the holder must file an application, meet any education requirements imposed by the board, and pay a fee as established by the director.

(b) During the time a certified public accountant remains in an inactive status, the certified public accountant shall not perform those acts restricted to active certified public accountants pursuant to section 12-100-116 (1)(a). The board retains jurisdiction over inactive certified public accountants for the purposes of disciplinary action pursuant to section 12-100-120.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 801, § 1, effective October 1; entire section amended, (SB 19-155), ch. 235, p. 2334, § 14, effective October 1.

Editor's note: (1) (a) This section is similar to former § 12-2-115.5 as it existed prior to 2019.

(b) § 12-100-119 was relocated to subsection (2) in 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1,

2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-114. Partnerships, professional corporations, and limited liability companies composed of certified public accountants - registration - rules - definitions. (1) Except as provided in section 12-100-117 (2), a partnership, professional corporation, or limited liability company engaged in this state in the practice of public accounting as certified public accountants shall register with the board as a partnership, professional corporation, or limited liability company of certified public accountants and must meet the following requirements; and, as used in this article 100, "partnership" includes a registered limited partnership, limited liability partnership, limited liability limited partnership, foreign limited partnership, foreign limited liability partnership, and foreign limited liability limited partnership:

(a) At least one partner, shareholder, or member who shall also be a director or manager thereof must be a certified public accountant or registered firm of this state in good standing.

(b) A simple majority of the ownership of a certified public accounting firm doing business as a public accounting firm in Colorado, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, shall be licensed certified public accountants in good standing in this state or another state.

(c) Any other partner, shareholder, or member thereof may, but need not, be a certified public accountant of some state, in good standing, or a registered firm in this state who at all times owns the person's partnership interest, corporate share, or membership interest in the person's own right.

(d) Each resident manager in charge of an office of the partnership, professional corporation, or limited liability company in this state must be a certified public accountant of this state in good standing.

(2) (a) (I) Application for registration shall be made upon the affidavit of a partner of the partnership, of a shareholder of the professional corporation, or of a member of the limited liability company who is a certified public accountant of this state in good standing and shall provide:

(A) The names and addresses of the persons who are practicing public accounting for the partnership, professional corporation, or limited liability company;

(B) The names and addresses of the persons who are not certified public accountants, but who are partners of a partnership, shareholders of a professional corporation, or members of a limited liability company;

(C) Disclosure of all of the states in which the partnership, professional corporation, or limited liability company is licensed, registered, or permitted to practice. The application shall also disclose all of the states in which licensure, registration, or permission to practice has been denied, suspended, or revoked.

(D) Any other information the board may reasonably request; and
(E) A registration fee, the amount of which shall be set by the board, to cover the board's administrative costs.

(II) Each member of the partnership, professional corporation, or limited liability company may receive a copy of the application.

(III) The partner, shareholder, or member designated by the firm shall notify the board in writing within thirty days after any change in the partnership, professional corporation, or limited liability company, including:

(A) Identities and numbers of partners, shareholders, members, managers, or officers;
and

(B) Location of places of business of the partnership, professional corporation, or limited liability company.

(IV) The board may suspend or revoke the registration of or impose any other discipline the board sees fit to administer to a partnership, professional corporation, or limited liability company that fails to notify the board of any changes outlined in subsection (2)(a)(III) of this section.

(b) The board shall in each case determine whether the applicant is eligible for registration.

(3) Each firm registration issued pursuant to this article 100 is subject to the renewal, expiration, reinstatement, and delinquency fee provisions specified in section 12-20-202 (1) and (2). A firm whose registration has expired shall be subject to the penalties provided in this article 100 or section 12-20-202 (1).

(4) As used in subsection (5) of this section, "employee" includes a member of a limited liability company and a partner in a limited partnership, limited liability partnership, or limited liability limited partnership or foreign limited partnership, limited liability partnership, or limited liability limited partnership.

(5) The corporation must be in compliance with the "Colorado Business Corporation Act", articles 101 to 117 of title 7, and, to the extent applicable under section 7-117-103, with the "Colorado Corporation Code", articles 1 to 10 of title 7, as those articles existed prior to their repeal on July 1, 1994. The limited liability company must be in compliance with the "Colorado Limited Liability Company Act", article 80 of title 7. The organizing documents of any partnership, the articles of incorporation of any corporation, or the articles of organization of any limited liability company shall contain provisions complying with the following requirements:

(a) The partnership, corporation, or limited liability company shall be organized solely for the purpose of practicing accountancy and other activities as may from time to time be specifically found by the board to be activities suitable and proper to be performed by certified public accountants only through or under the supervision of at least one person who holds a certificate to practice public accounting as a certified public accountant.

(b) Each partner who is personally engaged within this state in the practice of public accounting shall be a certified public accountant of this state in good standing, and each partner not personally engaged within this state in the practice of public accounting may, but need not, be a certified public accountant of some state in good standing. The president of any such corporation shall be a shareholder and a director, and one or more of the directors shall be certified public accountants of this state in good standing. The manager or managers of any such limited liability company shall be a member or members and one or more of the managers shall

be certified public accountants of this state in good standing. Lay directors and officers and managers shall not exercise any authority whatsoever over professional matters.

(c) All partners, shareholders of the corporation, or members of the limited liability company shall be jointly and severally liable for all acts, errors, and omissions of the employees of the partnership, corporation, or limited liability company except during periods of time when the partnership, corporation, or limited liability company maintains in good standing professional liability insurance, or designated or segregated money in lieu of the professional liability insurance, that meets the standards set forth in subsections (5)(c)(I) to (5)(c)(V) of this section:

(I) The insurance shall insure the partnership, corporation, or limited liability company against liability imposed upon the partnership, corporation, or limited liability company by law for damages resulting from any claim made against the partnership, corporation, or limited liability company arising out of acts, errors, and omissions committed in the performance of professional services for others by those employees of the partnership, corporation, or limited liability company who hold certificates to practice public accounting as certified public accountants.

(II) The policies shall insure the partnership, corporation, or limited liability company against liability imposed upon it by law for damages arising out of the acts, errors, and omissions of all other employees.

(III) The insurance shall be in an amount for each claim of at least fifty thousand dollars multiplied by the number of certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state, and the policy may provide for an aggregate top limit of liability per year for all claims of one hundred fifty thousand dollars also multiplied by the number of certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state; except that no firm shall be required to carry insurance in excess of three hundred thousand dollars for each claim with an aggregate top limit of liability for all claims during the year of one million dollars and except that the board, in the public interest, may adopt rules increasing the minimum amounts of insurance coverage required by this subsection (5). A policy of insurance obtained in accordance with this subsection (5)(c)(III) may be issued on a claims-made or occurrence basis.

(IV) (A) The policy may provide that it does not apply to: Any dishonest, fraudulent, criminal, or malicious act or omission of the insured partnership, corporation, or limited liability company or any partner, stockholder, member, or employee thereof; the conduct of any business enterprise in which the insured partnership, corporation, or limited liability company under this article 100 is not permitted to engage but which nevertheless may be owned by the insured partnership, corporation, or limited liability company or in which the insured partnership, corporation, or limited liability company may be a partner or which may be controlled, operated, or managed by the insured partnership, corporation, or limited liability company in its own or in a fiduciary capacity including the ownership, maintenance, or use of any property in connection therewith; and bodily injury to, or sickness, disease, or death of, any person, or to injury to or destruction of any tangible property, including the loss of use thereof.

(B) The policy may be of a type reasonably available in the commercial insurance market and may contain reasonable provisions with respect to policy periods, territory, claims, conditions, exclusions, and other usual matters.

(C) The policy may provide for a deductible, or self-insured retained amount, and may provide for the payment of defense or other costs out of the stated limits of the policy, in either or both cases, all partners, shareholders of the corporation, or members of the limited liability

company shall be jointly and severally liable for all acts, errors, and omissions of the employees of the partnership, corporation, or limited liability company to the extent of the amount of the deductible or retained self-insurance, and the amount, if any, by which the payment of defense costs reduces the insurance remaining available for the payment of claims below the minimum limit of insurance required by this subsection (5)(c).

(V) A partnership, corporation, or limited liability company may maintain, in lieu of the insurance specified in subsection (5)(c)(III) of this section, money specifically designated and segregated as security for the payment of liabilities imposed by law against the partnership, corporation, or limited liability company, or its partners, shareholders, or members, arising out of claims of the type specified in subsections (5)(c)(I) and (5)(c)(II) of this section, in the amount of at least fifty thousand dollars multiplied by the number of certified public accountants employed by or members of the partnership, corporation, or limited liability company within this state; except that the amount is not required to exceed one million dollars and except that the board, in the public interest, may adopt rules increasing the minimum amount of designated and segregated money required by this subsection (5)(c)(V). The partnership, corporation, or limited liability company remains in compliance with this section notwithstanding amounts paid from the designated or segregated money in any one calendar year in settling or discharging the claims, so long as the amount of the designated and segregated money is increased to at least the minimum required amount as of the first business day of the next calendar year. A partnership, corporation, or limited liability company is in compliance with this subsection (5)(c)(V) if it maintains money in the required amount in trust or in bank escrow in the form of cash, bank certificates of deposit, or United States treasury obligations, or maintains in effect bank unconditional, irrevocable letters of credit in the required amount or insurance or surety company bonds in the required amount. The money or equivalency shall be maintained in or issued by a qualified United States financial institution as defined by section 10-1-102 (17).

(d) A partnership name shall be ended by words or abbreviations permitted pursuant to the law under which the partnership is organized. The corporate name shall be ended by the word "Corporation" or "Incorporated" or by the words "Professional Corporation" or by the abbreviations "Corp.", "Inc.", or "P.C." The name of any limited liability company shall be ended by the words "Limited Liability Company" or the abbreviation "LLC" or the word limited may be abbreviated as "Ltd.", and the word company may be abbreviated as "Co." An assumed or trade name may be used if it is not misleading and clearly indicates that the firm is engaged in providing accounting services.

(6) No limited liability company, limited liability partnership, limited partnership, or limited liability limited partnership, or foreign limited partnership, limited liability partnership, or limited liability limited partnership engaged in the practice of public accounting in this state and in one or more other jurisdictions shall be required to include a provision in its articles of organization or organizing documents as otherwise required by subsection (5) of this section, but shall be subject, with respect to the practice of public accounting within this state, to the requirements of subsections (5)(a) to (5)(d) of this section.

(7) The board shall not renew the registration of a firm that issues attest or compilation reports unless the registered partnership, professional corporation, or limited liability company has undergone a peer review conducted according to rules promulgated by the board that meet the standards for performing and reporting on a peer review of the American Institute of Certified Public Accountants or an equivalent standard.

(8) The partnership, corporation, or limited liability company may exercise the powers and privileges conferred upon partnerships, corporations, and limited liability companies by the laws of Colorado in furtherance of and subject to its partnership, corporate, or limited liability company purposes and may invest its funds in a manner not incompatible with the practice of public accounting as certified public accountants. Any stock purchased by the corporation, or membership interest purchased by the limited liability company or partnership interest purchased by the partnership, may be made out of capital as well as surplus without regard to the impairment of the partnership capital, corporation capital, or limited liability company capital.

(9) The partnership, corporation, or limited liability company shall do nothing in this state that, if done by a person who holds a certificate as a certified public accountant within this state and employed by it, would violate the provisions of this article 100. Any violation by the partnership, corporation, or limited liability company of this article 100 shall be grounds for the board, in accordance with section 12-20-404, to deny, revoke, suspend, or refuse to renew the registration, or the board may fine, issue a confidential letter of concern to, issue a letter of admonition to, or place on probation the registrant.

(10) Nothing in this section shall diminish or change the obligation of each person who holds a certificate of certified public accountant employed by the partnership, corporation, or limited liability company within this state to conduct the person's practice in accordance with the provisions of this article 100. Any person who holds a certificate to practice public accounting as a certified public accountant who, by act or omission, causes the partnership, corporation, or limited liability company to act or fail to act in a way that violates this article 100 is personally responsible for the act or omission and subject to discipline therefor.

(11) Foreign partnerships, corporations, limited partnerships, limited liability limited partnerships, or limited liability companies may engage in the practice of public accounting in this state as certified public accountants so long as their organizing documents, articles of incorporation, or articles of organization provide that the partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company is organized solely for the purpose of practicing accountancy and such other activities as may from time to time be specifically found by the board to be activities suitable and proper to be performed by certified public accountants and comply with and meet the requirements of subsection (5) of this section.

(12) Except as provided in this section, partnerships, professional corporations, and limited liability companies shall not practice public accounting as certified public accountants.

(13) Nothing in this section shall modify the accountant-client privilege specified in section 13-90-107 (1)(f).

(14) When any law of this state or any rule of any agency or other authority established under the constitution or laws of this state requires or authorizes any audit, financial report, or statement to be made, approved, or certified by a certified public accountant, the audit, report, or statement may be made, approved, or certified by a partnership, professional corporation, or limited liability company registered in this state.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 802, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-117 as it existed prior to 2019.

12-100-115. Continuing education - rules. (1) (a) As a condition of renewing, reactivating, or reinstating a certificate of certified public accountant, every applicant shall comply with continuing education requirements adopted by the board.

(b) A nonresident certificate holder applying to renew, reactivate, or reinstate a certificate of certified public accountant issued in this state that demonstrates compliance, through an attestation submitted with a renewal, reactivation, or reinstatement application, with the continuing education requirements for renewal, reactivation, or reinstatement of a certificate in the state in which the certificate holder's principal place of business is located is deemed to have satisfied the continuing education requirements of this section.

(2) The board shall promulgate rules governing the following:

(a) The basic requirements for continuing education; except that the board shall not require continuing education of more than eighty hours every two years;

(b) A delineation of qualifying programs;

(c) A system of control and reporting.

(3) In exercising its power under subsection (2) of this section, the board shall, as a basis for a high standard of practice by certified public accountants, establish requirements that will assure reasonable currency of knowledge. The requirements shall assure that a variety of alternative means of compliance with continuing education requirements are available to certificate holders and shall take cognizance of specialized areas of practice.

(4) The board shall make exceptions from continuing education requirements for holders of certificates who are not engaged in public practice or who cannot continue their education for reasons of health, military service, or other good cause. If the holders of certificates return to the practice of public accounting, the holders of certificates shall meet the continuing education requirements as the board may determine.

(5) The board shall determine in each case whether a holder of certificate of certified public accountant has complied with continuing education requirements adopted by the board or has demonstrated compliance, in accordance with subsection (1)(b) of this section, with the continuing education requirements of the state in which the certificate holder's principal place of business is located.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 807, § 1, effective October 1; (1) and (5) amended, (SB 19-155), ch. 235, p. 2335, § 15, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-119 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-116. Unlawful acts - definition. (1) (a) (I) No person, partnership, professional corporation, or limited liability company shall issue, author, or publish any opinion or certificate relating to any accounting or financial statement if the opinion or certificate utilizes any title or designation, the use of which is prohibited by law.

(II) A person, partnership, professional corporation, or limited liability company shall not, without an active certificate of certified public accountant or a valid registration:

(A) As an independent auditor, make or conduct an investigation, examination, or audit of the financial statements or supporting records of any person, organization, or corporation, to determine the accuracy or fairness with which they present the financial position, changes in financial position, or financial results of operations of the person, organization, or corporation;

(B) Attest or express an opinion, as an independent auditor, as to the financial position, changes in financial position, or financial results of the operation of any person, organization, or corporation, or as to the accuracy or reliability of any financial information contained in any such accounting or financial statement.

(C) Offer audit or attest services to the public if the person uses a title or designation specified in section 12-100-112 (4)(c);

(D) Establish, participate in, or promote a business that uses a title or designation specified in section 12-100-112 (4)(c) in its marketing if the business is not currently registered pursuant to this article 100; or

(E) Notwithstanding any provision of this section to the contrary, offer or render tax services to the public while using a title or designation specified in section 12-100-112 (4)(c), unless doing so within a partnership, professional corporation, or limited liability company of certified public accountants that holds a registration or permit issued by the board of this state or another state.

(III) The requirement in subsection (1)(a)(II) of this section that a person, partnership, professional corporation, or limited liability company have an active certificate of certified public accountant or a valid registration issued by the board shall not apply to a certified public accountant from another state or a foreign partnership, professional corporation, or limited liability company practicing accountancy in this state pursuant to section 12-100-117 (2).

(b) The provisions of subsection (1)(a) of this section shall not prohibit any officer or employee of a corporation, partner or employee of a partnership, member or employee of a limited liability company, or individual or employee of an individual from:

(I) Making or conducting the investigation, examination, or audit; or

(II) Issuing or authoring an assessment or certificate utilizing any wording designating the position, title, or office that the person holds concerning the financial affairs of the corporation, partnership, limited liability company, or individual.

(c) The provisions of subsection (1)(a) of this section shall not prohibit any act of a public official or public employee in the performance of his or her duties as such or affect the qualifications of any person to testify as a witness before any court or administrative agency of the state of Colorado who is determined to be qualified by the court or agency.

(d) The term "independent auditor" as used in this section shall mean any person or corporation engaged or employed to make or conduct an audit of the financial statements or supporting records of any person, organization, or corporation, to determine, on the basis of the

audit, the accuracy or fairness with which they present the financial position, changes in financial position, or financial results of operations of the person, organization, or corporation, other than an officer, employee, or partner of the person, organization, or corporation under audit.

(e) Except as set forth in subsection (1)(a)(II)(E) of this section, subsection (1)(a) of this section does not prohibit the performance by persons other than certified public accountants of other services involving the use of accounting skills, including the preparation of tax returns and the preparation of financial statements without the expression of opinions or assurances on the returns or statements.

(2) Except as set forth in subsection (1)(a)(II)(E) of this section, nothing in this section shall be construed to prohibit any person from preparing or assisting in the preparation of any report or tax return to any agency of the federal, state, or local government or other political subdivision if the preparation or assistance is otherwise permissible under law or under the regulations of the agency or from affixing the signature of the person or firm so preparing or assisting in the preparation of the report or return to the report or return.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 808, § 1, effective October 1; IP(1)(a)(II), (1)(e), and (2) amended and (1)(a)(II)(C), (1)(a)(II)(D), and (1)(a)(II)(E) added, (SB 19-155), ch. 235, p. 2336, § 16, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-120 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-117. Exceptions - acts not prohibited - rules. (1) Nothing in this article 100 shall prohibit any person who is not a certified public accountant from serving as an employee of or an assistant to a certified public accountant holding an active certificate or serving as an employee or assistant of a validly registered partnership, professional corporation, or limited liability company composed of certified public accountants. The employee or assistant shall not issue any accounting or financial statement over his or her name.

(2) (a) (I) Nothing in this article 100 prohibits a certified public accountant whose principal place of business is located in another state or jurisdiction of the United States from practicing in this state on professional business, as defined by rules promulgated by the board. The practice shall be conducted in conformity with rules promulgated by the board.

(II) Notwithstanding the requirements of section 12-100-114, a foreign partnership, corporation, limited partnership, limited liability partnership, limited liability limited partnership, or limited liability company may engage in the practice of accountancy in this state without

registering with the board if the practice is incident to the entity's regular practice outside this state, as defined by the board. The entity shall conduct the practice in conformity with rules promulgated by the board.

(b) Nothing in this article 100 shall prohibit an accountant who holds a certificate, degree, or license in a foreign country, constituting a recognized qualification for the practice of public accounting in the country, from practicing in this state on professional business incident to his or her regular practice outside this state, as defined by the board. The practice shall be conducted in conformity with rules promulgated by the board.

(c) A certified public accountant from another state or jurisdiction of the United States who is practicing in this state pursuant to this subsection (2) and the firm that employs the certified public accountant simultaneously consent, as a condition of practicing in this state:

(I) To be subject to the jurisdiction of and disciplinary authority of the board;

(II) To comply with the requirements of this subsection (2) and rules promulgated by the board pursuant to this subsection (2);

(III) That, if the certified public accountant's certificate, license, or registration issued by the state in which the certified public accountant's principal place of business is located is no longer valid, the certified public accountant will cease to offer or render professional services in this state, either individually or on behalf of a firm; and

(IV) To appoint the state board or entity that issued a certificate, license, or registration to the certified public accountant as the agent for service of process in any action or proceeding brought by the board against the certified public accountant.

(d) The board may recover its reasonable costs incurred as part of its investigative, administrative, and disciplinary proceedings against a certified public accountant from another state or jurisdiction of the United States or from a foreign country if the board:

(I) Enters a final order against the certified public accountant, finding that the certified public accountant violated a provision of this article 100, a rule adopted by the board, or an order of the board with which the certified public accountant is obligated to comply and the board has the authority to enforce; or

(II) Enters into a consent or settlement agreement in which the board finds, or the certified public accountant admits or does not contest, that he or she violated a provision of this article 100, a rule adopted by the board, or an order of the board with which the certified public accountant is obligated to comply and the board has the authority to enforce.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 810, § 1, effective October 1; (2)(a) amended, (SB 19-155), ch. 235, p. 2336, § 17, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-121 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

- (a) Applies to conduct occurring on or after October 1, 2019; and
- (b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-118. Single act evidence of practice. Any person who displays, utters, or causes to be displayed or uttered a card, sign, advertisement, or other printed, engraved, or written instrument or device bearing the person's name in conjunction with the words "certified public accountant", the abbreviation "C.P.A.", or any title, designation, or abbreviation prohibited by section 12-100-112 may be presumed in any action brought under section 12-100-124 to have held himself or herself out to be a certified public accountant holding an active certificate of certified public accountant pursuant to section 12-100-107. In any legal action brought under this article 100, evidence of the commission of a single act prohibited by this article 100 is sufficient to justify an injunction.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 811, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-122 as it existed prior to 2019.

12-100-119. Inactive certificant. (Repealed)

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 811, § 1, effective October 1; entire section repealed, (SB 19-155), ch. 235, p. 2338, § 21, effective October 1.

Editor's note: (1) (a) This section was similar to former § 12-2-122.5 as it existed prior to 2019.

(b) This section was repealed and relocated to § 12-100-113 (2) in 2019.

(2) (a) Before its relocation in 2019, this section was repealed in SB 19-155, effective July 1, 2019. It was then also repealed in its current location in SB 19-155, effective October 1, 2019. See sections 11 and 21 of chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act repealing this section applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act repealing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-120. Grounds for disciplinary action - administrative penalties. (1) After notice and hearing as provided in section 12-100-123, the board may take disciplinary or other action as authorized in section 12-20-404 and impose other conditions or limitations on a person for any of the following causes:

(a) Fraud or deceit in obtaining or in attempting to obtain a certificate as a certified public accountant or in obtaining registration under this article 100;

(b) Fraud or negligence in the practice of public accounting in Colorado or any other state or in the filing of or failure to file the certified public accountant's own income tax returns;

(c) Violation of any provision of this article 100 or an applicable provision of article 20 of this title 12, of any final rule promulgated by the board, or of any valid agency order;

(d) Violation of a rule of professional conduct promulgated by the board under the authority granted by this article 100;

(e) Conviction of a felony or of a crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States. For the purposes of this subsection (1)(e), a plea of guilty or a plea of nolo contendere accepted by the court shall be considered as a conviction.

(f) Discipline taken against the person's authority to practice as a certified public accountant or a public accountant in any jurisdiction;

(g) Discipline taken against the person's right to practice before any state or federal agency or agency outside the United States or the public company accounting oversight board, created by the federal "Sarbanes-Oxley Act of 2002", 15 U.S.C. sec. 7201 et seq., as amended, for improper conduct or willful violation of the rules or regulations of the state or federal agency or the public company accounting oversight board;

(h) Without an active certificate of certified public accountant or a valid registration:

(I) Providing certified public accounting services to the public for a fee; or

(II) Acting as a resident manager of an entity that is subject to section 12-100-114;

(i) Failure to comply with the requirements for continuing education as prescribed by the board;

(j) An act or omission that fails to meet generally accepted accounting principles or generally accepted auditing standards in the profession;

(k) Use of false, misleading, or deceptive advertising;

(l) An alcohol use disorder, as defined in section 27-81-102, or a substance use disorder, as defined in section 27-82-102, or an excessive use of a habit-forming drug, controlled substance, as defined in section 18-18-102 (5), or alcohol beverage that renders the certified public accountant unfit to practice public accounting;

(m) Failure to retain records of the work performed for each client for a period of five years;

(n) Failure of a partnership, professional corporation, or limited liability company to register with the board pursuant to section 12-100-114 and to renew the registration as prescribed by the board;

(o) Fraudulent, coercive, or dishonest practices or demonstrated incompetence, untrustworthiness, or financial irresponsibility in Colorado, another state, a United States territory, or a foreign country.

(2) In considering the conviction of crimes, as provided in subsection (1)(e) of this section, the board shall be governed by the provisions of sections 12-20-202 (5) and 24-5-101.

(3) In addition to any other penalty that may be imposed pursuant to this section, any person violating this article 100 or any rules promulgated pursuant to this article 100 may be fined upon a finding of misconduct by the board as follows, either:

(a) In a proceeding against a certificand, a fine not in excess of five thousand dollars per violation; or

(b) In a proceeding against a registrant, a fine not in excess of ten thousand dollars per violation.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 812, § 1, effective October 1; IP(1) and (1)(h) amended and (1)(o) added, (SB 19-155), ch. 235, p. 2337, § 18, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-123 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-121. Response to board communication. A certificant shall, at the request of the board, respond to communications from the board within thirty days after the mailing of any communication.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 814, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-123.5 as it existed prior to 2019.

12-100-122. Revocation or suspension of partnership, professional corporation, or limited liability company registration. (1) After notice and hearing as provided in section 12-100-123, the board shall revoke the registration of a partnership, professional corporation, or limited liability company if, at the time of the hearing, the partnership, professional corporation, or limited liability company does not have all the qualifications prescribed by the section of this article 100 under which it qualified for registration.

(2) After notice and hearing as provided in section 12-100-123, the board may take disciplinary or other action against a registrant as authorized by section 12-20-404 for any of the causes enumerated in section 12-100-120 or for the following additional causes:

(a) The revocation, suspension, or refusal to renew the certificate of any partner, shareholder, or member;

(b) The cancellation, revocation, suspension, or refusal to renew the authority of the partnership or any partner thereof to practice public accounting in any other jurisdiction;

(c) The cancellation, revocation, suspension, or refusal to renew the authority of the professional corporation, limited liability company, or foreign corporation or limited liability company or any shareholder or member thereof to practice public accounting by any other state or federal jurisdiction, or jurisdiction outside the United States or the public company accounting

oversight board, created by the federal "Sarbanes-Oxley Act of 2002", 15 U.S.C. sec. 7201 et seq., as amended.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 814, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-124 as it existed prior to 2019.

12-100-123. Hearings before board - notice - procedure - review. (1) (a) The board may initiate proceedings under this article 100, either on its own motion or on the complaint of any person.

(b) The board, through the department, may employ administrative law judges on a full-time or part-time basis to conduct hearings as provided by this article 100 or on any matter within the board's jurisdiction upon such conditions and terms as the board may determine.

(2) Except as otherwise provided in this article 100, all proceedings before the board with respect to the denial, suspension, or revocation of certificates or registrations issued under this article 100 shall be conducted pursuant to the provisions of sections 12-20-403, 24-4-104, and 24-4-105.

(3) If, after having been served with the notice of hearing as provided for in this section, the accused fails to appear at the hearing and defend, the board may proceed to hear evidence against the accused and may enter such order as is justified by the evidence, which order shall be final unless the accused petitions for a review thereof as provided in this section. Within thirty days after the date of any order, upon a showing of good cause for failing to appear and defend, the board may reopen the proceedings and may permit the accused to submit evidence in his or her behalf.

(4) At all hearings, the attorney general of this state or one of the attorney general's designated assistants shall appear and represent the board.

(5) The decision of the board shall be by majority vote thereof.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 814, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-125 as it existed prior to 2019.

12-100-124. Investigations - findings - board actions - confidentiality of complaints. (1) The board, on its own motion based on reasonable grounds or on the signed, written complaint of any person, may investigate any person who has engaged, is engaging, or threatens to engage in any act or practice that constitutes a violation of any provision of this article 100. Actions under this section are governed by section 12-20-403.

(2) (a) Complaints of record that are dismissed by the board and the results of investigation of the complaints shall be closed to public inspection.

(b) Upon completing an investigation, the board shall make one of the following findings:

(I) The complaint is without merit, and no further action need be taken.

(II) There is no reasonable cause to warrant further action.

(III) The investigation discloses an instance of conduct that does not warrant formal action and should be dismissed, but the investigation discloses indications of possible errant conduct that could lead to serious consequences if not corrected. If this finding is made, the board shall send a confidential letter of concern to the licensee or registrant in accordance with section 12-20-404 (5).

(IV) The investigation discloses an instance of conduct that does not warrant formal action but should not be dismissed as being without merit. If this finding is made, the board may send a letter of admonition in accordance with section 12-20-404 (4) to the licensee or registrant by certified mail.

(V) The investigation discloses facts that warrant further proceedings by formal complaint. If this finding is made, the board shall refer the complaint to the attorney general for preparation and filing of a formal complaint.

(c) The board shall conduct all proceedings pursuant to subsection (1) of this section and this subsection (2) expeditiously and informally so that no licensee or registrant is subjected to unfair and unjust charges and that no complainant is deprived of the right to a timely, fair, and proper investigation of a complaint.

(3) Complaints of record that are not dismissed by the board and are the results of investigations of the complaints shall be closed to public inspection and any meeting concerning the complaints shall be closed to the public during the investigatory period and until a stipulated agreement is reached between the applicant or certificate holder and the board or until notice of hearing and charges are filed and served on an applicant or certificate holder. Except for confidential books of account, financial records, advice, reports, or working papers provided by the client, the certified public accountant, or the certified public accounting firm, the board's records and papers shall be subject to the provisions of sections 24-72-203 and 24-72-204 regarding public records and confidentiality.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 815, § 1, effective October 1; (2)(b)(I) amended, (SB 19-155), ch. 235, p. 2337, § 19, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-126 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

12-100-125. Judicial review. (1) Section 12-20-408 governs judicial review of a final action or order of the board.

(2) For the purposes of review, the residence of the board shall be the city and county of Denver.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 818, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-127 as it existed prior to 2019.

12-100-126. Reconsideration and review of action of board. The board, on its own motion or upon application, at any time after the imposition of any discipline as provided in section 12-100-120 (1), may reconsider its prior action and reinstate or restore the license or terminate probation or reduce the severity of its prior disciplinary action. The taking of any further action, or the holding of a hearing with respect thereto, shall rest in the sole discretion of the board.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 818, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-128 as it existed prior to 2019.

12-100-127. Unauthorized practice - penalties. Any person who violates section 12-100-112 or 12-100-116 (1)(a) is subject to penalties pursuant to section 12-20-407 (1)(a).

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 818, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-129 as it existed prior to 2019.

12-100-128. Ownership of accountant's working papers. All statements, records, schedules, working papers, and memoranda made by a certified public accountant incident to or in the course of professional service to a client by the certified public accountant, except financial statements submitted by a certified public accountant to a client and books and records prepared for the use of the client, shall be and remain the property of the certified public accountant in the absence of an express agreement to the contrary between the certified public accountant and the client.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 819, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-130 as it existed prior to 2019.

Cross references: For the statutory privilege with respect to testimony concerning communications between a certified public accountant and the accountant's client, see § 13-90-107 (1)(f).

12-100-129. Ownership of state auditor's working papers. Except for reports submitted to the legislative audit committee and books and records prepared for use by such committee, all statements, records, schedules, working papers, and memoranda prepared by a certified public accountant in the employ of the state auditor's office, in the course of professional service to the legislative audit committee, shall be and remain the property of the state auditor's office and shall be kept confidential unless a majority of the members of the legislative audit committee vote to open such documents.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 819, § 1, effective October 1.

Editor's note: This section is similar to former § 12-2-130.5 as it existed prior to 2019.

12-100-130. Repeal of article - subject to review. This article 100 is repealed, effective September 1, 2030. Before the repeal, the state board of accountancy is scheduled for review in accordance with section 24-34-104.

Source: L. 2019: Entire title R&RE with relocations, (HB 19-1172), ch. 136, p. 819, § 1, effective October 1; entire section amended, (SB 19-155), ch. 235, p. 2337, § 20, effective October 1.

Editor's note: (1) This section is similar to former § 12-2-132 as it existed prior to 2019.

(2) (a) Before its relocation in 2019, this section was amended in SB 19-155. Those amendments were superseded by the repeal and reenactment of this title 12, effective October 1, 2019. For those amendments to the former section in effect from July 1, 2019, to October 1, 2019, see SB 19-155, chapter 235, Session Laws of Colorado 2019.

(b) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing the superseded provisions applies to conduct occurring on or after July 1, 2019.

(3) Section 22 of chapter 235 (SB 19-155), Session Laws of Colorado 2019, provides that the act changing this section:

(a) Applies to conduct occurring on or after October 1, 2019; and

(b) Takes effect October 1, 2019, only if HB 19-1172 becomes law. HB 19-1172 became law and took effect October 1, 2019.

Colorado Revised Statutes 2016

TITLE 13

COURTS AND COURT PROCEDURE

COURTS OF RECORD

ARTICLE 1

General Provisions

PART 1

GENERAL PROVISIONS

13-90-101. Who may testify - interest. All persons, without exception, other than those specified in sections 13-90-102 to 13-90-108 may be witnesses. Neither parties nor other persons who have an interest in the event of an action or proceeding shall be excluded; nor those who have been convicted of crime; nor persons on account of their opinions on matters of religious belief. In every case the credibility of the witness may be drawn in question, as now provided by law, but the conviction of any person for any felony may be shown for the purpose of affecting the credibility of such witness. The fact of such conviction may be proved like any other fact, not of record, either by the witness himself, who shall be compelled to testify thereto, or by any other person cognizant of such conviction as impeaching testimony or by any other competent testimony. Evidence of a previous conviction of a felony where the witness testifying was convicted five years prior to the time when the witness testifies shall not be admissible in evidence in any civil action.

13-90-102. Testimony concerning oral statements made by person incapable of testifying - when allowed - definitions. (1) Subject to the law of evidence, in any civil action or proceeding in which an oral statement of a person incapable of testifying is sought to be admitted into evidence, each party and person in interest with a party shall be allowed to testify regarding the oral statement if:

- (a) The statement was made under oath at a time when such person was competent to testify;
 - (b) The testimony concerning the oral statement is corroborated by material evidence of a trustworthy nature;
 - (c) The opposing party introduces uncorroborated evidence of related communications through a party or person in interest with a party; or
 - (d) Such party or person testifies against his or her own interests.
- (2) Questions of admissibility that arise under this section shall be determined by the court as a matter of law.

(3) For purposes of this section:

(a) "Corroborated by material evidence" means corroborated by evidence that supports one or more of the material allegations or issues that are raised by the pleadings and to which the witness whose evidence must be corroborated will testify. Such evidence may come from any other competent witness or other admissible source, including trustworthy documentary evidence, and such evidence need not be sufficient standing alone to support the verdict but must tend to confirm and strengthen the testimony of the witness and show the probability of its truth.

(b) "Person incapable of testifying" means any decedent or any person who is otherwise not competent to testify.

(c) "Person in interest with a party" means a person having a direct financial interest in the outcome of the civil action or proceeding, or having any other significant and non-speculative financial interest that makes the person's testimony, standing alone, untrustworthy. In a proceeding

to construe, contest, modify, probate, reform, or rescind a governing instrument, as defined in section 15-10-201 (22), C.R.S., "person in interest with a party" does not include:

- (I) An attorney who prepared the governing instrument;
- (II) A personal representative who is not a successor of the decedent; or
- (III) A person whose only interest is an expectation of just compensation for the value of services to be rendered by the person.

13-90-103. Book account, how identified. (Repealed)

13-90-104. Conversation of deceased partner. In any action, suit, or proceeding by or against any surviving partner or joint contractor, no adverse party or person adversely interested in the event thereof is a competent witness to testify, by virtue of section 13-90-101, to any admission or conversation by any deceased partner or joint contractor, unless one or more of the surviving partners or joint contractors were also present at the time of such admission or conversation.

13-90-105. Incompetent not restored by release. In any civil action, suit, or proceeding, no person who would, if a party thereto, be incompetent to testify therein under the provisions of section 13-90-102 shall become competent by reason of any assignment or release of his claim made for the purpose of allowing such person to testify.

13-90-106. Who may not testify. (1) The following persons shall not be witnesses:

- (a) Persons who are of unsound mind at the time of their production for examination;
- (b) (I) Children under ten years of age who appear incapable of receiving just impressions of the facts respecting which they are examined or of relating them truly.
- (II) This proscription does not apply to a child under ten years of age, in any civil or criminal proceeding for child abuse, sexual abuse, a sexual offense pursuant to part 4 of article 3 of title 18, C.R.S., or incest, when the child is able to describe or relate in language appropriate for a child of that age the events or facts respecting which the child is examined.

13-90-107. Who may not testify without consent - definitions. (1) There are particular relations in which it is the policy of the law to encourage confidence and to preserve it inviolate; therefore, a person shall not be examined as a witness in the following cases:

- (a) (I) Except as otherwise provided in section 14-13-310 (4), C.R.S., a husband shall not be examined for or against his wife without her consent nor a wife for or against her husband without his consent; nor during the marriage or afterward shall either be examined without the consent of the other as to any communications made by one to the other during the marriage; but this exception does not apply to a civil action or proceeding by one against the other, a criminal action or proceeding for a crime committed by one against the other, or a criminal action or proceeding against

one or both spouses when the alleged offense occurred prior to the date of the parties' marriage. However, this exception shall not attach if the otherwise privileged information is communicated after the marriage.

(II) The privilege described in this paragraph (a) does not apply to class 1, 2, or 3 felonies as described in section 18-1.3-401 (1) (a) (IV) and (1) (a) (V), C.R.S., or to level 1 or 2 drug felonies as described in section 18-1.3-401.5 (2) (a), C.R.S. In this instance, during the marriage or afterward, a husband shall not be examined for or against his wife as to any communications intended to be made in confidence and made by one to the other during the marriage without his consent, and a wife shall not be examined for or against her husband as to any communications intended to be made in confidence and made by one to the other without her consent.

(III) Communications between a husband and wife are not privileged pursuant to this paragraph (a) if such communications are made for the purpose of aiding the commission of a future crime or of a present continuing crime.

(IV) The burden of proving the existence of a marriage for the purposes of this paragraph (a) shall be on the party asserting the claim.

(V) Notice of the assertion of the marital privilege shall be given as soon as practicable but not less than ten days prior to assertion at any hearing.

(a.5) (I) Except as otherwise provided in section 14-13-310 (5), C.R.S., a partner in a civil union shall not be examined for or against the other partner in the civil union without the other partner's consent, nor during the civil union or afterward shall either be examined without the consent of the other as to any communications made by one to the other during the civil union; except that this exception does not apply to a civil action or proceeding by one against the other, a criminal action or proceeding for a crime committed by one against the other, or a criminal action or proceeding against one or both partners when the alleged offense occurred prior to the date of the parties' certification of the civil union. However, this exception shall not attach if the otherwise privileged information is communicated after the certification of the civil union.

(II) The privilege described in this paragraph (a.5) does not apply to class 1, 2, or 3 felonies as described in section 18-1.3-401 (1) (a) (IV) and (1) (a) (V), C.R.S., or to level 1 or 2 drug felonies as described in section 18-1.3-401.5 (2) (a), C.R.S. In this instance, during the civil union or afterward, a partner in a civil union shall not be examined for or against the other partner in the civil union as to any communications intended to be made in confidence and made by one to the other during the civil union without the other partner's consent.

(III) Communications between partners in a civil union are not privileged pursuant to this paragraph (a.5) if such communications are made for the purpose of aiding the commission of a future crime or of a present continuing crime.

(IV) The burden of proving the existence of a civil union for the purposes of this paragraph (a.5) shall be on the party asserting the claim.

(V) Notice of the assertion of the privilege described in this paragraph (a.5) shall be given as soon as practicable but not less than ten days prior to assertion at any hearing.

(VI) For the purposes of this paragraph (a.5), "partner in a civil union" means a person who has entered into a civil union established in accordance with the requirements of article 15 of title 14, C.R.S.

(b) An attorney shall not be examined without the consent of his client as to any

communication made by the client to him or his advice given thereon in the course of professional employment; nor shall an attorney's secretary, paralegal, legal assistant, stenographer, or clerk be examined without the consent of his employer concerning any fact, the knowledge of which he has acquired in such capacity.

(c) A clergy member, minister, priest, or rabbi shall not be examined without both his or her consent and also the consent of the person making the confidential communication as to any confidential communication made to him or her in his or her professional capacity in the course of discipline expected by the religious body to which he or she belongs.

(d) A physician, surgeon, or registered professional nurse duly authorized to practice his or her profession pursuant to the laws of this state or any other state shall not be examined without the consent of his or her patient as to any information acquired in attending the patient that was necessary to enable him or her to prescribe or act for the patient, but this paragraph (d) shall not apply to:

(I) A physician, surgeon, or registered professional nurse who is sued by or on behalf of a patient or by or on behalf of the heirs, executors, or administrators of a patient on any cause of action arising out of or connected with the physician's or nurse's care or treatment of such patient;

(II) A physician, surgeon, or registered professional nurse who was in consultation with a physician, surgeon, or registered professional nurse being sued as provided in subparagraph (I) of this paragraph (d) on the case out of which said suit arises;

(III) A review of a physician's or registered professional nurse's services by any of the following:

(A) The governing board of a hospital licensed pursuant to part 1 of article 3 of title 25, C.R.S., where said physician or registered professional nurse practices or the medical staff of such hospital if the medical staff operates pursuant to written bylaws approved by the governing board of such hospital;

(B) An organization authorized by federal or state law or contract to review physicians' or registered professional nurses' services or an organization which reviews the cost or quality of physicians' or registered professional nurses' services under a contract with the sponsor of a nongovernment group health care program;

(C) The Colorado medical board, the state board of nursing, or a person or group authorized by such board to make an investigation in its behalf;

(D) A peer review committee of a society or association of physicians or registered professional nurses whose membership includes not less than one-third of the medical doctors or doctors of osteopathy or registered professional nurses licensed to practice in this state and only if the physician or registered professional nurse whose services are the subject of review is a member of such society or association and said physician or registered professional nurse has signed a release authorizing such review;

(E) A committee, board, agency, government official, or court to which appeal may be taken from any of the organizations or groups listed in this subparagraph (III);

(IV) A physician or any health care provider who was in consultation with the physician who may have acquired any information or records relating to the services performed by the physician specified in subparagraph (III) of this paragraph (d);

(V) A registered professional nurse who is subject to any claim or the nurse's employer

subject to any claim therein based on a nurse's actions, which claims are required to be defended and indemnified by any insurance company or trust obligated by contract;

(VI) A physician, surgeon, or registered professional nurse who is being examined as a witness as a result of his consultation for medical care or genetic counseling or screening pursuant to section 13-64-502 in connection with a civil action to which section 13-64-502 applies.

(e) A public officer shall not be examined as to communications made to him in official confidence, when the public interests, in the judgment of the court, would suffer by the disclosure.

(f) (I) A certified public accountant shall not be examined without the consent of his or her client as to any communication made by the client to him or her in person or through the media of books of account and financial records or his or her advice, reports, or working papers given or made thereon in the course of professional employment; nor shall a secretary, stenographer, clerk, or assistant of a certified public accountant be examined without the consent of the client concerned concerning any fact, the knowledge of which he or she has acquired in such capacity.

(II) No certified public accountant in the employ of the state auditor's office shall be examined as to any communication made in the course of professional service to the legislative audit committee either in person or through the media of books of account and financial records or advice, reports, or working papers given or made thereon; nor shall a secretary, clerk, or assistant of a certified public accountant who is in the employ of the state auditor's office be examined concerning any fact, the knowledge of which such secretary, clerk, or assistant acquired in such capacity, unless such information has been made open to public inspection by a majority vote of the members of the legislative audit committee.

(III) (A) **Subpoena powers for public entity audit and reviews.** Subparagraph (I) of this paragraph (f) shall not apply to the Colorado state board of accountancy, nor to a person or group authorized by the board to make an investigation on the board's behalf, concerning an accountant's reports, working papers, or advice to a public entity that relate to audit or review accounting activities of the certified public accountant or certified public accounting firm being investigated.

(B) For the purposes of this subparagraph (III), a "public entity" shall include a governmental agency or entity; quasi-governmental entity; nonprofit entity; or public company that is considered an "issuer", as defined in section 2 of the federal "Sarbanes-Oxley Act of 2002", 15 U.S.C. sec. 7201.

(IV) (A) **Subpoena powers for private entity audit and reviews.** Subparagraph (I) of this paragraph (f) shall not apply to the Colorado state board of accountancy, nor to a person or group authorized by the board to make an investigation on the board's behalf, concerning an accountant's reports or working papers of a private entity that is not publicly traded and relate to audit or review attest activities of the certified public accountant or certified public accounting firm being investigated. This subparagraph (IV) shall not be construed to authorize the Colorado state board of accountancy or its agent to subpoena or examine income tax returns.

(B) At the request of either the client of the certified public accountant or certified public accounting firm or the certified public accountant or certified public accounting firm subject to the subpoena pursuant to this subparagraph (IV), a second certified public accounting firm or certified public accountant with no interest in the matter may review the report or working papers for compliance with the provisions of article 2 of title 12, C.R.S. The second certified public accounting firm or certified public accountant conducting the review must be approved by the board prior to

beginning its review. The approval of the second certified public accounting firm or certified public accountant shall be in good faith. The written report issued by a second certified public accounting firm or certified public accountant shall be in lieu of a review by the board. Such report shall be limited to matters directly related to the work performed by the certified public accountant or certified public accounting firm being investigated and should exclude specific references to client financial information. The party requesting that a second certified public accounting firm or certified public accountant review the reports and working papers shall pay any additional expenses related to retaining the second certified public accounting firm or certified public accountant by the party who made the request. The written report of the second certified public accounting firm or certified public accountant shall be submitted to the board. The board may use the findings of the second certified public accounting firm or certified public accountant as grounds for discipline pursuant to article 2 of title 12, C.R.S.

(V) Disclosure of information under subparagraph (III) or (IV) of this paragraph (f) shall not waive or otherwise limit the confidentiality and privilege of such information nor relieve any certified public accountant, any certified public accounting firm, the Colorado state board of accountancy, or a person or group authorized by such board of the obligation of confidentiality. Disclosure which is not in good faith of such information shall subject the board, a member thereof, or its agent to civil liability pursuant to section 12-2-103 (6), C.R.S.

(VI) Any certified public accountant or certified public accounting firm that receives a subpoena for reports or accountant's working papers related to the audit or review attest activities of the accountant or accounting firm pursuant to subparagraph (III) or (IV) of this paragraph (f) shall notify his or her client of the subpoena within three business days after the date of service of the subpoena.

(VII) Subparagraph (III) or (IV) of this paragraph (f) shall not operate as a waiver, on behalf of any third party or the certified public accountant or certified public accounting firm, of due process remedies available under the "State Administrative Procedure Act", article 4 of title 24, C.R.S., the open records laws, article 72 of title 24, C.R.S., or any other provision of law.

(VIII) Prior to the disclosure of information pursuant to subparagraph (III) or (IV) of this paragraph (f), the certified public accountant, certified public accounting firm, or client thereof shall have the opportunity to designate reports or working papers related to the attest function under subpoena as privileged and confidential pursuant to this paragraph (f) or the open records laws, article 72 of title 24, C.R.S., in order to assure that the report or working papers shall not be disseminated or otherwise republished and shall only be reviewed pursuant to limited authority granted to the board under subparagraph (III) or (IV) of this paragraph (f).

(IX) No later than thirty days after the board of accountancy completes the investigation for which records or working papers are subpoenaed pursuant to subparagraph (III) or (IV) of this paragraph (f), the board shall return all original records, working papers, or copies thereof to the certified public accountant or certified public accounting firm.

(X) Nothing in subparagraphs (III) and (IV) of this paragraph (f) shall cause the accountant-client privilege to be waived as to customer financial and account information of depository institutions or to the regulatory examinations and other regulatory information relating to depository institutions.

(XI) For the purposes of subparagraphs (III) to (X) of this paragraph (f), "entity" shall have

the same meaning as in section 7-90-102 (20), C.R.S.

(g) A licensed psychologist, professional counselor, marriage and family therapist, social worker, or addiction counselor, a registered psychotherapist, a certified addiction counselor, a psychologist candidate registered pursuant to section 12-43-304 (7), C.R.S., a marriage and family therapist candidate registered pursuant to section 12-43-504 (5), C.R.S., a licensed professional counselor candidate registered pursuant to section 12-43-603 (5), C.R.S., or a person described in section 12-43-215, C.R.S., shall not be examined without the consent of the licensee's, certificate holder's, registrant's, candidate's, or person's client as to any communication made by the client to the licensee, certificate holder, registrant, candidate, or person or the licensee's, certificate holder's, registrant's, candidate's, or person's advice given in the course of professional employment; nor shall any secretary, stenographer, or clerk employed by a licensed psychologist, professional counselor, marriage and family therapist, social worker, or addiction counselor, a registered psychotherapist, a certified addiction counselor, a psychologist candidate registered pursuant to section 12-43-304 (7), C.R.S., a marriage and family therapist candidate registered pursuant to section 12-43-504 (5), C.R.S., a licensed professional counselor candidate registered pursuant to section 12-43-603 (5), C.R.S., or a person described in section 12-43-215, C.R.S., be examined without the consent of the employer of the secretary, stenographer, or clerk concerning any fact, the knowledge of which the employee has acquired in such capacity; nor shall any person who has participated in any psychotherapy, conducted under the supervision of a person authorized by law to conduct such therapy, including group therapy sessions, be examined concerning any knowledge gained during the course of such therapy without the consent of the person to whom the testimony sought relates.

(h) A qualified interpreter, pursuant to section 13-90-202, who is called upon to testify concerning the communications he interpreted between a hearing-impaired person and another person, one of whom holds a privilege pursuant to this subsection (1), shall not be examined without the written consent of the person who holds the privilege.

(i) A confidential intermediary, as defined in section 19-1-103 (26), C.R.S., shall not be examined as to communications made to him or her in official confidence when the public interests, in the judgment of the court, would suffer by the disclosure of such communications.

(j) (I) (A) If any person or entity performs a voluntary self-evaluation, the person, any officer or employee of the entity or person involved with the voluntary self-evaluation, if a specific responsibility of such employee was the performance of or participation in the voluntary self-evaluation or the preparation of the environmental audit report, or any consultant who is hired for the purpose of performing the voluntary self-evaluation for the person or entity may not be examined as to the voluntary self-evaluation or environmental audit report without the consent of the person or entity or unless ordered to do so by any court of record, or, pursuant to section 24-4-105, C.R.S., by an administrative law judge. For the purposes of this paragraph (j), "voluntary self-evaluation" and "environmental audit report" have the meanings provided for the terms in section 13-25-126.5 (2).

(B) This paragraph (j) does not apply if the voluntary self-evaluation is subject to an exception allowing admission into evidence or discovery pursuant to the provisions of section 13-25-126.5 (3) or (4).

(II) This paragraph (j) applies to voluntary self-evaluations that are performed on or after June 1, 1994.

(k) (I) A victim's advocate shall not be examined as to any communication made to such victim's advocate by a victim of domestic violence, as defined in section 18-6-800.3 (1), C.R.S., or a victim of sexual assault, as described in sections 18-3-401 to 18-3-405.5, 18-6-301, and 18-6-302, C.R.S., in person or through the media of written records or reports without the consent of the victim.

(II) For purposes of this paragraph (k), a "victim's advocate" means a person at a battered women's shelter or rape crisis organization or a comparable community-based advocacy program for victims of domestic violence or sexual assault and does not include an advocate employed by any law enforcement agency:

(A) Whose primary function is to render advice, counsel, or assist victims of domestic or family violence or sexual assault; and

(B) Who has undergone not less than fifteen hours of training as a victim's advocate or, with respect to an advocate who assists victims of sexual assault, not less than thirty hours of training as a sexual assault victim's advocate; and

(C) Who supervises employees of the program, administers the program, or works under the direction of a supervisor of the program.

(l) (I) A parent may not be examined as to any communication made in confidence by the parent's minor child to the parent when the minor child and the parent were in the presence of an attorney representing the minor child, or in the presence of a physician who has a confidential relationship with the minor child pursuant to paragraph (d) of this subsection (1), or in the presence of a mental health professional who has a confidential relationship with the minor child pursuant to paragraph (g) of this subsection (1), or in the presence of a clergy member, minister, priest, or rabbi who has a confidential relationship with the minor child pursuant to paragraph (c) of this subsection (1). The exception may be waived by express consent to disclosure by the minor child who made the communication or by failure of the minor child to object when the contents of the communication are demanded. This exception does not relieve any physician, mental health professional, or clergy member, minister, priest, or rabbi from any statutory reporting requirements.

(II) This exception does not apply to:

(A) Any civil action or proceeding by one parent against the other or by a parent or minor child against the other;

(B) Any proceeding to commit either the minor child or parent, pursuant to title 27, C.R.S., to whom the communication was made;

(C) Any guardianship or conservatorship action to place the person or property or both under the control of another because of an alleged mental or physical condition of the minor child or the minor child's parent;

(D) Any criminal action or proceeding in which a minor's parent is charged with a crime committed against the communicating minor child, the parent's spouse, the parent's partner in a civil union, or a minor child of either the parent or the parent's spouse or the parent's partner in a civil union;

(E) Any action or proceeding for termination of the parent-child legal relationship;

(F) Any action or proceeding for voluntary relinquishment of the parent-child legal relationship; or

(G) Any action or proceeding on a petition alleging child abuse, dependency or neglect,

abandonment, or non-support by a parent.

(III) For purposes of this paragraph (l):

(A) "Minor child" means any person under the age of eighteen years.

(B) "Parent" includes the legal guardian or legal custodian of a minor child as well as adoptive parents.

(C) "Partner in a civil union" means a person who has entered into a civil union in accordance with the requirements of article 15 of title 14, C.R.S.

(m) (I) A law enforcement or firefighter peer support team member shall not be examined without the consent of the person to whom peer support services have been provided as to any communication made by the person to the peer support team member under the circumstances described in subparagraph (III) of this paragraph (m); nor shall a recipient of individual peer support services be examined as to any such communication without the recipient's consent.

(I.5) An emergency medical service provider or rescue unit peer support team member shall not be examined without the consent of the person to whom peer support services have been provided as to any communication made by the person to the peer support team member under the circumstances described in subparagraph (III) of this paragraph (m); nor shall a recipient of individual peer support services be examined as to any such communication without the recipient's consent.

(II) For purposes of this paragraph (m):

(A) "Communication" means an oral statement, written statement, note, record, report, or document made during, or arising out of, a meeting with a peer support team member.

(A.5) "Emergency medical service provider or rescue unit peer support team member" means an emergency medical service provider, as defined in section 25-3.5-103 (8), C.R.S., a regular or volunteer member of a rescue unit, as defined in section 25-3.5-103 (11), C.R.S., or other person who has been trained in peer support skills and who is officially designated by the supervisor of an emergency medical service agency as defined in section 25-3.5-103 (11.5), C.R.S., or a chief of a rescue unit as a member of an emergency medical service provider's peer support team or rescue unit's peer support team.

(B) "Law enforcement or firefighter peer support team member" means a peace officer, civilian employee, or volunteer member of a law enforcement agency or a regular or volunteer member of a fire department or other person who has been trained in peer support skills and who is officially designated by a police chief, the chief of the Colorado state patrol, a sheriff, or a fire chief as a member of a law enforcement agency's peer support team or a fire department's peer support team.

(III) The provisions of this paragraph (m) shall apply only to communications made during individual interactions conducted by a peer support team member:

(A) Acting in the person's official capacity as a law enforcement or firefighter peer support team member or an emergency medical service provider or rescue unit peer support team member; and

(B) Functioning within the written peer support guidelines that are in effect for the person's respective law enforcement agency, fire department, emergency medical service agency, or rescue unit.

(IV) This paragraph (m) shall not apply in cases in which:

(A) A law enforcement or firefighter peer support team member or emergency medical service provider or rescue unit peer support team member was a witness or a party to an incident which prompted the delivery of peer support services;

(B) Information received by a peer support team member is indicative of actual or suspected child abuse, as described in section 18-6-401, C.R.S., or actual or suspected child neglect, as described in section 19-3-102, C.R.S.;

(C) Due to alcohol or other substance intoxication or abuse, as described in sections 27-81-111 and 27-82-107, C.R.S., the person receiving peer support is a clear and immediate danger to the person's self or others;

(D) There is reasonable cause to believe that the person receiving peer support has a mental illness and, due to the mental illness, is an imminent threat to himself or herself or others or is gravely disabled as defined in section 27-65-102, C.R.S.; or

(E) There is information indicative of any criminal conduct.

(2) The medical records produced for use in the review provided for in subparagraphs (III), (IV), and (V) of paragraph (d) of subsection (1) of this section shall not become public records by virtue of such use. The identity of any patient whose records are so reviewed shall not be disclosed to any person not directly involved in such review process, and procedures shall be adopted by the Colorado medical board or state board of nursing to ensure that the identity of the patient shall be concealed during the review process itself.

(3) The provisions of paragraph (d) of subsection (1) of this section shall not apply to physicians required to make reports in accordance with section 12-36-135, C.R.S. In addition, the provisions of paragraphs (d) and (g) of subsection (1) of this section shall not apply to physicians or psychologists eligible to testify concerning a criminal defendant's mental condition pursuant to section 16-8-103.6, C.R.S. Physicians and psychologists testifying concerning a criminal defendant's mental condition pursuant to section 16-8-103.6, C.R.S., do not fall under the attorney-client privilege in paragraph (b) of subsection (1) of this section.

13-90-108. Offer taken as consent. The offer of a person of himself as a witness shall be deemed a consent to the examination. The offer of a wife, husband, attorney, clergyman, physician, surgeon, certified public accountant, or certified psychologist as a witness shall be deemed a consent to the examination, within the meaning of section 13-90-107 (1) (a) to (1) (d), (1) (f), and (1) (g).

13-90-109. Estates of deceased persons, infants, and mentally incompetent persons. Nothing in this article shall in any manner affect the laws now existing relating to the settlement of estates of deceased persons, infants, or mentally incompetent persons or to the acknowledgment or proof of deeds and other conveyances relating to real estate, in order to entitle the same to be recorded, or to the attestation of the execution of the last wills and testaments or of any other instrument required by law to be attested.

13-90-110. Religious opinions of witness. No person shall be deemed incompetent to testify

as a witness on account of his opinion in relation to the Supreme Being or a future state of rewards and punishments; nor shall any witness be questioned in regard to his religious opinions.

13-90-111. Power of court to enforce attendance. (Repealed)

13-90-112. Power to enforce subpoena duces tecum. The provisions of article 90.5 of this title shall also apply to a subpoena duces tecum.

13-90-113. Interpreters - compensation. Except as provided in section 13-90-210, when the judge of any court of record in this state has occasion to appoint an interpreter for his court, it is his duty to fix the compensation to be paid such interpreter for each day his services are required.

13-90-114. Paid by state. Except as provided in section 13-90-210, it is the duty of the state court administrator to audit the accounts of such interpreter, except for the Denver county court, as allowed by the judges of the courts of record of a county and to cause warrants to be drawn upon the state controller in payment thereof, in accordance with section 13-3-104, and the rules and regulations of the state court administrator.

13-90-115. Service of subpoena. The service of any subpoena in any of the courts of record in this state may be made by any person over the age of eighteen years not a party to the action or proceeding. Proof of service so made shall be by the affidavit of the person making the same showing the time, place, and manner in which and the person upon whom such service has been made.

13-90-116. Examination of party to record by adverse party. A party to the record of any civil action or proceeding, or a person for whose immediate benefit such action or proceeding is prosecuted or defended, or the directors, officers, superintendent, or managing agents of any corporation which is a party to the record in such action or proceeding may be examined upon the trial thereof, or upon deposition, or both, as if under cross-examination at the instance of the adverse party and for that purpose may be compelled in the same manner and subject to the same rules for examination as any other witness to testify, but the party calling for such examination shall not be concluded thereby but may rebut it by counter testimony.

13-90-117. Affirmation - form - perjury. (1) A witness who desires it, at his option, instead of taking an oath may make his solemn affirmation or declaration by assenting when addressed in the following form:

"You do solemnly affirm that the evidence you shall give in this issue (or matter), pending between and shall be the truth, the whole truth, and nothing but the truth."

(2) Assent to this affirmation shall be made by answer: "I do."

(3) A false affirmation or declaration is perjury in the first degree.

13-90-117.5. Oath or affirmation taken by a child. In lieu of an oath or affirmation, any child who testifies in any proceeding pursuant to section 13-90-106 (1) (b) (II) shall be asked the following: "Do you promise to tell the truth?". The court, in its discretion, may accept any indication of assent to this question by the child.

13-90-118. Witness immunity. (1) Whenever a witness refuses, on the basis of the privilege against self-incrimination, to testify or provide other information in a proceeding before or ancillary to a court or grand jury of the state of Colorado involving any laws of the state and the person presiding over the proceeding communicates to the witness an order as specified in subsection (2) of this section, the witness may not refuse to comply with the order on the basis of the privilege against self-incrimination; except that no testimony or other information compelled under the order, or any information directly or indirectly derived from such testimony or other information, may be used against the witness in any criminal case, except a prosecution for perjury or false statement or otherwise failing to comply with the order.

(2) In the case of any individual who has been or may be called to testify or provide other information at any proceeding before or ancillary to a court or grand jury of the state of Colorado, the district court for the judicial district in which the proceeding is or may be held, or the county court in which a misdemeanor proceeding is or may be held, may issue, upon request of any district attorney, attorney general, or special prosecutor of the state of Colorado, an order requiring such individual to give testimony or provide other information which he or she refuses to give or provide on the basis of the privilege against self-incrimination, such order to become effective as provided in subsection (1) of this section.

(3) A district attorney, attorney general, or special prosecutor of the state of Colorado may request an order as specified in subsection (2) of this section when in his or her judgment the testimony or other information from such individual may be necessary to the public interest and such individual has refused or is likely to refuse to testify or provide other information on the basis of the privilege against self-incrimination.

13-90-119. Privilege for newsperson. (1) As used in this section, unless the context otherwise requires:

(a) "Mass medium" means any publisher of a newspaper or periodical; wire service; radio or television station or network; news or feature syndicate; or cable television system.

(b) "News information" means any knowledge, observation, notes, documents, photographs,

films, recordings, videotapes, audiotapes, and reports, and the contents and sources thereof, obtained by a newsperson while engaged as such, regardless of whether such items have been provided to or obtained by such newsperson in confidence.

(c) "Newsperson" means any member of the mass media and any employee or independent contractor of a member of the mass media who is engaged to gather, receive, observe, process, prepare, write, or edit news information for dissemination to the public through the mass media.

(d) "Press conference" means any meeting or event called for the purpose of issuing a public statement to members of the mass media, and to which members of the mass media are invited in advance.

(e) "Proceeding" means any civil or criminal investigation, discovery procedure, hearing, trial, or other process for obtaining information conducted by, before, or under the authority of any judicial body of the state of Colorado. Such term shall not include any investigation, hearing, or other process for obtaining information conducted by, before, or under the authority of the general assembly.

(f) "Source" means any person from whom or any means by or through which news information is received or procured by a newsperson, while engaged as such, regardless of whether such newsperson was requested to hold confidential the identity of such person or means.

(2) Notwithstanding any other provision of law to the contrary and except as provided in subsection (3) of this section, no newsperson shall, without such newsperson's express consent, be compelled to disclose, be examined concerning refusal to disclose, be subjected to any legal presumption of any kind, or be cited, held in contempt, punished, or subjected to any sanction in any judicial proceedings for refusal to disclose any news information received, observed, procured, processed, prepared, written, or edited by a newsperson, while acting in the capacity of a newsperson; except that the privilege of nondisclosure shall not apply to the following:

(a) News information received at a press conference;

(b) News information which has actually been published or broadcast through a medium of mass communication;

(c) News information based on a newsperson's personal observation of the commission of a crime if substantially similar news information cannot reasonably be obtained by any other means;

(d) News information based on a newsperson's personal observation of the commission of a class 1, 2, or 3 felony.

(3) Notwithstanding the privilege of nondisclosure granted in subsection (2) of this section, any party to a proceeding who is otherwise authorized by law to issue or obtain subpoenas may subpoena a newsperson in order to obtain news information by establishing by a preponderance of the evidence, in opposition to a newsperson's motion to quash such subpoena:

(a) That the news information is directly relevant to a substantial issue involved in the proceeding;

(b) That the news information cannot be obtained by any other reasonable means; and

(c) That a strong interest of the party seeking to subpoena the newsperson outweighs the interests under the first amendment to the United States constitution of such newsperson in not responding to a subpoena and of the general public in receiving news information.

(4) The privilege of nondisclosure established by subsection (2) of this section may be waived only by the voluntary testimony or disclosure of a newsperson that directly addresses the

news information or identifies the source of such news information sought. A publication or broadcast of a news report through the mass media concerning the subject area of the news information sought, but which does not directly address the specific news information sought, shall not be deemed a waiver of the privilege of nondisclosure as to such specific news information.

(5) In any trial to a jury in an action in which a newsperson is a party as a result of such person's activities as a newsperson and in which the newsperson has invoked the privilege created by subsection (2) of this section, the jury shall be neither informed nor allowed to learn that such newsperson invoked such privilege or has thereby declined to disclose any news information.

(6) Nothing in this section shall preclude the issuance of a search warrant in compliance with the federal "Privacy Protection Act of 1980", 42 U.S.C. sec. 2000aa.

DEPARTMENT OF REGULATORY AGENCIES

State Board of Accountancy

RULES OF THE STATE BOARD OF ACCOUNTANCY

3 CCR 705-1

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

1.1 BOARD ORGANIZATION AND ADMINISTRATION

A. ACRONYMS

1. AICE Association of International Credential Evaluators
2. AICPA American Institute of Certified Public Accountants
3. CPA Certified Public Accountant
4. CPE Continuing Professional Education
5. CR&R Colorado Rules and Regulations. Also see Rule 1.1(B)
6. C.R.S. Colorado Revised Statutes
7. FASB Financial Accounting Standards Board
8. GASB Governmental Accounting Standards Board
9. GAAP Generally accepted accounting principles
10. GAAS Generally accepted auditing standards
11. IRS Internal Revenue Service
12. IQAB International Qualifications Appraisal Board
13. MRA Mutual Recognition Agreement
14. NACES National Association of Credential Evaluation Services
15. NASBA The National Association of State Boards of Accountancy
16. NIES NASBA's International Evaluation Services
17. PCAOB Public Company Accounting Oversight Board
18. SEC Securities and Exchange Commission

B. ABBREVIATIONS AND DEFINITIONS

Except as otherwise provided, words and phrases capitalized in these Rules are defined in this Rule 1.1. In addition to the definitions found in section 12-100-103, C.R.S., the following apply:

1. Act
Title 12, Article 100 of the Colorado Revised Statutes (sections 12-100-101 through 12-100-130, C.R.S.)
2. Active/Valid
The status of a licensee's certificate, license, or registration, or other authority allowing the licensee to assume or use the CPA designation and to offer or perform any service for which an active certificate of CPA or active or valid registration is required pursuant to section 12-100-116(1), C.R.S.
3. AICPA Ethics Examination
Pursuant to sections 12-100-108(1)(b), C.R.S., the professional ethics course and examination means *Professional Ethics: AICPA's Comprehensive Course*, a course of study concerning the subject of professional ethics and the related examination prepared and administered by the AICPA.
4. AICPA Code of Professional Conduct
The Code of Professional Conduct issued by the AICPA in the "AICPA *Professional Standards*" incorporated herein by reference.
5. AICPA Professional Standards
The AICPA *Professional Standards* issued by the AICPA and incorporated herein by reference.
6. Applicant
An applicant is an individual who submits an application for an initial, renewal, reinstated, reactivated, retired, or inactive certificate.
7. Baccalaureate Degree
A degree conferred by a college or university that demonstrates the recipient has obtained not less than 120 credit hours of higher education.
8. Board
The Colorado State Board of Accountancy.
9. Candidate
An individual who submits an application to sit for the examination.
10. Certificate
A certificate of Certified Public Accountant.

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11. Certificate Holder

An individual granted a Colorado certificate pursuant to the requirements in Article 100 of Title 12, C.R.S.
 12. Client

An individual or entity that agrees with a licensee to receive any professional service.
 13. CPE

Continuing professional education as required and described in section 12-100-115, C.R.S., and Rule 1.7 of these Rules.
 14. CPE Reporting Period

A two-year period from January 1 of an even-numbered year through December 31 of an odd-numbered year during which the certificate holder must complete CPE.
 15. CR&R

CPE covering sections 12-100-101 through 130 and 13-90-107(1)(f), C.R.S., and the Rules and Policies of the Board as provided in Rule 1.7(H).
 16. Ethics CPE

CPE concerning professional ethical behavior in regulatory ethics or behavioral ethics as defined by the fields of study.
 17. Examination

The Uniform CPA Examination.
 18. Expired

The status of a certificate holder's certificate or firm's registration following a failure to renew the certificate or registration by the expiration date.
 19. Fields of Study

The *NASBA CPE Fields of Study*, incorporated herein by reference.
 20. Financial Statements

Statements and related disclosures that purport to show an actual or anticipated financial position that relates to a point in time, or results of operations, cash flow, or changes in financial position that relate to a period of time, on the basis of U.S. GAAP or another comprehensive basis of accounting. The term includes specific elements, accounts, or items of such statements, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

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21. Firm
- A business entity composed of one or more CPAs engaged in the practice of public accounting as a domestic or foreign partnership, professional corporation, or limited liability company; "partnership" means any form of partnership, including a registered limited partnership, limited liability partnership, and limited liability limited partnership.
22. He, His, Him
- Masculine pronouns when used also include the feminine.
23. Holding Out
- Any activity by an individual or entity that informs or implies or tends to indicate to others an active/valid status as a CPA or Firm. This includes, but is not limited to, any oral or written representation, such as business cards or letterhead, resumes, biographies, the display of a certificate evidencing a CPA designation, or the listing as a CPA or Firm in directories or on the internet. "Activity" includes any continuing representation caused or used by an individual or entity, including but not limited to, any oral or written representation, such as signage, directories, or the Internet.
24. Inactive
- The status of a certificate upon transfer of that certificate to the inactive list.
25. Individual
- A natural person.
26. Joint Standards
- The Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs jointly issued by the AICPA and NASBA.
27. Licensee
- An individual or firm authorized to hold out and offer and provide services as a CPA(s) under the Act as a certificate holder, registrant, or through mobility/practice privilege.
28. Mobility/Practice Privilege
- The privilege for a CPA or firm to practice accounting in this state pursuant to section 12-100-117(2), C.R.S., and Rule 1.11.
29. Network
- An association of two or more entities that includes at least one CPA firm that:
- a. Cooperates pursuant to an agreement for the purpose of enhancing the association members' capabilities to provide professional services; and
 - b. Shares one or more of the following characteristics:
 - (1) Shares the use of a common brand name or shares common initials as part of the firm name;
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- (2) Shares common control among the members through ownership, management, or other means;
- (3) Shares profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals, training courses, and other costs immaterial to the members;
- (4) Shares a common business strategy that involves ongoing collaboration among the members whereby the members are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;
- (5) Shares a significant part of professional resources, including but not limited to: common systems that enable members to exchange information, such as client data, billing, and time records; partners and staff are drawn from a shared pool; or technical departments to consult on technical or industry specific issues, transactions, or events for assurance engagements that the members are required to follow;
- (6) Members are required to follow common quality control policies and procedures, and compliance is monitored by the association.

30. Network Firm

A network firm is a firm or other entity that belongs to a network as defined in Rule 1.1(B)(29). This includes any entity (including another firm) that the network firm, by itself or through one or more of its owners, controls (as defined in FASB ASC 810), is controlled by, or is under common control with.

31. Owner

A shareholder of a corporation, a member of a limited liability company, a partner of a partnership, or any other person having an interest in any entity that is functionally equivalent to an owner's interest.

32. Peer Review Oversight Committee

A committee established by the Board to oversee the peer review requirement.

33. Peer Review

The study, appraisal, or review by an unaffiliated licensee of the professional accounting work of a certificate holder or registrant that issues attest or compilation reports.

34. Peer Review Program

A sponsoring organization's entire peer review process, including, but not limited to, the standards for administering, performing, and reporting on peer reviews, oversight procedures, training, and related guidance materials.

35. Peer Review Reports

Reports issued by the peer reviewer/reviewing firm in accordance with the Board-approved peer review standards.

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36. Peer Review Standards
- Board-approved professional standards for administering, performing, and reporting on peer reviews.
37. Peer Reviewer/Reviewing Firm
- A licensee responsible for conducting a peer review.
38. Person
- Includes individuals, any form of partnership, corporations, professional corporations, and limited liability companies.
39. Practice of Public Accounting
- Performing for a client or offering to perform for a client or potential client, one or more kinds, or any combination of services involving the use of accounting or attestation skills, including, but not limited to, issuance of reports on financial statements, or of one or more types of management advisory or consulting services, or the preparation of tax returns, or the furnishing of tax advice.
40. Practice Privilege/Mobility
- The privilege for a CPA or Firm to practice accounting in this state pursuant to section 12-100-117(2), C.R.S., and Rule 1.11.
41. Professional Business
- For the purposes of section 12-100-117(2), C.R.S., and these Rules, practicing in this state on “professional business” means that a CPA or foreign equivalent whose principle place of business is located in another state or jurisdiction is providing professional services in this state.
42. Professional Services
- Any service performed or offered to be performed by a licensee while holding out.
43. Reactivation
- The process by which an inactive or retired status certificate is returned to active status.
44. Registrant
- A firm that has been granted registration pursuant to the Act.
45. Reinstatement
- The process by which a certificate that has expired is returned to active, inactive, or retired status or by which a firm registration that has expired is returned to active/valid status.

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46. Renewal
- The process to retain a certificate in active, inactive, or retired status, and to retain a firm registration in active/valid status in accordance with a schedule established by the Division of Professions and Occupations.
47. Report Acceptance Body
- A sponsoring organization's committee responsible for the acceptance of peer review documents.
48. Responsible Party
- The firm partner, shareholder, or member designated to notify the Board of changes to the firm pursuant to section 12-100-114(2)(a)(III), C.R.S.
49. Retired
- The status of a certificate following the Board's approval of a certificate holder's application to transfer the certificate status to retired.
50. Sponsoring Organization
- A Board-approved professional society or other organization responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards.
51. Substantial Equivalency
- A determination by the Board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination, and experience requirements contained in the AICPA/NASBA *Uniform Accountancy Act* (UAA) or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the requirements contained in the UAA.
52. U.S. GAAP
- Generally accepted accounting principles as contained in the AICPA *Professional Standards* incorporated by reference in Rule 1.1(C).
53. U.S. GAAS
- Generally accepted auditing standards as contained in the AICPA *Professional Standards* incorporated by reference in Rule 1.1(C).

C. INCORPORATION BY REFERENCE

The materials listed in this Rule 1.1(C) are incorporated by reference. These Rules do not include later amendments to or editions of the materials incorporated by reference in this Rule 1.1(C). (Note, however, that pursuant to law, licensees will be held to the requirements in those editions that were in effect at the time of the conduct at issue.) If a Rule of the State Board of Accountancy is inconsistent or otherwise differs from the materials incorporated by reference herein, the Rule of the State Board of Accountancy governs. Copies of these materials are available for public inspection during regular business hours at the Board's Office at 1560 Broadway, Suite 1350, Denver, Colorado, 80202 and at the Colorado State Publications Library or at the specific addresses and websites provided below. For information on obtaining or examining these materials, contact the Board's Office at 1560 Broadway, Suite 1350, Denver, Colorado, 80202 or via email at dora_accountancy@state.co.us

1. AICPA Code of Professional Conduct

The *Code of Professional Conduct* issued by the AICPA in the "AICPA *Professional Standards*," effective December 15, 2014. These materials may also be obtained at AICPA.org or AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110.

2. AICPA Professional Standards

The AICPA *Professional Standards*, effective May 1, 2017, issued by the AICPA. These materials may also be obtained at AICPA.org or AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110.

3. Fields of Study

The *NASBA CPE Fields of Study*, effective September 1, 2016, and available at https://www.colorado.gov/dora/Accountancy_CPE or at <https://www.nasbaregistry.org/the-standards> or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

4. Joint Standards

The *Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs* jointly issued by the AICPA and NASBA, effective September 1, 2016, and available at https://www.colorado.gov/dora/Accountancy_CPE or at <https://www.nasbaregistry.org/the-standards> or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

5. Statements of governmental accounting standards

The statements of governmental accounting standards issued as of the effective dates of these Rules and available at www.gasb.org/store or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

6. FASB Accounting Standards Codification

The FASB Accounting Standards Codification issued as of the effective date of these Rules and available at www.fasb.org/store or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

7. Governmental Auditing Standards, December 2011 Revision

The Governmental Auditing Standards, December 2011 Revision issued by the U.S. Governmental Accountability Office and available at www.gao.gov/yellowbook or U.S. Government Publishing Office, 732 North Capitol Street, NW, Washington, DC 20401-0001.
8. Securities and Exchange Commission
 - a. *SEC Final Rules*, issued as of the effective date of these Rules, available at www.sec.gov/rules/final.shtml or 100 F Street, NE, Washington, DC 20549.
 - b. *SEC Concept Releases*, issued as of the effective date of these Rules, available at www.sec.gov/rules/concept.shtml or 100 F Street, NE, Washington, DC 20549.
 - c. *SEC Interpretative Releases*, issued as of the effective date of these Rules, available at www.sec.gov/rules/interp.shtml or 100 F Street, NE, Washington, DC 20549.
 - d. *SEC Policy Statements*, issued as of the effective date of these Rules available at www.sec.gov/rules/policy.shtml or 100 F Street, NE, Washington, DC 20549.
9. Circular 230 Tax Professionals – (Rev. 6-2014)

Circular 230, Catalog Number 16586R, published June 12, 2014, available at www.irs.gov/Tax-Professionals/Circular-230-Tax-Professionals or IRS Denver Office, 1999 Broadway, Denver, CO 80202.
10. Part 9904 - Cost Accounting Standards

The standards of the Cost Accounting Standards Board (CASB) codified in Title 48, Chapter 99: Federal Acquisition Regulations System at Part 9904 – Cost Accounting Standards, as amended July 25, 2012, available at <https://www.whitehouse.gov/omb/federal-register/> or The Office of Management and Budget 725 17th Street, NW Washington, DC 20503.
11. The FASAB Handbook of Accounting Standards and Other Pronouncements, As Amended

The FASAB Handbook of Accounting Standards and Other Pronouncements, As Amended as of June 30, 2017, available at <http://www.fasab.gov/accounting-standards> or FASAB, 441 G Street, NW, Suite 1155, Washington, DC 20548.

1.2 EDUCATION REQUIREMENTS FOR EXAMINATION AND CERTIFICATION

A. GENERAL INFORMATION

1. Conversion of quarter hours to semester hours. For purposes of these Rules, four quarter hours equals three semester hours.
2. Transcripts. The applicant's claim to college or university credits for eligibility for examination and certification must be confirmed by an official transcript of credit forwarded by the institution to the Board's office or its designee. However, the Board may accept an official transcript from the applicant if the transcript is provided in an official envelope sealed by the granting institution.

3. The Board will not issue a certificate to an applicant who has not satisfied the requirements of Rule 1.2(E).
4. Any application that is not complete within one year of the receipt date will expire and be destroyed. The applicant must submit a new application along with all required information and fees.
5. The Board or its designee will not consider or review an incomplete application.
6. "College or university" for purposes of these Rules means an institution of higher education that:
 - a. Requires a high school diploma or equivalent as a condition of entry;
 - b. Delivers postsecondary education; and
 - c. Offers a degree that would be recognized by, or coursework that would be accepted for transfer by, an Accredited Baccalaureate Granting College as defined in Rule 1.2(B).

B. COLLEGE OR UNIVERSITY ACCREDITATION

1. "Accredited Baccalaureate Granting College" for the purposes of these Rules means a college or university: (1) that is deemed accredited under sections 12-100-103(1) and 12-100-108(1), C.R.S., that offers a Baccalaureate Degree or higher degree.
2. Baccalaureate Degree. The Board may deem a Baccalaureate Degree or higher degree obtained from a non-accredited college or university as conferred by an Accredited Baccalaureate Granting College if the applicant demonstrates that the degree would be unconditionally accepted into a graduate program at an Accredited Baccalaureate Granting College.
3. Coursework. The Board may deem coursework obtained from a non-accredited college or university as obtained from an Accredited Baccalaureate Granting College if the applicant demonstrates that the coursework would be acceptable for credit towards a Baccalaureate Degree or higher degree at an Accredited Baccalaureate Granting College.
4. The Board may require that an applicant submit his transcript to a generally recognized academic credential evaluation service for assistance in evaluating whether:
 - a. A degree would be unconditionally accepted into a graduate program at an Accredited Baccalaureate Granting College;
 - b. Coursework obtained from a non-accredited college or university would be acceptable for credit towards a Baccalaureate Degree or higher degree at an Accredited Baccalaureate Granting College;
 - c. An accounting program satisfies the requirements for program approval under section 12-100-110, C.R.S.;
 - d. Coursework is, or is equivalent to, a concentration in accounting;
 - e. A degree conferred by a non-accredited college or university meets the definition of Baccalaureate Degree; and

- f. The education otherwise satisfies the requirements of the Act and these Rules.
5. The Board will not accept an evaluation described in paragraph (4) of this Rule 1.2(B) unless it is prepared by NIES or an evaluation service that is a member of NACES, AICE, or another similar organization approved by the Board, or any other entity approved by the Board. The Board is not required to accept the results of an evaluation from any source.

C. APPROVED ACCOUNTING PROGRAM

1. An accounting program at an Accredited Baccalaureate Granting College is deemed approved by the Board.
2. The Board may deem an accounting program at any college or university as approved for the purposes of a specific application if the applicant demonstrates that an Accredited Baccalaureate Granting College would accept coursework or a degree obtained from the college or university for credit towards a Baccalaureate Degree or higher degree, or into a graduate program.

D. EDUCATION REQUIREMENTS FOR EXAMINATION

A person who has a Baccalaureate Degree or higher degree who has obtained not less than 120 credit hours of higher education, and who has fulfilled the requirements described in this Rule 1.2(D), has met the education requirements necessary to sit for the examination.

Notwithstanding the above, a person who does not have a Baccalaureate Degree has met the education requirements necessary to sit for the examination, if he has obtained not less than 120 credit hours of higher education and fulfilled the requirements described in this Rule 1.2(D), and he demonstrates that he is currently enrolled in a degree program at a college or university that: (1) requires a minimum 150 hours for graduation; and (2) does not offer a Baccalaureate Degree, but instead confers a Masters or higher degree, or offers a Baccalaureate Degree upon completion of a combined degree program.

1. An applicant must have completed at least twenty-seven semester hours of non-duplicative accounting coursework at the undergraduate or graduate level with course grades of C (or equivalent) or greater. "Course grades of C (or equivalent) or greater" means that a grade must be a minimum of a 2.0 on a 0.0 to 4.0 grading scale. With regard to "pass/fail" grading systems, the applicant must demonstrate that a grade of "pass" is equivalent to a 2.0 or greater. The transcripts must indicate an accounting program code or the applicant must otherwise demonstrate that the coursework was in accounting. The twenty-seven semester hours must include the following:
 - a. Twenty-one semester hours of accounting courses, excluding introductory accounting courses, covering subject areas such as:
 - (1) Accounting Ethics
 - (2) Accounting Information Systems
 - (3) Accounting Research and Analysis
 - (4) Accounting Theory
 - (5) Auditing and Attestation Services
 - (6) Financial Accounting and Reporting of Business Organizations

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- (7) Financial Accounting and Reporting for Government and Not-for-Profit Entities
 - (8) Financial Statement Analysis
 - (9) Fraud Examination
 - (10) Internal Controls and Risk Assessment
 - (11) Managerial or Cost Accounting
 - (12) Taxation
 - (13) Tax Research and Analysis
 - (14) Forensic accounting
 - (15) Tax auditing
 - (16) Other areas as approved by the Board
- b. The twenty-one semester hours must include a three semester hour, or more, auditing course concentrating on U.S. GAAS. "Concentrating on U.S. GAAS" means that any course content referencing non-U.S. standards is incidental to the course.
 - c. Introductory accounting courses means courses such as principles of accounting, accounting and tax software courses, payroll accounting, and other basic accounting courses as determined by the Board. Such courses will not count towards the twenty-one hour requirement.
2. An applicant must successfully complete at least twenty-one semester hours of non-duplicative coursework in business administration at the undergraduate or graduate level that addresses subject areas such as:
- a. Behavior of Organizations, Groups, and Persons
 - b. Business or Accounting Communications
 - c. Business Ethics
 - d. Business Law
 - e. Computer Information Systems
 - f. Economics
 - g. Finance
 - h. Legal and Social Environment of Business
 - i. Management
 - j. Marketing

- k. Quantitative Applications in Business
 - l. Statistics
 - m. Other areas as approved by the Board
3. Of the twenty-one semester hours, no more than six semester hours can be in any single subject area. But semester hours in excess of the six-hour maximum may count toward the total 120 semester hour requirement.
 4. All coursework must address subject areas as provided in paragraph (2) of this Rule 1.2(D), but the coursework need not be taken within the business or accounting department.
 5. The courses required in this Rule 1.2(D) must be taken at an Accredited Baccalaureate Granting College or: (1) such a college must accept the courses by including them in its official transcript or verify to the Board that it would accept the courses for credit towards graduation; (2) the courses must be acceptable for transfer to such a college pursuant to a transfer articulation agreement approved or accepted by the Colorado Department of Higher Education or what the Board determines to be an equivalent regulatory agency of another jurisdiction; or (3) the Board may accept the findings of an academic credential evaluation provided pursuant to Rule 1.2(B).

E. EDUCATION REQUIREMENTS FOR CERTIFICATION

An individual who has a Baccalaureate Degree or higher degree and who has fulfilled the requirements described in this Rule 1.2(E) has met the education requirements necessary for certification.

1. An Applicant must have successfully completed a total of 150 semester hours of non-duplicative coursework at the undergraduate or graduate level.
2. The Applicant must have completed at least thirty-three semester hours of non-duplicative accounting coursework at the undergraduate or graduate level with course grades of C (or equivalent) or greater. "Course grades of C (or equivalent) or greater" means that a grade must be a minimum of a 2.0 on a 0.0 to 4.0 grading scale. With regard to "pass/fail" grading systems, the applicant must demonstrate that a grade of "pass" is equivalent to a 2.0 or greater.
 - a. All courses must be designated by an accounting program code or the Applicant must otherwise demonstrate that the coursework was in accounting;
 - b. The thirty-three semester hours must include twenty-seven semester hours of accounting courses, excluding introductory accounting courses, covering the subject areas described in Rule 1.2(D)(1)(a);
 - c. Of the twenty-seven semester hours required in paragraph (b), a total of six semester hours must be in auditing, which must include a three semester hour, or more, course concentrating on U.S. GAAS. "Concentrating on U.S. GAAS" means that any course content referencing non-U.S. standards is incidental to the course. The remaining semester hours required under this subsection (c) may be in advanced auditing or a subset of basic auditing such as fraud examination, forensic accounting, or information technology auditing;

- d. Introductory accounting courses means courses such as principles of accounting, accounting and tax software courses, payroll accounting, and other basic accounting courses as determined by the Board. Such courses will not count towards the twenty-seven hour requirement.
 - e. The twenty-seven hours required in paragraph (B) must include a three-semester hour, or more, course concentrating on accounting or business ethics, which may include the following topics: the ethical responsibilities of accountants, both personal and professional; ethical dilemmas facing accountants; ethical theory; the various accounting codes of conduct and ethical guidance for accountants; and the application of ethical theory, codes of conduct, and professional standards.
3. The applicant must have successfully completed at least twenty-seven semester hours of non- duplicative coursework in business administration at the undergraduate or graduate level, which must include:
- a. Of the twenty-seven semester hours, no more than nine semester hours can be in any single subject area. But semester hours in excess of the nine-hour maximum may count toward the total 150 semester hour requirement.
 - b. All coursework must address subject areas as provided in Rule 1.2(D)(2), but the coursework need not be taken within the business or accounting department.
4. The courses required in this Rule 1.2(E) must be taken at an Accredited Baccalaureate Granting College or: (1) such a college must accept the courses by including them in its official transcript or verify to the Board that it would accept the courses for credit towards graduation; (2) the courses must be acceptable for transfer to such a college pursuant to a transfer articulation agreement approved or accepted by the Colorado Department of Higher Education or what the Board determines to be an equivalent regulatory agency of another jurisdiction; or (3) the Board may accept the findings of an academic credential evaluation provided pursuant to Rule 1.2(B).

1.3 EXAMINATION GENERAL REQUIREMENTS AND PROHIBITED CONDUCT

A. APPLICATIONS

Application to sit for the examination shall be made in a manner prescribed by the Board or its designee. An application is deemed complete at the time all required information and fees are received. Any application that is not complete within one year of the receipt date will expire and be destroyed. The applicant must submit a new application along with all required information and fees. The Board or its designee will not consider or review an incomplete application.

B. EXAMINATION ELIGIBILITY

A candidate may be eligible to sit for the examination after satisfying the education requirements as provided in Rule 1.1(B).

C. OFFICIAL TRANSCRIPTS

A candidate must supply an official transcript to the Board or its designee when applying to sit for the examination. An additional official transcript may be required at the time the candidate applies for certification. These official transcripts must be sent from the granting college or university directly to the Board or its designee. However, the Board may accept an official transcript from the candidate if the transcript is provided in an official envelope sealed by the granting college or university.

D. WITHDRAWALS

1. A candidate may withdraw from the examination by filing a written request with the Board's designee. If a request is filed less than thirty days prior to the examination date, the examination fee will be forfeited unless the failure to timely file the request was due to:
 - a. The health condition of the candidate or a member of his immediate family substantiated by a physician's statement;
 - b. The death of a member of the candidate's immediate family substantiated by a death certificate;
 - c. The candidate entered military service and is unable to sit for the examination; or
 - d. For other good cause deemed adequate by the Board.
2. For the purposes of this Rule 1.3(D), "immediate family" means directly related family members, including grandparents, parents, spouse, sibling, child, or grandchild, including "step" relationships.

E. CANDIDATE CONDUCT DURING EXAMINATION

1. A candidate shall conduct himself in a manner that does not violate the standards of test administration. Violations of test administration standards include, but are not limited to:
 - a. Making a false, fraudulent, or materially misleading statement or a material omission on, or in connection with, any application for evaluation and examination to become a CPA of this state. The withdrawal of any application does not deprive the Board of its authority to take action against the applicant;
 - b. Failing to comply with written guidelines of conduct to be adhered to by candidates during the examination or oral guidance by a testing center administrator at any examination location; and
 - c. Cheating, subverting, or attempting to cheat or subvert, or aiding, abetting, or conspiring to cheat on the examination;
 - d. Cheating, subverting, or attempting to cheat or subvert, or aiding, abetting, or conspiring to cheat on the examination includes, but is not limited to, engaging in, soliciting, attempting, or procuring any of the following:
 - (1) Any form of communication between the candidate and anyone, other than a proctor or examination administrator, while the examination is in progress;
 - (2) Any form of communication between the candidate and anyone at any time concerning the content of the examination including, but not limited to, any examination question or answer, unless the examination has been publicly released by the preparer of the examination;
 - (3) Taking by another of all or any part of the examination for the candidate;

- (4) Possession or use at any time during the examination or while the candidate is in the examination testing center of any device, material, document, or other thing that is not expressly authorized for use by examinees during the examination including, but not limited to, notes, crib sheets, books, and electronic devices; or
 - (5) Using or referring at any time after the commencement of the examination and prior to the conclusion of the examination, including all breaks during the examination, to any person, device, material, document, or other thing that is not expressly authorized for use by candidates.
2. A violation of this Rule 1.3(E) is cause for sanctions including disqualification. Sanctions may range from entering a failing grade on all parts of the examination in which cheating occurred, suspension, or total prohibition from sitting for future examinations, other conditions or limitations, or any combination of these sanctions.
3. Any candidate observed violating this Rule 1.3(E) or who otherwise disrupts the examination may be immediately removed from the testing center.
4. The voluntary departure or removal from an examination does not deprive the Board of its authority to take action against the candidate.
5. Any candidate suspected of violating this Rule 1.3(E) or who may have been observed violating this Rule 1.3(E) may be requested to remain for a reasonable period of time following an examination session and may be questioned by test center officials. Test center officials must report any alleged violation of this Rule 1.3(E) to the Board.
6. If more than one candidate is knowingly involved in a connected violation of this Rule 1.3(E), all persons involved are subject to sanctions, although not necessarily of the same severity.
7. Other jurisdictions to which a candidate may apply for the examination will be notified of the sanction imposed by the Board.
8. If, upon a full investigation, the Board has objective and reasonable grounds to believe and finds that the candidate has violated the provisions of this Rule 1.3(E), it may impose the sanctions described in paragraph (2) of this Rule 1.3(E). The Board shall incorporate the findings in its order. For purposes of this paragraph (8), "full investigation" means a reasonable ascertainment of the underlying facts on which the Board's action is based.
9. The candidate, within sixty days after the date of service of the order, may request a hearing before the Board as provided in section 24-4-105, C.R.S., on the issue of whether the candidate committed a violation of this Rule 1.3(E). The action of the Board after any hearing shall be subject to judicial review as provided in section 24-4-106, C.R.S.
10. This Rule 1.3(E) does not limit the Board's authority to impose penalties or take any other action authorized under the Act.

F. CONDITIONING REQUIREMENTS

1. Granting of Credit

- a. Candidates are allowed to sit for each section of the examination individually and in any order.
- b. Candidates retain credit for any section(s) passed for eighteen months, without having to attain a minimum score on failed sections and without regard to whether they have taken other sections.
- c. Candidates must pass all four sections of the examination within a “rolling” eighteen- month period that begins on the date of the notification letter (i.e. candidate score summary) documenting a passing grade of the first section.
- d. In the event all four sections of the examination are not passed within the rolling eighteen-month period, credit for any section(s) passed outside the eighteen-month period will expire and the section(s) must be retaken.
- e. Written requests for exceptions to the requirements set forth above may be granted at the discretion of the Board for individual hardship or other good cause demonstrated in a timely manner.

G. NOTICE TO SCHEDULE (NTS)

1. After a candidate has been determined eligible to take any section of the examination and the candidate has paid the required fee, the Board’s designee will send the candidate an NTS authorizing the candidate to take the section or sections of the examination.
2. The candidate has six months from the date of the NTS to take the examination section for which the candidate is eligible.
3. A candidate who fails to take the approved examination section within six months must reapply to the Board’s designee for establishment of new eligibility.

1.4 EXPERIENCE REQUIREMENTS FOR CERTIFICATION

The following requirements apply to applicants who seek to qualify for certification pursuant to sections 12-100-107 and 12-100-108, C.R.S.

A. GENERAL EXPERIENCE AND VERIFICATION REQUIREMENTS

1. An applicant has satisfied the experience requirement necessary to be issued a certificate upon completion of 1,800 qualifying work hours verified by one or more verifiers as defined in Rule 1.4(A)(5).
 - a. The work hours must be obtained within the five years immediately preceding the date the application is received by the Board or its designee.
 - b. The work hours may include any combination of full-time and part-time work. Academic internship hours may be included if not claimed under Rule 1.2 for education credit.
 - c. Except as provided in Rule 1.4(A)(4), the work hours must be obtained while employed by one or more employers.
 - d. The work hours must be obtained over a period of not less than one year and not more than three years.

2. The work experience must involve the application of appropriate technical and behavioral standards, such as the AICPA Code of Professional Conduct and other standards contained in the AICPA *Professional Standards*, U.S. GAAP, U.S. GAAS, *Statements on Standards for Attestation Engagements (SSAE)*, *Statements on Standards for Accounting and Review Services (SSARS)*, *Statements on Standards for Tax Services (SSTS)*, *Statements on Standards for Management Consulting Services*, or other such standards as determined by the Board.
3. “Qualifying work hour(s)” means hours spent primarily applying the standards described in Rule 1.4(A)(2). Holidays, vacations, and family/employee sick leave shall not be included as qualifying work hours. Clerical experience does not count toward qualifying work hours. Clerical experience includes, but is not limited to, mere data entry, mere mathematical calculations, mere account analysis of information already recorded, and merely recording information in the general ledger.
4. Comparable work experience not specifically addressed by these Rules may be considered by the Board on a case-by-case basis, but must include application of the standards described in Rule 1.4(A)(2).
5. “Verifier” means a CPA who is, for the entire period verified, actively licensed in any State. The verifier cannot be subordinate to or otherwise under the supervision or control of the applicant. The verifier must attest to having direct and continuous knowledge of the work done by the applicant and to having performed contemporaneous periodic review and evaluation of the Applicant’s work. The Board in its discretion may grant exceptions to the requirements in this subsection for good cause.
6. The applicant must submit a certificate of experience from all relevant employers including details of the work experience and verification in a manner prescribed by the Board or its designee. Certificates of experience for part-time work must contain a record of the actual hours the applicant has worked for each week of part-time employment. The certificate of experience and all additional details must be signed by the verifier.
7. The Board may request and review information regarding the work experience submitted, including, but not limited to, evidence of experience with the standards described in Rule 1.4(A)(2), work papers, reports, syllabi, course materials, and/or time records. The Board may also interview applicants, verifiers, and any other person who might possess relevant information.

B. PUBLIC ACCOUNTING

Qualifying public accounting experience, for purposes of this Rule, consists of performing services for a client or potential client, including, but not limited to, any combination of services involving the use of accounting or attestation skills, the issuance of reports on financial statements, management advisory or consulting services, preparing tax returns, or furnishing advice on tax matters. Such work consists of employment by a CPA or Firm performing services primarily involving the application of the standards described in Rule 1.4(A)(2).

C. INDUSTRY

Qualifying industry experience consists of performing services, including for an employer, primarily involving the application of the standards described in Rule 1.4(A)(2). Such services may include, but are not limited to, internal audit, installation of internal control systems, preparing Financial Statements, management advisory or consulting services, preparing tax returns, or furnishing advice on tax matters.

D. GOVERNMENT

Qualifying government experience consists of employment by a federal, state, or local government entity. Such work consists of employment performing services primarily involving the application of the standards described in Rule 1.4(A)(2). Such services may include, but are not limited to, internal or external audit, installation of internal control systems, preparing Financial Statements, management advisory or consulting services, or regulatory reporting on financial matters.

E. ACADEMIA

1. Qualifying academic experience consists of teaching in the accounting discipline for academic credit at a regionally accredited college or university. The teaching must include at least two different accounting courses taught above the introductory level involving the standards described in Rule 1.4(A)(2). One year of experience consists of teaching no less than twelve semester hours or the equivalent in quarter hours. Courses outside the field of accounting do not count toward the experience requirement. Such non-qualifying courses include, but are not limited to, business law, finance, computer applications, personnel management, marketing, economics, and statistics.
2. In addition to a certificate of experience, the applicant must submit with the application a letter from each institution where the qualifying hours were taught, signed by the dean or department head at that institution. The letter must include: (a) the number of credit hours that the applicant taught for the relevant years; and (b) the name and academic level, course description, and syllabus for each course taught. The verifier must be the department chair or a faculty member, who shall also be a CPA as described in Rule 1.4(A)(5).

1.5 REQUIREMENTS FOR CERTIFICATION

A. GENERAL PROVISIONS

1. An applicant must complete and submit an application with applicable fees as prescribed by the Board or its designee.
2. Education, training, or experience gained in military service as outlined in section 12-20-202(4), C.R.S., will be accepted towards satisfying the requirements for certification upon presentation of evidence deemed satisfactory to the Board that the education, training, or experience meets the standards otherwise applicable at the time of receipt of the application. The applicant must provide timely and complete evidence for review and consideration. The Board will consider the evidence on a case-by-case basis.
3. Individuals granted a certificate who issue attest or compilation reports must enroll in a peer review program within thirty days following the date the Board grants the initial certificate, pursuant to Rule 1.8 of these Rules.
4. A certificate holder may engage in the practice of public accounting as a sole proprietor.
5. A certificate holder (including a sole proprietor) must register any form of partnership, professional corporation, or limited liability company as provided in Rule 1.1(L) before he can hold out or engage through that legal entity in any activity for which an active or valid certificate or registration is required under section 12-100-116(1), C.R.S.
6. Upon issuance, certificates and certificate holders are subject to the certificate maintenance, Continuing Professional Education, and other requirements described in Rules 1.6 and 1.7 and all of these Rules.

B. GENERAL CERTIFICATION REQUIREMENTS

1. An applicant has met the requirements necessary for certification if he has:
 - a. Met the minimum education requirements as described in Rule 1.2;
 - b. Taken and passed the Uniform CPA Examination;
 - c. Taken the AICPA Ethics course and passed the AICPA Ethics Examination with a score of ninety percent or better within two years immediately preceding the application receipt date; and
 - d. Met the experience requirements described in Rule 1.4.
2. The applicant must complete two hours of CR&R within six months after the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial certificate will satisfy this requirement.
 - a. CR&R completed within the six months immediately preceding the date the Board grants the initial certificate will satisfy this requirement. CR&R that is not completed within the six months preceding or after that date will not satisfy this requirement, but it may count towards general CPE credit, if it otherwise satisfies the requirements of Rule 1.6(G).
 - b. CR&R courses completed under this requirement may satisfy the CR&R requirement under paragraph (2)(b) of Rule 1.6(G).

C. EXAMINATION MORE THAN 10 YEARS PRIOR TO THE CERTIFICATION APPLICATION DATE

1. If an applicant applies for licensure with examination scores obtained more than ten years prior to the application receipt date, in addition to satisfying the requirements of Rule 1.5(B), the applicant must:
 - a. Complete eighty hours of CPE within the two years immediately preceding the application receipt date. No education in personal development, as defined by the fields of study, may be counted toward the eighty hours; or,
 - b. Provide the Board proof of experience as described in Rule 1.4 obtained within the five years immediately preceding the application receipt date.

D. VERIFICATION OF EXAM SCORES FOR CERTIFICATION

If examination scores cannot be verified through the Board's records or the records of the Board's designee, the Board may require the applicant to qualify and sit for the examination again prior to applying for licensure.

E. RECIPROCITY REQUIREMENTS

1. The Board may issue a certificate to an applicant who holds an active certificate or license issued by another state, provided the applicant:

- a. Possessed the requirements necessary for issuance of a certificate in Colorado on the date that the applicant's certificate or license was issued by the other state, or the applicant meets the Substantial Equivalency requirements defined in Rule 1.1;
 - b. Provides verification that he holds an active certificate or license issued by another state; and
 - c. Attests to having completed all CPE required by the other state as of the application receipt date.
2. The applicant must complete two hours of CR&R within 6 months following the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial Certification will satisfy this requirement.
 3. An applicant who holds a certificate or license issued by another state based upon passage of the examination but who does not hold a certificate or license to practice is not eligible for reciprocity through that certificate or license.
 4. The Board may rely on NASBA, the AICPA, and other professional bodies deemed acceptable to the Board in determining whether an applicant meets the requirements of this Rule 1.5(E).

F. INTERNATIONAL APPLICANTS - MUTUAL RECOGNITION AGREEMENT (MRA)

1. The Board recognizes the IQAB, a joint body of NASBA and the AICPA, which is charged with:
 - a. Evaluating the professional credentialing process of CPAs, or their equivalents, from other countries; and
 - b. Negotiating principles of reciprocity agreements with the appropriate professional and governmental organizations of other countries seeking recognition as having requirements substantially equivalent to the requirements for the U.S. CPA certificate.
2. The Board may issue a certificate to an individual holding an active certificate or designation from an organization that has entered into a MRA with the IQAB, provided that the applicant has:
 - a. Passed the International Qualifications Examination (IQEX) or the Examination;
 - b. Has one year of work experience in accordance with the requirements of Rule 1.4; and
 - c. Completed the AICPA Ethics course and passed the AICPA Ethics Examination with a score of ninety percent or better within two years immediately preceding the application receipt date.
3. The applicant must complete two hours of CR&R within six months following the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial certification will satisfy this requirement.

G. INTERNATIONAL APPLICANTS – NO MUTUAL RECOGNITION AGREEMENT (MRA)

1. If the applicant holds a certificate or designation from an organization that has not entered into a MRA with the IQAB, the Board may issue a certificate, provided that:
 - a. The applicant meets the requirements in Rule 1.5(B); and
 - b. The Board may require that the applicant provide an education evaluation pursuant to Rule 1.2(B)(4).

1.6 CERTIFICATE REQUIREMENTS, DISCIPLINE, MAINTENANCE, AND STATUS CHANGES

This Rule sets forth the general rules regarding a certificate, including CPE requirements, and how a certificate holder may renew, reactivate, or reinstate a certificate, and obtain a retired or inactive status certificate. For specific CPE requirements also see Rule 1.7. A certificate holder is responsible for completing the renewal process when and as required if he wants to maintain his certificate in an active, retired, or inactive status.

A. GENERAL INFORMATION

1. No individual can hold out as defined in Rule 1.1 unless that individual holds an active certificate issued pursuant to the Act, except that:
 - a. An individual who holds an active CPA license or certificate issued by another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation followed or preceded by the name or abbreviation of the state issuing such license or certificate, such as “CPA NM” or “New Mexico CPA”;
 - b. An individual whose license or certificate is in an inactive status in this or another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation followed or preceded by the term “inactive”; or
 - c. An individual whose license or certificate is in a retired status in this or another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation immediately followed or preceded by the term “retired,” and
 - d. While practicing in this state under section 12-100-117(2), C.R.S., and Rule 1.11 (Practice Privilege/Mobility), an individual who holds an active CPA license or certificate issued pursuant to the laws of another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation and an individual holding equivalent authority in a non-U.S. jurisdiction may use or assume the equivalent designation authorized in his non-U.S. jurisdiction.
2. No individual, while holding out as defined in Rule 1.1, can perform for any client, employer, or other person, one or more kinds, or any combination of services involving the use of accounting or attestation skills, including, but not limited to, issuance of reports on financial statements, or of one or more types of management advisory or consulting services, or the preparation of tax returns, or the furnishing of tax advice unless that individual: (1) holds an active certificate issued pursuant to the Act, or (2) is authorized to provide such services pursuant to Rule 1.11 (Practice Privilege/Mobility).

3. A certificate holder offering or rendering services or using his CPA title in another state is subject to disciplinary action in this state for conduct in another state if that conduct violates the Act or these Rules or the laws or rules of that state.
4. Every certificate holder holding an active status certificate must complete CPE. CPE accrues at a rate of ten hours for every full quarter during which the certificate holder holds an active status certificate. The CPE must be completed on or before December 31 of the year ending the CPE reporting period in which the CPE obligation is incurred. Failure to complete accrued CPE on or before December 31 of the year ending the CPE reporting period in which the CPE obligation is incurred is cause for discipline up to and including revocation. A change to expired, inactive, or retired status does not eliminate the obligation to complete accrued CPE before applying for reactivation or reinstatement.
5. Falsely attesting or otherwise providing false information to the Board may violate sections 18-8-501(2)(a)(I), and 18-8-503, C.R.S., and is also grounds for discipline by the Board up to and including denial, suspension, or revocation of a certificate.

B. NOTICES

1. Certificate Holder Address and Name Changes
 - a. Certificate holders shall inform the Board of any name, assumed or trade name, address, telephone, or email change within thirty days of the change. The Board will not change a certificate holder's information without explicit notification provided in a manner prescribed by the Board. Individuals and firms must provide separate notices under this Rule. Information provided to the Board in a firm renewal or initial application and firm changes reported pursuant to Rule 1.12(C) do not fulfill the individual notice requirements under this Rule 1.6(B).
 - b. The Board requires one of the following forms of documentation to change a certificate holder's name or social security number:
 - (1) Marriage license;
 - (2) Divorce decree;
 - (3) Court order; or
 - (4) A driver's license or social security card with a second form of identification may be acceptable at the discretion of the Division of Professions and Occupations.
 - c. Board communications are sent to the last address furnished to the Board. Failure to respond to a Board communication within thirty days, as provided in section 12-100-121, C.R.S., is grounds for discipline up to and including revocation. Failure to notify the Board of a change of address does not relieve a certificate holder of the obligation to respond to a Board communication.
2. Renewal Notices to Certificate Holders.
 - a. The Board may send notices for renewal of certificates according to a schedule established and in a manner approved by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to the last address furnished to the Board.

- b. There is a sixty-day grace period from the expiration date of the certificate within which to pay the renewal fee, plus a late fee. A certificate holder will not be disciplined for holding out or practicing public accounting with an expired certificate during the grace period.
- c. Failure to receive a renewal notice does not relieve the certificate holder of the obligation to renew a certificate.

C. NAMES

1. A certificate holder engaged in the practice of public accounting must not hold out, perform, or offer to perform professional services using a name that has not been provided to the Board.
2. A certificate holder shall not use an assumed or trade name unless:
 - a. The assumed or trade name is filed with the Colorado Secretary of State pursuant to section 7-71-101, C.R.S.;
 - b. The assumed or trade name has been provided to the Board in a manner prescribed by the Board; and
 - c. The assumed or trade name otherwise complies with these Rules.
3. The name under which a certificate holder holds out or engages in the practice of public accounting must not be misleading.
4. A name is considered misleading if the name:
 - a. Implies the existence of a corporation by the use of words or abbreviations such as "Corporation," "Incorporated," "P.C.," "Corp.," or "Inc.," if the CPA is not incorporated or is not a professional corporation.
 - b. Implies the existence of a partnership by the use of a designation such as "Smith & Jones," "C.P.A.s," "Partnership," "Ltd.," "LP," "LLP", or "LLLP" if the CPA is not such an entity.
 - c. Implies the existence of a limited liability company by the use of abbreviations such as "Ltd.," "L.L.C.," "LLC," or "LC" if the CPA is not such an entity.
 - d. Implies that the CPA is associated with or employs another person by the use of terms such as "& Company," "& Associates," or "Group" if, in addition to the CPA, there is not at least one other owner or person employed by, professionally associated, or contractually related on a regular and continuous basis with the CPA.
 - e. Implies the existence of more than one CPA by the use of terms such as "CPAs," or "Certified Public Accountants" if no more than one CPA is an Owner or is employed by, or professionally associated, or contractually related on a regular and continuous basis with the CPA.
 - f. Includes the name of a person who is neither a CPA in any State nor a CPA or legal equivalent in a foreign country if "CPA" is included in the name.

- g. Indicates or implies an association with persons who are not associated with the CPA, except that a CPA who is a member of a network may include the brand name or initials of the Network provided that the name does not otherwise violate this Rule 1.6(C).
 - h. Contains any representation that would likely cause a reasonable person to be misled or confused about the CPA's legal entity type, e.g., corporation, partnership, limited liability company, or sole proprietorship, or about ownership.
 - i. Contains any representation that would likely cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities.
 - j. Claims or implies the ability to influence a regulatory body or official.
 - k. Includes the name of any CPA or Firm whose certificate, license, or registration has been revoked or disciplined whereby the CPA or Firm is prohibited from practicing public accounting or prohibited from using the title CPA or holding out if the name includes the designation "CPAs" or any other language or device tending to indicate the disciplined CPA or firm possesses an active certificate, license, or registration.
 - l. Contains other representations or implications that in reasonable probability would cause a reasonable person to misunderstand or be deceived.
5. A name must not be formulated in such a manner that the initials or parts of the name form a term, phrase, or imply an association that is misleading.

D. OFFERING SERVICES VIA THE INTERNET

Any certificate holder offering or performing professional services via the Internet must include the following information on the Internet site:

- 1. Name of the certificate holder;
- 2. Mailing and physical address of the principal location where the certificate holder offers and/or provides professional services;
- 3. Business telephone number; and
- 4. Colorado certificate number.

E. DISCLOSURE - LICENSEES

- 1. A licensee must notify the Board within forty-five days of any of the following events relating to the licensee:
 - a. Imposition of Discipline by:
 - (1) The SEC, PCAOB, or IRS.
 - (2) Another state board of accountancy for any cause other than failure to pay a professional license fee by the due date.

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- (3) Any other federal or state agency or any professional association or entity regarding the licensee's conduct while rendering professional services.
 - (4) Any federal or state taxing, insurance, or securities regulatory authority.
 - (5) Any non-U.S. authority or credentialing body that regulates the practice of accountancy.
 - b. Notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another state board of accountancy, or a federal or state agency concerning the practice of public accounting or a non-U.S. authority or credentialing body that regulates the practice of public accounting.
 - c. Initiation of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.
 - d. Judgment, settlement, or resolution of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.
 - e. Initiation of an administrative proceeding or disciplinary proceeding by any federal, state, or non-U.S. agency, board, or administrative or licensing authority, or any professional association or entity regarding an audit report for a public or non-public company.
 - f. Any decision, judgment, settlement, or resolution of an administrative proceeding or disciplinary proceeding by any federal, state, or non-U.S. agency, board, or administrative or licensing authority, or any professional association or entity regarding an audit report for a public or non-public company.
 - g. Any judgment, award, or settlement of a civil action or arbitration proceeding of \$150,000 or more in which the licensee was a party if the action or proceeding included any allegation of negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of public accounting or during employment.
 - h. A criminal charge against or a conviction of the licensee, deferred prosecution, or a plea of guilty or *nolo contendere* to a crime by the licensee if:
 - (1) The crime is a felony under the laws of any state, or of the United States, or of any territory or insular possession of the United States, or the District of Columbia or any non-U.S. jurisdiction; or
 - (2) An element of the crime is dishonesty or fraud.
 - i. Occurrence of any matter that must be reported by the licensee to the PCAOB pursuant to the Sarbanes-Oxley Act of 2002, 15 U.S.C. sec. 7201 et seq., and PCAOB Rules and forms adopted pursuant thereto.
 2. The notice to the Board shall include the following information regarding the reportable event:
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- a. If the reportable event is a disciplinary proceeding, alternative dispute resolution proceeding, administrative proceeding, or civil action by any entity referenced in Rule 1.6(E)(1)(a), the name of the entity, its jurisdiction, the case name, the docket or proceeding or case number by which it is designated, a description of the matter, or a copy of the document initiating the action or proceeding and, if the matter has been adjudicated or settled, a copy of the consent decree, order, or decision.
 - b. If the reportable event is a criminal conviction or plea, the court, its jurisdiction, the case name, the case number, and a description of the matter or a copy of the indictment or charges, and, if the matter has been adjudicated, a copy of the judgment of conviction.
 - c. If the reportable event concerns a civil action or arbitration proceeding, the court or arbiter, the jurisdiction, the case name, the case number, a description of the matter, or a copy of the complaint, and a copy of the verdict, the court or arbitration decision, or, if settled, the court's order of dismissal.
3. The reporting licensee may submit a written explanatory statement to be included in the Board's records.
 4. Documents provided to the Board shall be closed to public inspection if federal or state statute, rule, or regulation so provides.
 5. This Rule shall apply to any reportable event that occurs on or after the Rule's effective date.

F. APPLICATION FOR BOARD ACTION

A certificate holder or a person wishing the Board to take any action regarding the status of a certificate shall apply in a manner prescribed by the Board, except as otherwise provided under Rule 1.6(H)(1) (transfer to inactive status).

G. ACTIVE CERTIFICATE

An active certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., in order to maintain the certificate in active status.

1. CPE hours completed prior to certification, but within the CPE reporting period, may be eligible for CPE credit upon Renewal of the initial certificate if the hours were not used to meet the education requirements for initial certification or taken in preparation for the examination.
2. A certificate holder, including the holder of an initial certificate, must complete ten hours of CPE for each full quarter in which the certificate holder is actively licensed during a CPE reporting period.
 - a. No more than twenty percent of CPE can be in Personal Development, as defined by the Fields of Study.
 - b. Four hours of CPE must be in Ethics, of which two hours may be in CR&R.
 - c. As of January 1, 2014, no more than fifty percent of CPE can be in any combination of teaching or publishing an article or book.

3. As a condition of renewal, certificate holders shall attest that they have complied with the requirements of this Rule 1.6(G).
4. The Board cannot renew the certificate of a certificate holder who issues attest or compilation reports unless he attests to having undergone a peer review as provided in Rule 1.8.
5. As a condition of renewal, a certificate holder shall attest that he has complied with the requirements of Rule 1.9(K).

H. INACTIVE STATUS CERTIFICATE

An inactive certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-201, C.R.S., to maintain the certificate in inactive status.

1. Transfer of a Certificate to Inactive Status

To transfer a certificate to inactive status, a certificate holder must submit notice in a manner prescribed by the Board or provide written notice by first class mail to the Board.

2. Conditions of an Inactive Certificate

- a. Inactive certificate holders are not required to comply with CPE requirements for the period during which the certificate is inactive.
 - b. Inactive status must be indicated by the word "Inactive" (e.g., Inactive CPA or Inactive Certified Public Accountant) if the certificate holder uses the CPA designation in any manner.
 - c. A certificate holder with a certificate in inactive status cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.
3. A certificate holder may transfer a certificate to inactive status whether or not he has complied with his current CPE requirements. However, transferring a certificate to inactive status does not relieve the certificate holder of the obligation to complete any CPE accrued but not completed as of the date he transferred the certificate to inactive status. The certificate holder may be subject to discipline for failure to timely complete such CPE and he must complete that CPE prior to returning the certificate to active status (i.e., to reactivate the certificate) as provided in Rule 1.6(K).
 4. A certificate may be reactivated to active status as provided in Rule 1.6(K).

I. RETIRED STATUS CERTIFICATE

A retired certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to maintain the certificate in retired status.

1. A certificate holder may transfer a certificate from active, inactive, or expired status to retired status. To transfer a certificate to retired status, the certificate holder must:
 - a. Submit an application in a manner prescribed by the Board;

- b. Be at least fifty-five years old; and
 - c. Have held an active certificate in good standing issued by any State for a total of at least fifteen years and must have held an active Colorado certificate for at least two of those years.
2. Conditions of a Retired Certificate
 - a. A retired certificate holder is not required to comply with CPE requirements for the period during which the certificate is in retired status.
 - b. Retired status must be indicated by the word "Retired" (e.g., Retired CPA or Retired Certified Public Accountant) if the certificate holder uses the CPA designation in any manner.
 - c. A retired certificate holder cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.
 3. A certificate in retired status may be reactivated to active status pursuant to Rule 1.6(K).

J. EXPIRED STATUS CERTIFICATE

1. A certificate that is not renewed on or before the expiration date will expire; however, there is a sixty-day "grace period" from the expiration date within which the certificate may be renewed, subject to a late fee. A certificate holder will not be disciplined for holding out or practicing public accounting with an expired certificate during the grace period.
2. Conditions of an Expired Certificate
 - a. After the grace period, a certificate holder whose certificate has expired cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.
 - b. A certificate holder is not required to comply with CPE requirements for the period in which his certificate is in expired status.
3. An expired certificate may be transferred to Inactive status as provided in Rule 1.6(H)(1).
4. Allowing a certificate to expire does not relieve the certificate holder of the obligation to complete any CPE accrued but not completed as of the date the certificate expired. The certificate holder may be subject to discipline for failure to timely complete such CPE and he must complete that CPE prior to reinstating the certificate to active status as provided in Rule 1.6(K).
5. An expired certificate may be reinstated to active status as provided in Rule 1.6(K).

K. REACTIVATION OF A RETIRED OR INACTIVE STATUS CERTIFICATE, AND REINSTATEMENT OF AN EXPIRED CERTIFICATE

1. Conditions of Reactivation/Reinstatement - Less Than 2 Years

When a certificate has been in retired, inactive or expired status for less than two years, it may be reactivated or reinstated, provided the certificate holder has met the following requirements preceding the application receipt date.

- a. Completed the minimum eighty hours of CPE required for the CPE reporting period immediately preceding the CPE reporting period in which the application for reactivation or reinstatement is received; and
- b. Completed a minimum of ten hours of CPE for each full quarter during the current CPE reporting period in which the certificate was retired, inactive or expired, up to eighty hours.
- c. No more than twenty percent of the required CPE can be in Personal Development, as defined by the Fields of Study, and no more than fifty percent can be in any combination of teaching or publishing an article or book.

2. Conditions of Reactivation/Reinstatement - 2 Years or More but Less Than 6 Years

When a certificate has been in retired, inactive or expired status for at least two but less than six years, it may be reactivated or reinstated, provided the certificate holder has met the requirements set forth in section (1) of this Rule 1.6(K) and completes and passes the AICPA Ethics course and examination.

3. Conditions of Reactivation/Reinstatement - 6 Years or More

When a certificate has been in retired, Inactive or expired status for six years or more, it may be reactivated or reinstated, provided the certificate holder has satisfied the conditions set forth in paragraphs (a), (b), or (c) of this Rule 1.6(K)(3).

- a. The certificate holder must:
 - (1) Meet the requirements of sections B of this Rule 1.6(K); and
 - (2) Obtain:
 - (a) One year of experience as provided in Rule 1.4, except that the experience must be obtained within two years immediately preceding the application receipt date; or
 - (b) A Master's degree or higher with a concentration in accounting deemed obtained from an Accredited Baccalaureate Granting College, as provided in Rule 1.2(B), within two years immediately preceding the application receipt date.
- b. The certificate holder may reinstate or reactivate a certificate that has been retired, inactive or expired for six years or more by satisfying the same conditions as an applicant for initial certification, including passing the examination, meeting the education and experience requirements as established by statute and these Rules, and completing and passing the AICPA Ethics Course and Examination.
- c. The certificate holder may reinstate or reactivate a certificate that has been retired, inactive or expired for six years or more if the certificate holder holds a certificate, license or other recognized qualification in full force and effect from a foreign country that has entered into an MRA as provided in Rule 1.5(F), or a certificate or license in active status issued by another state provided the other state meets the substantial equivalency requirements defined in Rule 1.1.

- (1) The certificate holder must submit with the application for reinstatement or reactivation an official verification of licensure from the other state or foreign country; and
 - (2) Attest to having completed eighty hours of CPE as described in this Rule 1.6(K).
4. The certificate holder must meet the requirements for reinstatement or reactivation to active status based on the total combined period during which the certificate was expired, retired, or inactive. For example, if a certificate had been in an inactive status for three years and a retired status for four years, the certificate holder must meet the reactivation requirements pertaining to six years or more per Rule 1.6(K)(3).

L. CPE REQUIRED AFTER REACTIVATION OR REINSTATEMENT TO ACTIVE STATUS

1. When a certificate is reactivated or reinstated to active status, the CPE required for the current CPE reporting period is ten hours for each full quarter remaining in the CPE reporting period in which the certificate was reinstated or reactivated. No more than twenty percent of the CPE can be in Personal Development, as defined by the Fields of Study and, no more than fifty percent can be in any combination of teaching or publishing an article or book. Two hours of CPE must be in Ethics, which cannot be in CR&R.
2. CPE used for reactivation or reinstatement to active status cannot be used to satisfy the requirements of this Rule 1.6(L).

M. EXCEPTIONS

The Board in its discretion may grant exceptions to the requirements in this Rule 1.6 for reasons of individual hardship or other good cause.

1.7 CONTINUING PROFESSIONAL EDUCATION (CPE)

A. GENERAL INFORMATION

1. As indicated in Rule 1.6(A)(4), a certificate holder must complete ten hours of CPE for every full quarter during which his certificate is in active status. (See also Rule 1.6(G)(2) for specific CPE requirements including Ethics.) Changing the certificate status to retired, inactive, or expired does not eliminate the obligation to complete CPE that was accrued but not completed as of the date of such change. Failure to complete required CPE is cause for discipline up to and including revocation.
2. Active certificate holders must participate in learning activities that maintain and/or improve their professional competence as a CPA and assure reasonable currency of knowledge. A certificate holder's field of employment does not limit the need for CPE.
3. Certificate holders performing professional services need to have a broad range of knowledge, skills, and abilities. Accordingly, acceptable CPE encompasses programs that contribute to the development and maintenance of both technical and non-technical professional skills.
4. Learning activities that do not maintain and/or improve professional competence as a CPA will not be accepted for credit towards CPE. Learning activities that do not maintain and/or improve professional competence as a CPA include, but are not limited to, activities that teach fundamental accounting skills such as, or comparable to, first and second semester principles of accounting or their equivalent.

5. It is the responsibility of certificate holders to be aware of and comply with all CPE requirements under these Rules.
6. The Board will not grant credit for CPE that does not meet the requirements of this Rule 1.7.

B. CPE STANDARDS

1. Certificate holders, program sponsors, and program developers must comply with the joint standards as defined in Rule 1.1 and incorporated herein by reference. If a Rule of the State Board of Accountancy is inconsistent or otherwise differs from the materials incorporated by reference herein, the Rule of the State Board of Accountancy governs. It is ultimately the responsibility of certificate holders to ensure that any CPE completed complies with the joint standards and these Rules.
2. For internet based CPE programs, a minimum of seventy-five percent of the polling questions, if used as a monitoring mechanism, must be answered by the CPA in order to receive credit for the CPE activity.
3. Program sponsors will be deemed in compliance with Joint Standard 14 of the joint standards regarding CPE credit for self-study learning activities if the program developer or vendor pilot tests the representative completion time, or computes the recommended CPE credit using the prescribed word count formula, or attests to the appropriateness of the recommended CPE credit for the self-study learning activity.

C. SUBJECT MATTER

1. The following are acceptable subjects for CPE courses as defined in the Fields of Study:
 - a. Accounting
 - b. Accounting (Governmental)
 - c. Auditing
 - d. Auditing (Governmental)
 - e. Behavioral Ethics*
 - f. Business Law
 - g. Business Management and Organization
 - h. Communications and Marketing
 - i. Computer Software and Applications
 - j. Economics
 - k. Finance
 - l. Information Technology
 - m. Management Services

- n. Personal Development
 - o. Personnel/HR
 - p. Production
 - q. Regulatory Ethics
 - r. Specialized Knowledge
 - s. Statistics
 - t. Taxes
2. CPE in Behavioral Ethics or Regulatory Ethics as listed in this Rule 1.7(C) shall not satisfy any requirements that the licensee or applicant complete and pass the AICPA Ethics Course and Examination. Additionally, for the purpose of CPE, Behavioral Ethics is not considered to be Personal Development.
 3. The two hours of CR&R allowed or required as CPE under these Rules count as Regulatory Ethics as listed in this Rule 1.7(C). Satisfactory CR&R course presentations need not be limited to two hours but may comprise and grant credit for as many hours as necessary to satisfy the requirements of Rule 1.7(H). However, CR&R course credit hours granted in excess of two hours will not be considered CR&R or Ethics CPE, but the excess hours will count as Specialized Knowledge as listed in this Rule 1.7(C).

D. CPE CREDIT AND RECORDS DOCUMENTATION AND RETENTION

The Board may grant CPE credit to a certificate holder for participation in the activities listed in this Rule 1.7(D). The certificate holder is responsible for accurate reporting and documentation of all CPE hours completed. Certificate holders must retain documentation for a minimum of five years from the end of the year in which the CPE was completed. The documentation must be submitted to the Board upon request.

1. CPE Programs

Documentation for CPE Programs must include a Certificate of Completion, Certificate of Attendance, or Firm Transcript that includes:

- a. Name and contact information of CPE program sponsor;
- b. Participant's name;
- c. Title of program;
- d. Fields of Study, as described in Rule 1.7(C);
- e. Date(s) the program was offered or completed;
- f. Location of program, if applicable;
- g. Type of instruction/delivery method;
- h. Number of CPE credits completed; and

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- i. Verification by the CPE program sponsor (verification may be in the form of a signature, seal, or other similar indicia).
2. Teaching Credit for CPE or College or University
 - a. For purposes of this Rule 1.7, “teaching” for CPE credit means providing instruction. To qualify for CPE, the instruction must enhance the teaching certificate holder’s professional competence, as provided in Rule 1.7(A).
 - b. The instruction must be provided either for the first time or be substantially revised from the previous time(s) it was taught by the certificate holder. “Substantially revised” means the majority of the presentation and/or course content has been significantly modified. Such significant modifications may be required due to legislative changes, changes in principle, rules, practices, or standards, for example. Simple updates to a textbook or edition change do not constitute a significant modification.
 - c. Documentation for teaching credit must include:
 - (1) The name and contact information of the CPE program sponsor or college or university;
 - (2) Verification from the CPE program sponsor or college or university of teaching the course or activity, the number of in-classroom hours taught, and the Fields of Study as described in Rule 1.7(C);
 - (3) For teaching CPE, an attestation from a qualified third party, including, but not limited to, any one of the program sponsor, developer, or author, that the course or activity was new or substantially revised, or if the credit is for a college or university course, an attestation from the accounting department chair that the course was new or substantially revised;
 - (4) A statement from the certificate holder describing how the activity maintained and/or improved the certificate holder’s professional competence as a CPA;
 - (5) Activity/course syllabus or outline; and
 - (6) The certificate holder’s qualifications to present the subject matter.
3. Panel Presentations
 - a. To qualify for CPE, the panel presentation must enhance the presenting certificate holder’s professional competence, as provided in Rule 1.7(A).
 - b. CPE credit will be granted for the total number of hours of attending the panel presentation plus preparation time equal to two times the total length of the panel presentation divided by the number of presenters. Panel presentation hours will be included as teaching hours for purposes of the limit on teaching hours specified in Rule 1.6.

- c. The panel presentation must be provided either for the first time or be substantially revised from the previous time(s) it was presented by the certificate holder. "Substantially revised" means the majority of the subject matter content has been significantly modified. Such significant modifications may be required due to legislative changes, changes in principles, rules, practices, or standards, for example.
- d. Documentation for panel presentation credit must include:
 - (1) The name and contact information of the program provider/sponsor;
 - (2) Verification of the number of panel hours;
 - (3) The Fields of Study as described in Rule 1.7(C) or a description of the subject material addressed by the panel;
 - (4) If the subject matter has been previously presented by the certificate holder, the certificate holder must provide a statement demonstrating that the subject matter presented was substantially revised;
 - (5) A statement from the certificate holder describing how the activity maintained and/or improved the certificate holder's professional competence as a CPA;
 - (6) A presentation syllabus, outline, or agenda; and
 - (7) The certificate holder's qualifications to present the subject matter.

2. Published Article or Book

Documentation for published article or book credit must include:

- a. Proof of publication and independent review of the article or book;
- b. The name and contact information of the independent reviewer and publisher. "Independent reviewer" means an individual who demonstrates expertise regarding the same or closely-related subject matter and who is not affiliated with the certificate holder personally;
- c. A summary of hours and identify the CPE Field of Study claimed, as described in Rule 1.7(C), with detail of time spent, with dates, and research performed; and
- d. A statement from the certificate holder describing how the activity maintained and/or improved the certificate holder's professional competence as a CPA.

5. College or University Coursework

Documentation for college or university coursework must include:

- a. For a credit course, an original official transcript or grade card from a college or university; and
- b. For a non-credit course, a certificate of attendance issued by the college or university.

6. Specialized Industry Programs

Documentation for specialized industry programs that do not comply with all applicable CPE requirements must include:

- a. Provider-generated documentation indicating completion or attendance;
- b. A statement from the certificate holder that demonstrates that the learning activity satisfies, or is equivalent to an activity that satisfies, the joint standards;
- c. Documentation that includes the elements outlined in Rule 1.7(D)(1)(a) through 1.7(D)(1)(i); and
- d. The number of CPE hours claimed and how those hours were computed.

E. HARDSHIP EXCEPTIONS

A certificate holder may seek an exception to the CPE requirements by submitting a written request justifying the exception to the Board. The Board will decide on a case-by-case basis whether good cause has been demonstrated to waive the CPE.

F. CPE COMPLIANCE

1. CPE records of certificate holders may be audited after renewal periods to verify compliance with the requirements described in Rules 1.6 and 1.7. The CPE reporting period is a two-year period from January 1 of an even-numbered year through December 31 of an odd-numbered year during which the certificate holder must complete CPE.
2. A certificate holder must provide all documentation and information requested regarding CPE compliance in a manner prescribed by the Board within thirty days of a Board request unless otherwise provided by these Rules.

G. FAILURE TO COMPLY WITH CPE REQUIREMENTS

1. If upon review, the Board or its designee finds that a certificate holder has failed to comply with the CPE requirements, the certificate holder has thirty days from the date of the notice of such finding to:
 - a. Provide further evidence that the hours submitted meet the CPE requirements established by these Rules; or
 - b. Provide documentation described in Rule 1.7(D) demonstrating completion of additional CPE hours during the CPE reporting period that meet the requirements established by these Rules.
2. If the Board finds that a certificate holder failed to comply with the CPE requirements, the Board may impose discipline and/or include the certificate holder in the CPE audit of subsequent CPE reporting periods.

H. BOARD ACCEPTANCE OF COLORADO RULES AND REGULATIONS (CR&R) COURSES

1. The Board will not accept or consider courses in CR&R that do not cover current Colorado Revised Statutes and Board Rules and comply with the content outline set forth in this Rule 1.7(H).

2. The CR&R Content Outline represents only a general description of the materials that must be addressed in the CR&R course. A CR&R course must address all provisions of the applicable Colorado Revised Statutes, Board Rules, and Board Policies.
3. The failure of a CR&R course to cover all Colorado Revised Statutes and Board Rules and Policies is not a defense to a violation of the Act or these Rules.
4. For the purposes of CR&R, Colorado Revised Statutes, Board Rules, and legislative documents may be considered by program sponsors as instructional materials and not as reference or supplements to the instructional materials. The use of these documents by program sponsors when providing CR&R courses will be considered compliant with the Joint Standards.
5. CR&R Content Outline:

This course discusses the Colorado Statutes and Rules that pertain to CPAs licensed to practice in the State of Colorado. Students will become familiar with the Colorado Revised Statutes, the Rules of the State Board of Accountancy, and the Policies adopted by the Board currently in effect and how the statutes, rules, and policies pertain to them.

- a. Overview of Regulatory Requirements
 - (1) Review of Colorado Revised Statutes (as they pertain to accountancy), Board of Accountancy Rules, and Policies.
 - (2) Legislative changes affecting the accounting profession, as applicable.
- b. State Board of Accountancy
 - (1) Organization and duties of the Board
 - (2) State Board of Accountancy Website (overview)
- c. Certified Public Accountant Designation
 - (1) Proper use - Holding Out
 - (2) Types of Certificates
 - (3) Status and maintenance of Certificates
 - (4) Licensure – Examination and certification
 - (5) Continuing professional education
 - (6) Disclosures
 - (7) Names
 - (8) Mobility/Practice Privilege and reciprocity
 - (9) Peer Review

- d. Professional Conduct
 - (1) Unlawful Acts
 - (2) Accountant/Client Privilege
 - (3) Grounds for disciplinary Action
 - (4) Client Records
- e. Firms
 - (1) Firm Registration
 - (2) Firm Names
 - (3) Peer Review
 - (4) Disclosures

CR&R course materials and/or certificates of completion must include the date on which the current version offered/taught was last updated.

1.8 PEER REVIEW REQUIREMENT

A. INTRODUCTION

In the interest of public protection, the Board requires all certificate holders and registrants issuing attest and/or compilation reports to be enrolled in and undergo peer review at least once every three years.

Upon renewal of an active certificate or registration, all certificate holders and registrants, except those exempt from peer review as described in Rule 1.8(B), must attest to having undergone a peer review as provided in Rule 1.8(M) within the previous three years.

B. EXEMPTION FROM PEER REVIEW

1. A registrant that does not issue attest or compilation reports is exempt from the peer review requirements of this Rule 1.8.
2. A certificate holder who does not issue attest or compilation reports is exempt from the peer review requirements of this Rule 1.8.
3. A certificate holder who performs public accounting within a partnership, professional corporation, or limited liability company is exempt from the peer review requirements of this Rule 1.8 because the partnership, professional corporation, or limited liability company within which he performs public accounting is subject to the peer review requirements of this Rule 1.8 if it issues attest or compilation reports.

C. APPROVED PEER REVIEW SPONSORING ORGANIZATIONS, PROGRAMS, AND PEER REVIEW STANDARDS

1. The Board shall approve peer review Sponsoring Organizations, programs, and standards and may establish a Peer Review Oversight Committee (PROC) to make recommendations to the Board for its approval of such organizations, programs, and peer review standards. The Board adopts the AICPA as an approved Sponsoring Organization and its peer review program and other peer review programs administered by entities fully involved in the administration of the AICPA Peer Review Program. The Board may approve other Peer Review Sponsoring Organizations and programs.
2. Any Board approved peer review program and any peer reviewer performing a peer review under this Rule 1.8 must utilize the standards for performing and reporting on peer reviews of the American Institute of Certified Public Accountants as provided in sections 12-100-107(4) and 12-100-114(7), C.R.S., or equivalent standards promulgated by a recognized national accountancy organization whose standards are generally accepted by other regulatory authorities in the United States and are acceptable to the Board.
3. The Board may terminate its approval of a sponsoring organization for cause following notice and opportunity for hearing. For purposes of this paragraph, "cause" includes, but is not limited to, failure to comply with the requirements of this Rule 1.8. The Board may approve the peer review program and standards of a peer review program organization not specifically identified in these regulations as Board-approved if the organization submits evidence satisfactory to the Board that the overall program and standards are at least equivalent to those of the AICPA Peer Review Program. At a minimum, the evidence must include the standards, procedures, guidelines, oversight process, training materials, and related documents used by those administering reviews, performing reviews, having reviews, and those considering reviews for acceptance. The Board may request any other documents/information from a peer review program organization that it determines appropriate in deciding whether to grant approval.
4. No certificate holder or registrant is required to become a member of any peer review sponsoring organization.

D. PEER REVIEWER QUALIFICATIONS AND DUTIES

1. A peer reviewer must hold an active certificate, license, or active/valid registration to practice public accounting, in good standing, issued by any state.
2. A peer reviewer must meet the peer reviewer requirements established in the Board-approved peer review standards.
3. A peer reviewer is subject to all provisions of the Act and the Rules when providing peer review services.
4. A peer reviewer must comply with all applicable provisions of the peer review standards when performing a peer review.

E. RETENTION OF DOCUMENTS RELATING TO PEER REVIEWS

1. Certificate holders and registrants subject to peer review must maintain all documentation necessary to establish that all peer reviews conformed to peer review standards. The documentation maintained by the certificate holder or registrant must include the following:

- a. Documentation of the peer reviewer/reviewing firm qualifications;
 - b. Copies of all the peer review documents described in Rule 1.8(F);
 - c. All correspondence that indicates the certificate holder's or registrant's concurrence or non-concurrence with the results of the peer review; and
 - d. All proposed remedial actions and all information relevant to those remedial actions, including the implementation of the remedial actions.
2. The documents described in Rule 1.8(E)(1) must be retained by the certificate holder or registrant until the completion of the two most recent subsequent peer reviews or for a period of five years from the date the peer review is accepted by the sponsoring organization, whichever is longer. If the certificate holder or registrant ceases to practice or merges with another certificate holder or registrant, the original certificate holder or responsible party for the original registrant must retain all peer review documents described in Rule 1.8(E)(1) for a period of five years from the date the peer review is accepted by the sponsoring organization.

F. SUBMISSION OF PEER REVIEW DOCUMENTS

1. Submission of peer review Documents by certificate holders and registrants.

Certificate holders and registrants that have participated in a peer review must submit upon request within thirty days all documents listed in Rule 1.8(E) and the following documents to the Board:

- a. Peer Review Report (accepted by the Sponsoring Organization);
 - b. The certificate holder's or registrant's letter of response (accepted by the sponsoring organization);
 - c. The acceptance letter from the sponsoring organization;
 - d. Letter(s) signed by the certificate holder or registrant accepting the documents with the understanding that the certificate holder or registrant agrees to take any actions required by the sponsoring organization; and
 - e. Letter signed by the sponsoring organization notifying the certificate holder or registrant that all required actions have been appropriately completed.
2. Submission of Peer Review Documents by Sponsoring Organizations.
- a. The peer review documents required in Rules 1.8(F)(1)(a) through 1.8(F)(1)(c) shall be made available by the sponsoring organization to the Board via a secure website within thirty days of the date of the sponsoring organization's acceptance.
 - b. The peer review letter required in Rule 1.8(F)(1)(d) shall be made available by the sponsoring organization to the Board via a secure website within thirty days of the date that the certificate holder or registrant signs such letter.

- c. The peer review letter required in Rule 1.8(F)(1)(e) shall be made available by the sponsoring organization to the Board via a secure website within thirty days of the date of the letter from the sponsoring organization notifying the certificate holder or registrant that the required actions have been appropriately completed.

G. EXTENSIONS FOR COMPLETING PEER REVIEWS

The Board will accept an extension for completing peer reviews granted by a sponsoring organization that does not affect a renewal period if the Board is notified by the certificate holder or registrant within fourteen days following the date of the letter from the sponsoring organization granting the extension. Extensions may be granted for the following reasons:

1. Health;
2. Military service; or
3. Other good cause clearly outside the control of the reviewed certificate holder or registrant.

H. BOARD ACTIONS

1. The Board may require sponsoring organizations to provide a list of certificate holders or registrants that are enrolled with the sponsoring organization and a list of those whose enrollment in the peer review program has been dropped or terminated.
2. Based upon the peer review outcome, the Board may require remedial actions, including specified CPE courses that the certificate holder or Board-designated members, partners, shareholders, or other CPAs within the registered firm must complete as a condition of renewal.
3. Information in peer review reports and other documents listed in Rules 1.8(E) and 1.8(F) are deemed reasonable grounds to initiate a complaint and/or investigation under section 12-100-124, C.R.S.

I. CHANGE OF REGISTRATION STATUS – PEER REVIEW STATUS

In the event a certificate holder's or registrant's practice is sold, dissolved, or merged with the practice of another certificate holder or firm, determination of the successor or predecessor's peer review year-end(s) and other peer review due date(s), if any, will be made in accordance with the sponsoring organization's guidance.

J. CONFIDENTIALITY OF PEER REVIEW INFORMATION

Peer reviewers shall not disclose or use for their own benefit any confidential information that comes to their attention from certificate holders or firms in carrying out their responsibilities, except that they may furnish such information in response to a legally enforceable subpoena.

K. PEER REVIEW PROGRAM OVERSIGHT COMMITTEE (PROC)

1. The Board may establish a committee to oversee sponsoring organizations' administration of their peer review programs. The committee may consist of not more than five members appointed by the Board.

2. Members are appointed for terms of three years, except that the terms of those first appointed shall be arranged so that, to the extent possible, an equal number of members will rotate off annually. There is no limit to the number of consecutive terms a member may serve.
3. The committee may fill vacancies occurring during a term for the unexpired term with members approved by the Board.
4. Each member must hold an active Colorado CPA certificate or an Active CPA certificate from a substantially equivalent jurisdiction.
5. Each member must have undergone and received a peer review report with a rating of pass on the most recent peer review for himself or his Firm.
6. No committee member may be a member of any state board of accountancy or one of its committees or perform any enforcement-related work for a state board.
7. Committee responsibilities may include but are not limited to:
 - a. Recommending to the Board the approval of sponsoring organizations, peer review programs, and peer review standards;
 - b. Monitoring and assessing the effectiveness of the sponsoring organizations, peer review programs, and peer review standards; and
 - c. Reporting to the Board whether sponsoring organizations are administering and facilitating peer review programs in conformity with Board-approved peer review standards.
8. No member of the committee may disclose information to the Board that would identify any specific certificate holder, registrant, or peer reviewer/reviewing firm except as required in this Rule 1.8.
9. Committee members shall not disclose or use for their own benefit any confidential information that comes to their attention in the course of performing their duties as members of the committee except as required under the Act, these Rules, or in response to a legally enforceable subpoena.

L. PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)

For certificate holders or registrants registered with and inspected by the PCAOB, the Board approves the PCAOB's inspection process for reviewing practices subject to its authority to the extent that such practices are not included in the scope of peer review programs. Certificate holders or registrants receiving inspections under the PCAOB must also undergo a peer review under a Board-approved peer review program that covers the portion of the certificate holder's or registrant's practice not subject to the PCAOB inspection process, should it have such a practice.

M. PEER REVIEW REQUIREMENT

1. Pursuant to sections 12-100-107(4) and 12-100-114(7), C.R.S., any certificate holder or registrant subject to peer review that is licensed, registered, or issues attest or compilation reports:

- a. Must enroll in an approved peer review program the earlier of within thirty days of licensure, registration, or immediately upon issuing the first attest or compilation report;
 - b. If the date of licensure, registration, or issuing the first attest or compilation report is less than eighteen months prior to the renewal of the certificate holder or registrant, the certificate holder or registrant must submit evidence of enrollment in an approved peer review program with the renewal application;
 - c. Must complete the peer review. "Complete" the peer review means the peer review documents have been submitted to the sponsoring organization's report acceptance body as defined in the Board-approved peer review standards within eighteen months following the report date of the initial engagement performed. Failure to timely complete a peer review as required in this paragraph is grounds for discipline including revocation; and,
 - d. Must undergo subsequent peer reviews in accordance with Board-approved peer review standards.
2. A certificate holder or registrant that satisfies the requirements of Rule 1.8(M)(1) is deemed to have undergone a peer review for the purposes of renewal.

N. RENEWAL ATTESTATION

As a condition of renewal, certificate holders and registrants must attest that they either: (1) have undergone a peer review as defined in Rule 1.8(M); or (2) that they are exempt from the peer review requirement pursuant to Rule 1.8(B).

1.9 RULES OF PROFESSIONAL CONDUCT

Authority

The Rules of Professional Conduct are promulgated under the authority granted under section 12-100-105(1)(c), C.R.S., to establish and maintain high standards of competence and integrity in the public accounting profession. The Rules of Professional Conduct apply with equal force to all licensees, except where the wording of a specific rule indicates otherwise. As specifically provided in Rules 1.9(M) and 1.9(N), these Rules incorporate by reference additional standards and rules from other entities. All licensees must comply with the Board's Rules of Professional Conduct in addition to all standards and rules incorporated by reference. If a Rule of the State Board of Accountancy is inconsistent or otherwise differs from the materials incorporated by reference herein, the Rule of the State Board of Accountancy governs.

Applicability

Title 12, Article 100 of the C.R.S., requires that all licensees adhere to the Rules of Professional Conduct.

The Rules of Professional Conduct that follow apply to all services performed except (a) where the wording of the rule indicates otherwise and (b) that a licensee who is practicing outside the United States will not be subject to discipline for departing from any of the rules stated herein as long as the licensee's conduct is in accord with the rules of the organized accounting profession in the country in which the licensee is practicing. However, where a licensee's name is associated with financial statements under circumstances that would entitle the reader to assume that United States practices were followed, the licensee must comply with the requirements of Rules 1.9(B), 1.9(E), and 1.9(F).

A. DEFINITIONS

1. Integrity

An element of character fundamental to professional recognition which requires a licensee to: (1) be honest and candid within the constraints of client confidentiality; (2) observe both the form and the spirit of technical and ethical standards; and (3) keep service and the public trust above personal gain and advantage. It is the quality from which the public trust derives and the benchmark against which a licensee must ultimately test all decisions. It can accommodate the inadvertent error and the honest difference of opinion. It cannot accommodate dishonesty, deceit, or subordination of principle.

2. Objectivity

Requires a licensee to: (1) be impartial, intellectually honest, and free of conflicts of interest, except as otherwise provided under Rule 1.9(C)(5); (2) protect the integrity of their work regardless of service or capacity; and (3) avoid any subordination of their judgment.

3. Independence

The absence of relationships that impair or appear to impair a licensee's objectivity in performing an engagement in which the licensee will issue an attestation report or opinion, unless the lack of independence is disclosed in the report or opinion.

4. Due Care

The discharge of responsibilities to clients, employers, and the public with diligence and competence which requires a licensee to: (1) render services carefully and in a timely manner; (2) be thorough; (3) observe applicable technical and ethical standards; and (4) plan and supervise adequately any professional activity for which the licensee is responsible.

5. Competence

The knowledge and ability to assure that the quality of the services rendered meets professional standards. It requires a licensee to: (1) be responsible for assessing and evaluating whether the education, experience, and judgment of the licensee and/or the personnel providing the services is adequate for the responsibility assumed; and (2) maintain a commitment to learning and professional improvement that continues throughout a licensee's professional life.

6. Contingent Fee

A fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specific finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of these Rules, fees are not regarded as being contingent if fixed by courts or governmental entities acting in a judicial or regulatory capacity, or in tax matters if determined based upon the results of judicial proceedings or the findings of governmental agencies acting in a judicial or regulatory capacity, or there is a reasonable expectation of substantive review by a taxing authority.

B. INDEPENDENCE

When a licensee provides auditing or other attestation services, they shall be independent in fact and appearance and shall conform to the independence standards provided in the *AICPA Professional Standards*, whether or not the individual CPA or Firm are members of the AICPA. When the licensee performs services regulated by the SEC, PCAOB, or the U.S. General Accounting Office (GAO), they also shall conform to the independence standards established by those bodies for those services in effect and incorporated by reference in Rule 1.1(C).

C. INTEGRITY AND OBJECTIVITY

In the performance of any professional service, licensees shall maintain objectivity and integrity, shall be free of conflicts of interest except as otherwise provided in paragraph (5) of this Rule 1.9(C), and shall not knowingly misrepresent facts or subordinate their judgment to others.

1. A licensee shall not engage in fraud, deceit, or any form of dishonesty in connection with or relating to offering or providing a professional service, including, but not limited to, knowingly obtaining or exercising control over anything of value without authorization, as a result of, in connection with, or otherwise relating to offering or providing a professional service.
2. A licensee shall not engage in fraud, deceit, or any form of dishonesty in relation to the Board, including, but not limited to, any act or omission, any response, representation, application, form, or communication with or to the Board whether oral or written.
3. A licensee shall not knowingly misrepresent facts or subordinate his judgment to others.
 - a. Misrepresentations of fact or subordination of judgment include, but are not limited to:
 - (1) Knowingly making, or permitting or directing another to make, false or misleading entries in an entity's financial statements or records;
 - (2) Misrepresenting or failing to disclose material facts to an external or internal auditor, or accountant; and

Taking a position in a tax return or advising a tax client to take a position that does not have a realistic possibility of being sustained on its merits in an administrative or judicial review unless the position is not frivolous and is adequately disclosed as provided in the *AICPA Professional Standards*, Statements on Standards for Tax Services.

4. Subordination of judgment or principle. When disagreements and disputes arise in the course of providing professional services by a licensee related to the recording of transactions or preparing financial statements, a licensee shall determine whether (a) the entry or the failure to record a transaction in the records, or (b) the financial statement presentation or the nature or omission of disclosure in the financial statements, as proposed, represents the use of an acceptable alternative and does not materially misrepresent the facts.
 - a. If, after appropriate research or consultation, the licensee concludes that the matter has authoritative support or does not result in a material misrepresentation, the licensee need do nothing further.

- b. If the licensee concludes that the matter results in a material misrepresentation or misstatement, the licensee shall make any concerns known to the appropriate higher level(s) of management within the organization (for example, the supervisor's immediate superior, senior management, the audit committee or equivalent, the board of directors, or the company's owners). Licensees shall document their understanding of the facts, the accounting principles involved, the application of those principles to the facts, and the parties with whom these matters were discussed.
 - c. If, after discussing their concerns with the appropriate person(s) in the organization, the licensee concludes that appropriate action was not taken, he must assess his continuing relationship with the client or employer.
 - d. The licensee also must assess any responsibility that may exist to communicate to third parties, such as regulatory authorities or the client or employer's (former employer's) external accountant.
5. Conflict of Interest. A conflict of interest may occur if a licensee performs a professional service for a client or employer and the licensee has a relationship with another person, product, or service that could, in the licensee's professional judgment, be viewed by the client, employer, or other appropriate party as impairing the licensee's objectivity.
- a. The licensee may perform the professional service if:
 - (1) The licensee reasonably believes that the professional service can be performed with objectivity;
 - (2) The relationship is comprehensively disclosed to the client, employer, or other appropriate party; and
 - (3) The licensee obtains the informed written consent of the client, employer, or other appropriate party.
 - b. Certain professional engagements, including audits, reviews, and other attest services require Independence. Independence impairments cannot be eliminated by disclosure and consent.

D. COMMISSIONS, REFERRAL FEES, AND CONTINGENT FEES

- 1. Permitted Commissions and Contingent Fees. A licensee who holds out and who is not otherwise prohibited by this Rule from receiving a commission or contingent fee shall disclose to the recipient of professional services or the buyer of a product, in writing, the nature, amount, and source of any contingent fee or commission prior to performing the professional services or making the sale that generates the commission or contingent fee.
- 2. Referral Fees. A licensee who holds out and who accepts a referral fee for recommending or referring a service or product, or who pays a referral fee to obtain a client, shall disclose to that client, or the client or other person receiving the service or product, in writing, the nature, amount, and source of the referral fee. The written notification shall be provided to the client or other person prior to the time the client or other person engages the licensee or other service provider or makes the purchase that generates the referral fee.

3. Contingent Fees in Tax Matters. A licensee shall not prepare an original or amended tax return or claim for refund for a contingent fee. For purposes of this Rule, fees are not regarded as contingent if fixed by courts or other public authorities, or if based on the results of judicial proceedings or the findings of governmental agencies. A fee is considered to be based on the findings of a governmental agency if, at the time of a fee arrangement, a licensee can demonstrate a reasonable expectation of substantive consideration by an agency with respect to the licensee's client. In the case of the preparation of an original tax return, such expectation is not deemed reasonable.
4. Prohibited Commissions and Contingent Fees. A licensee that performs: (1) an audit or review of a financial statement; (2) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement when the licensee's compilation report does not disclose a lack of independence; or (3) an examination of prospective financial information, shall not:
 - a. Receive a commission or, for a commission, recommend or refer to that client any product or service, or, for a commission, recommend or refer to any person any product or service to be supplied by that client; or
 - b. Receive a contingent fee for performing the services listed in paragraph (4) of this Rule 1.9(D), nor shall the licensee perform for that client any other professional service for a contingent fee.

This prohibition on commissions and contingent fees shall apply during the fee period in which the licensee is or was engaged to perform any of the services listed in paragraph (4) of this Rule 1.9(D) and the period covered by any historical financial statements involved in such services.

E. PROFESSIONAL COMPETENCE AND COMPLIANCE WITH APPLICABLE TECHNICAL STANDARDS

A licensee shall comply with the following:

1. General Standards.
 - a. Professional Competence - A licensee shall undertake only those professional services that the licensee can reasonably expect to complete with professional competence.
 - b. Due Care - A licensee shall exercise due care in the performance of professional services.
 - c. Planning and Supervision - A licensee shall adequately plan and supervise the performance of services.
 - d. Sufficient Relevant Data - A licensee shall obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional service performed.

2. Auditing Standards.

A licensee shall not permit the licensee's name to be associated with financial statements in such a manner as to imply that the licensee is acting as an independent certified public accountant, unless the licensee has complied with all applicable auditing standards. Applicable auditing standards shall include those defined as generally accepted auditing standards by the AICPA, such as Statements on Auditing Standards and Government Auditing Standards as promulgated by the GAO or standards of any successor organizations, including interpretations.

3. Accounting Principles.

If financial statements or other financial data contain any material departure from an accounting principle(s) promulgated by the Financial Accounting Standards Board (FASB), the Government Accounting Standards Board (GASB), their predecessor entities and other entities having similar generally recognized authority or jurisdiction to establish such principle(s), a licensee shall not:

- a. Express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles; or
- b. State that the licensee is not aware of any material modifications that should be made to such statements or data for them to be in conformity with generally accepted accounting principles.

If, however, the statements or data contain such a departure and the licensee can demonstrate that unusual circumstances would have caused the financial statements to be otherwise misleading, the licensee can comply with this Rule by conspicuously disclosing and describing in the workpapers the departure, its approximate effects if practicable, and the reasons why compliance with the principle would result in a misleading statement.

4. Prospective Financial Information.

Licensees shall not permit their name to be used in conjunction with any prospective financial information in a manner that may lead to the belief that the licensees vouch for the achievability of the prospective financial information. Licensees must comply with standards in this area promulgated by the AICPA or by other entities having similar generally recognized authority or jurisdiction over the service provided.

5. Other Attestation Standards.

Licensees shall not permit their name to be associated with assertions or conclusions about the reliability of a written representation of another party unless they have complied with the Statements on Standards for Attestation Engagements (SSAE) promulgated by the AICPA or by other entities having similar generally recognized authority or jurisdiction over the service provided.

F. OTHER PROFESSIONAL STANDARDS

In performing tax services, accounting, review and compilation services, attestation engagements, personal financial planning, business valuation, litigation support and expert witness services, and consulting services, a licensee shall conform with Rule 1.9(E), any other professional standards applicable to such services as contained in the AICPA *Professional Standards*, and any other rules established or incorporated by reference herein.

G. ACTING THROUGH OTHERS

Licensees shall not knowingly permit others to carry out on their behalf, either with or without compensation, acts or omissions that, if carried out by the licensees, would place them in violation of these Rules or the Act. Similarly, in supervising subordinates, licensees shall not accept or condone conduct in violation of these Rules or the Act.

H. CONFIDENTIAL CLIENT AND EMPLOYER INFORMATION

1. General Rule.

A licensee shall not without the specific consent of their client or employer disclose or use for his own benefit any personal or business related information pertaining to a client or the employer of the licensee, which information is obtained from any source or developed by the licensee in the course of employment or performing professional services. Such information is deemed confidential. Information obtained as part of a proposed acquisition or in evaluating the acquisition or merger of an accounting practice shall not be disclosed or used to the licensee's benefit.

2. Acceptable Disclosures. Rule 1.9(H)(1) shall not apply:

- a. If information is disclosed with the specific consent of the client or the employer of the licensee.
- b. If information is disclosed pursuant to a subpoena or summons issued with respect to the licensee or an entity with which the licensee is associated, where the subpoena or summons has been determined to be legally enforceable; or if information is disclosed to permit a licensee's compliance with applicable laws and government rules and regulations.
- c. If information is disclosed as part of the public record in a civil lawsuit (legal action) between the licensee and the client or employer.
- d. If information is disclosed in the course of a peer review of a licensee's professional services. Professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees in carrying out their responsibilities, except that they may furnish such information in response to a formal request from an investigative or disciplinary body of the kind referred to in paragraph (e) of this Rule 1.9(H)(2).

- e. If information is disclosed as part of the process of initiating a complaint with, or responding to an inquiry made by, the Board and the disclosure to the Board is in accordance with statutes regarding accountant-client privilege or the client waives the privilege; or if information is disclosed as part of the process of initiating a complaint with or responding to an investigative or disciplinary body established by law or formally recognized by the Board. Members of the Board shall not disclose or use for their own benefit any confidential client information that comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities.
- f. If information is disclosed pursuant to a signed nondisclosure agreement as part of an acquisition or merger or proposed acquisition or merger of an accounting practice.

I. ISSUING COPIES OF REPORTS, TAX RETURNS, OR OTHER DOCUMENTS

- 1. Unless otherwise prohibited by law, upon request and reasonable notice, a licensee must furnish to a client or former client a copy of any report, tax return, or other document issued by the licensee to or for such client during the preceding five years. The licensee must furnish these copies in a timely manner. Unpaid fees for professional services do not constitute justification for withholding copies of these items.
- 2. The licensee may charge for the reasonable cost of providing the copies and may withhold such copies until that cost is paid.
- 3. Client for the purposes of this Rule 1.9(I) includes persons who are current owners or who were owners during the time period addressed by the report, tax return, or other document issued, unless otherwise restricted by contract or law.

J. CLIENT RECORDS

- 1. Client records are:
 - a. Accounting or other records belonging to the client that are obtained from or on behalf of the client, or that are otherwise within a licensee's possession or control.
 - b. Licensee's workpapers or records that contain data that should properly be reflected in the client's books and records, including, but not limited to:
 - (1) Adjusting, closing, combining, or consolidating journal entries; and
 - (2) Information normally contained in the books of original entry and general ledgers or subsidiary ledgers, such as accounts receivable, job cost, and equipment ledgers, or similar types of depreciation records.
 - c. Computer files that include client information normally contained in the books of original entry and general ledgers or subsidiary ledgers.
- 2. Obligation to retain, return, and provide Client records
 - a. A licensee must retain copies of documentation of work performed, including any report, tax return, or other document issued by the licensee, for a period of five years. If original client records or copies of client records are retained by the licensee, they must also be retained for a period of five years.

- b. A licensee must return or make available client records upon request and reasonable notice from a client or former client. If the records cannot be returned or made available to the client, former client, or his designee promptly, the licensee must immediately notify the client, former client, or designee of the date the records will be returned or made available. The licensee must return or make these records available in a timely manner.
 - c. A licensee must not retain client records in an attempt to force payment of any kind.
 - d. Upon completion of an engagement wherein the client's records have been returned to the client, any duplicate records requested by the client or former client must be furnished to the client upon reasonable notice for a reasonable charge. Such charge must be set to reflect the reasonable cost of providing the copies. A licensee may require that such charge be paid prior to the time duplicate records are provided to the client.
 - e. Upon request, a licensee must provide to the client or former client a copy of any computer files that constitute client records, without password protection and with the name of the software used to manage the accounting information. The licensee is under no obligation to provide the client or former client with a copy of any computer code, application program, or instructions for the software used to assemble the data.
3. Workpapers belonging to the Licensee
- a. A licensee is not required to furnish to the client any workpapers developed by the licensee that do not result in changes to the client's records or are not in themselves part of the records ordinarily maintained by a client.
 - b. Licensee's workpapers are solely the property of the licensee and are not the property of the client even if developed with the assistance of the client. For example, the licensee may make extensive analyses of inventory or other accounts as part of the selective audit procedures. These analyses are a part of the licensee's workpapers, even if client personnel has prepared the analyses at the request of the licensee. Only to the extent these analyses result in changes to the client's records would the licensee be required to furnish the details from the workpapers in support of the journal entries recording the changes. The licensee is not required to furnish such details if the journal entries themselves contain all necessary details.
4. Termination of Engagement. If an engagement is terminated prior to the completion of work, and the licensee's work product has neither been issued nor paid for by the client, the work product is solely and exclusively the property of the licensee.
5. Timely Manner. Unless otherwise provided, "timely manner" shall be within forty-five business days.

K. SAFEGUARDING CLIENT RECORDS AND PROPERTY

1. Every certificate holder has a duty to safeguard client records, funds, and property in his possession or under his control in the event that he is incapacitated, disappears, or dies.
2. The certificate holder shall provide for continuing services to a client or ensure that, in the event that he is incapacitated, disappears, or dies:

- a. Clients are promptly notified;
- b. Client records, property, and funds belonging to a client are securely maintained;
and
- c. Those client records, property, and funds are promptly made available or
returned to the respective clients.

L. SOLICITATION

A licensee shall not solicit an engagement to perform professional services by any communication or other means that:

1. Is false, misleading, or deceptive;
2. Would: (1) create false or unjustified expectations; (2) imply an ability to influence any court, tribunal, regulatory agency, or similar body or official; (3) contain a representation of unrealistic future fees; or (4) contain a representation likely to be misunderstood by a reasonable person;
3. Creates or uses coercion, duress, compulsion, intimidation, threats, overreaching, vexatious, or harassing conduct; or
4. Contains untruthful statements about the professional work product or competence of another licensee.

M. INCORPORATION OF AICPA CODE OF PROFESSIONAL CONDUCT

1. In addition to these Rules of Professional Conduct, the Board adopts and incorporates by reference the AICPA Code of Professional Conduct included in the AICPA *Professional Standards*, as provided in Rule 1.1. All licensees must comply with the Board's Rules of Professional Conduct and the AICPA Code of Professional Conduct in the performance of professional services.
2. When the AICPA Code of Professional Conduct refers to "Member" it is understood that the references apply to all licensees, regardless of whether the licensee is a member of the AICPA. When the AICPA Code of Professional Conduct uses the terms "should," "obligated," or "required", those terms are deemed mandatory and mean "must" for the purposes of these Rules.
3. If a Rule of the State Board of Accountancy is inconsistent or otherwise differs from the materials incorporated by reference herein, the Rule of the State Board of Accountancy governs.
4. In applying these Rules to deliberations in disciplinary or other proceedings, the Board may disregard or may consider as persuasive, but not necessarily conclusive, applicable interpretations and rulings in the AICPA Code of Professional Conduct.

N. INCORPORATION OF STANDARDS

1. Licensees must also comply with the requirements of the U.S. GAAS, U.S. GAAP, SEC, PCAOB, IRS, U.S. Government Accountability Office (GAO), Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), the Cost Accounting Standards Board (CASB), the Federal Accounting Standards Advisory Board (FASAB), and the Federal Office of Management and Budget (OMB) as described in the AICPA *Professional Standards*.
2. Licensees must comply with the AICPA *Professional Standards* and the following standards if such standards are applicable to the Professional Services being performed:
 - a. Statements of Governmental Accounting and Financial Reporting Standards issued by GASB;
 - b. Accounting Standards recognized by FASB;
 - c. Governmental Auditing Standards issued by GAO;
 - d. SEC Rules, Concept Releases, Interpretative Releases, and Policy Statements; and
 - e. IRS Circular 230.
3. If the professional services are governed by standards not included in this Rule 1.9(N), certificate holders and registrants, and all licensees who offer or render professional services in this state or for clients located in this state, must:
 - a. Maintain documentation of the justification for the departure from the standards listed in this Rule 1.9(N);
 - b. Determine and document what standards are applicable; and
 - c. Demonstrate compliance with the applicable standards.

1.10 DECLARATORY ORDERS (SEE SECTION 24-4-105(II), C.R.S.)

A. SUBJECT MATTER OF DECLARATORY ORDERS

Any person, as defined in section 12-100-103(7), C.R.S., may petition the Board for a declaratory order to terminate controversies or to remove uncertainties as either may relate to the applicability to the petitioner of any statutory provisions or of any rule or order of the Board.

B. SCOPE OF BOARD RULINGS

The Board will determine, in its discretion and without notice to petitioner, whether to rule upon any such petition. If the Board determines that it will not rule upon such a petition, the Board shall promptly notify the petitioner of its action and state the reasons for such action.

C. BOARD RULING CONSIDERATIONS

In determining whether to rule upon a petition filed pursuant to this Rule, the Board will consider the following matters, among others:

1. Whether a ruling on the petition will terminate a controversy or remove uncertainties as to the applicability of any statutory provision, rule, or order of the Board to the petitioner.
2. Whether the petition involves any subject, question, or issue which is the subject of a formal or informal matter or investigation currently pending before the Board or a court involving one or more of the petitioners.
3. Whether the petition involves any subject, question, or issue that is the subject of a formal or informal matter or investigation currently pending before the Board or a court but not involving any petitioner.
4. Whether the petition seeks a ruling on a moot or hypothetical question or will result in an advisory ruling or opinion.
5. Whether the petitioner has some other adequate legal remedy, other than an action for declaratory relief pursuant to Rule 57, Colorado Rules of Civil Procedure, that will terminate the controversy or remove any uncertainty as to the applicability to the petitioner of the statute, rule, or order in question.
6. Whether the petition contains enough information regarding the facts for the Board to adequately consider the application of the statutory provision, rule, or order of the Board identified.

D. PETITION REQUIREMENTS

Any petition filed pursuant to this Rule must set forth the following:

1. The name and address of the petitioner, and whether the petitioner is registered or holds a certificate issued pursuant to section 12-100-101, C.R.S., *et seq.*
2. The statute, rule, or order to which the petition relates.
3. A concise statement of all of the facts necessary to show the nature of the controversy or uncertainty and the manner in which the statute, rule, or order in question applies or potentially applies to the petitioner.

E. BOARD RULING PROCEDURES

If the Board determines that it will rule on the petition, the following procedures shall apply:

1. The Board may rule upon the petition based solely upon the facts presented in the petition. In such a case:
 - a. Any ruling of the Board will apply only to the extent of the facts presented in the petition and any Board permitted amendment to the petition.
 - b. The Board may order the petitioner to file a written brief, memorandum, or statement of position.
 - c. The Board may set the petition, upon due notice to the petitioner, for a non-evidentiary hearing.
 - d. The Board may dispose of the petition on the sole basis of the matters set forth in the petition.

- e. The Board may request the petitioner to submit additional facts, in writing. In such event, such additional facts will be considered as a Board permitted amendment to the petition.
 - f. The Board may take administrative notice of facts pursuant to the Administrative Procedure Act section 24-4-105(8), C.R.S., and may utilize its experience, technical competence, and specialized knowledge in the disposition of the petition.
 - g. If the Board rules upon the petition without a hearing, it shall promptly notify the petitioner of its decision.
2. The Board may, in its discretion, set the petition for hearing, upon due notice to petitioner, for the purpose of obtaining additional facts or information or to determine the truth of any facts set forth in the petition, or to hear oral arguments on the petition. The notice to the petitioner setting such hearing shall set forth, to the extent known, the factual or other matters into which the Board intends to inquire. For the purpose of such a hearing, to the extent necessary, the petitioner has the burden of proving all of the facts stated in the petition, all of the facts necessary to show the nature of the controversy or uncertainty, and the manner in which the statute, rule, or order in question applies or potentially applies to the petitioner, and any other facts the petitioner desires the Board to consider.

F. DEFINED PARTIES

The parties to any proceeding pursuant to this Rule 1.10 shall be the Board and the petitioner. Any other person may seek leave of the Board to intervene in such a proceeding, and leave to intervene will be granted at the sole discretion of the Board. A petition to intervene shall set forth the same matters as required by Rule 1.10(D). Any reference to a "petitioner" in this Rule also refers to any person who has been granted leave to intervene by the Board.

G. AGENCY ACTION

Any declaratory order or other order disposing of a petition pursuant to this Rule 1.10 shall constitute agency action subject to judicial review pursuant to section 24-4-106, C.R.S.

1.11 PRACTICE PRIVILEGE/MOBILITY (SEE SECTION 12-100-117(2), C.R.S.)

A. SCOPE OF THE PRACTICE PRIVILEGE

A licensee who qualifies for the Practice Privilege under Rule 1.11(B) may provide Professional Services in this state and shall be deemed to have all the privileges of a certificate holder or registrant without the need to obtain a Colorado certificate or firm registration. No notice or other submission shall be required of any such licensee. Such licensee is subject to the provisions of section 12-100-117(2)(c), C.R.S., and these Rules.

B. REQUIREMENTS

- 1. Individual Practice Privilege requirements.
 - a. An individual shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of a certificate holder without the need to obtain a certificate under section 12-100-107, C.R.S., if:

- (1) The individual's principal place of business is not in this state. For purposes of this Rule 1.11, "Principal Place of Business" is presumed to be the location designated by the individual, but the presumption will be overcome if: (1) the individual establishes residency in this state; and (2) the individual provides or offers professional services to his employer or to a client or potential client located in this state. Provided further that if the individual submits an application for a Colorado certificate within sixty days of establishing residency in this state, the individual may continue to have all the privileges of a certificate holder until such time as a Colorado certificate is granted or denied; and
- (2) The individual holds an active certificate or license issued by any state that NASBA's national qualification appraisal service has verified to be substantially equivalent to the CPA licensure requirements of the AICPA/NASBA *Uniform Accountancy Act* (UAA); or
- (3) The individual holds an active certificate or license issued by any state that NASBA's national qualification appraisal service has not verified to be substantially equivalent with the CPA licensure requirements of the UAA, but such individual obtains from NASBA's national qualification appraisal service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the UAA. Any individual who has passed the examination and holds an active certificate or license issued by any other state prior to January 1, 2012, shall be exempt from the education requirements in the UAA.

2. Firm Practice Privilege requirements.

Notwithstanding section 12-100-114, C.R.S., a foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company that has an active/valid certificate, license, or registration to practice public accountancy issued by another state that satisfies the requirements of section 12-100-117(2)(a), C.R.S., may engage in the practice of accountancy in this state without registering with the Board.

3. Contact information required.

Every licensee providing professional services in this state shall provide contact information to clients as required under section 12-100-112(2), C.R.S.

C. DISCIPLINE FOR HOLDERS OF THE PRACTICE PRIVILEGE

1. Practice Privilege Holders.

Licensees who hold a practice privilege are subject to the jurisdiction and the disciplinary authority of the Board pursuant to section 12-100-117(2)(c), C.R.S. The Board may deny, revoke, suspend, or impose other conditions and limitations on the practice privilege, or may fine, issue a letter of admonition, place on probation, or impose other conditions or limitations on a licensee practicing under the practice privilege for the following causes:

- a. Fraud, deceit, or dishonesty in qualifying or attempting to qualify for the practice privilege;
- b. Fraud or negligence in the practice of public accounting in Colorado or any other state;

- c. Fraud or negligence in the filing of or failure to file a licensee's own income tax returns;
 - d. Violation of any provision of the Act applicable to the practice privilege, or any final rule promulgated by the Board applicable to the practice privilege or of any valid agency order;
 - e. Violation of the AICPA Code of Professional Conduct or a Rule of Professional Conduct promulgated by the Board under the authority granted by the Act;
 - f. Conviction of a felony under the laws of any State or of the United States. A plea of guilty or a plea of *nolo contendere* accepted by the court shall be considered as a conviction;
 - g. Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States. A plea of guilty or a plea of *nolo contendere* accepted by the court shall be considered as a conviction;
 - h. Discipline taken against the licensee's authority to practice as a CPA or a public accountant(s) in any jurisdiction;
 - i. Discipline taken against the licensee's right to practice before any state or federal agency or agency outside the United States or the PCAOB, created by the federal "Sarbanes-Oxley Act of 2002", 15 U.S.C. sec 7201 *et seq.*, for improper conduct or willful violation of the rules or regulations of such state, agency, or the PCAOB;
 - j. Providing public accounting services to the public without qualifying for the practice privilege under section 12-100-117(2), C.R.S.;
 - k. Assuming or using the title or designation "certified public accountants" or the abbreviation "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a CPA unless such person holds an active/valid certificate or registration as a Colorado CPA(s) or firm or qualifies for the practice privilege under Rule 1.11(B);
 - l. An act or omission which fails to meet U.S. GAAP or U.S. GAAS;
 - m. Habitual intemperance with respect to or excessive use of any habit-forming drug, any controlled substance as defined in section 18-18-102(5), C.R.S., or any alcoholic beverage, that renders him unfit to practice public accounting;
 - n. Failure to retain records of the work performed for each client located in Colorado for a period of five years or as required by law; and
 - o. Use of false, misleading, or deceptive advertising or name.
2. Licensees holding the practice privilege are subject to the disclosure requirements as described in Rules 1.6(E) and 1.12(G).

D. FOREIGN INDIVIDUALS

1. An individual who holds a degree, certificate, or license in a foreign country to practice public accounting may provide professional services in this state without a certificate issued under the Act or a certificate or license issued by another U.S. jurisdiction, provided that: The degree, certificate, or license is a recognized qualification for the practice of public accounting in that country and the certificate or license is active and in good standing;
2. The individual's principal place of business, as defined in Rule 1.11(B), is not in this state; and
3. The practice is incident to the individual's regular practice outside this state. "Incident to" means the professional services provided are temporary and a subordinate component of professional services otherwise performed outside of this state.
4. Individuals who practice public accounting under this Rule 1.11(D) are subject to the jurisdiction and disciplinary authority of the Board. The Board may deny, revoke, suspend, or impose other conditions and limitations on the privilege to practice under this Rule 1.11(D) (the "Foreign Practice Privilege"), or may fine, issue a letter of admonition, place on probation, or impose other conditions or limitations on an individual practicing under the foreign practice privilege for the following causes:
 - a. Fraud, deceit, or dishonesty in qualifying or attempting to qualify for the Foreign Practice Privilege;
 - b. Fraud or negligence in the practice of public accounting in Colorado or any other state;
 - c. Fraud or negligence in the filing of or failure to file the individual's own income tax returns;
 - d. Violation of any provision of the Act or these Rules applicable to the foreign practice privilege or of any valid agency order;
 - e. Violation of the AICPA Code of Professional Conduct or a Rule of Professional Conduct promulgated by the Board;
 - f. Conviction of a felony under the laws of any state or of the United States. A plea of guilty or a plea of *nolo contendere* accepted by the court shall be considered as a conviction;
 - g. Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States. A plea of guilty or a plea of *nolo contendere* accepted by the court shall be considered as a conviction;
 - h. Discipline taken against the individual's authority to practice public accounting in any jurisdiction;
 - i. Discipline taken against the individual's right to practice before any state or federal agency or any agency outside the United States or the PCAOB for improper conduct or willful violation of the rules or regulations of such jurisdiction, agency, or the PCAOB;

- j. Providing public accounting services to the public without qualifying for the foreign practice privilege;
 - k. Assuming or using the title or designation "certified public accountant" or the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a CPA unless he holds an active certificate, or license issued by any state. However, the individual may use the equivalent title authorized in his home jurisdiction if he qualifies for the foreign practice privilege;
 - l. An act or omission that fails to meet U.S. GAAP or U.S. GAAS;
 - m. Habitual intemperance with respect to or excessive use of any habit-forming drug, any controlled substance as defined in section 12-22-303(7), C.R.S., or any alcoholic beverage, that renders him unfit to practice public accounting;
 - n. Failure to retain records of the work performed for each client located in Colorado for a period of five years or as required by law; and
 - o. Use of false, misleading, or deceptive advertising or name.
3. An individual who meets the requirements of Rule 1.11(D)(1) is not required to submit any notice or fee to the Board as a condition of practicing. But the individual must respond to all Board communications within thirty days and must submit all information as requested in connection with an investigation or action initiated under Rule 1.11(D)(2).
4. If the certificate, license, or other authority to practice of an individual practicing under the foreign practice privilege is limited or subject to any form of discipline or denial by another jurisdiction, a federal agency, or foreign jurisdiction while the individual is exercising the foreign practice privilege in Colorado, the individual must notify the Board, in a manner prescribed by the Board, of the limitation or discipline within seven business days of the action taken.

1.12 FIRM REQUIREMENTS

A. FIRM REGISTRATION

- 1. Any firm required to register under section 12-100-114, C.R.S., shall apply for a registration by submitting an application and fee in the manner prescribed by the Board.
- 2. Any firm registered under section 12-100-114, C.R.S., must comply with all provisions of the Act and these Rules.
- 3. Except as provided in section 12-100-117(2), C.R.S., a firm, including a firm consisting of a sole owner, shall not hold out or engage in this state in activities for which a valid registration is required under section 12-100-116(1), C.R.S., until its application for registration has been approved by the Board.
- 4. Each registrant must designate and submit to the Board the name and contact information of a responsible party who will be responsible for fulfilling all notice and reporting requirements under the Act and these Rules regarding the registrant.
- 5. No firm can hold out in this state as defined in Rule 1.1 unless that firm holds an active/valid registration pursuant to the Act, except that:

- a. A firm actively registered in another state may use or assume the title or designation "certified public accountants" or "CPAs" or similar designation so long as the firm clearly and prominently discloses the state where it is registered by any reasonable means, such as "NM CPAs" or "New Mexico CPAs"; and
 - b. A firm actively registered in another state may use or assume the title or designation "certified public accountants" or "CPAs" or similar designation while practicing in this state under section 12-100-117(2), C.R.S., and Rule 1.11 (Practice Privilege/Mobility).
6. No firm, while holding out as defined in Rule 1.1, can engage in the practice of public accounting in this state unless that firm: (1) holds an active/valid registration pursuant to the Act, or (2) is authorized to provide such services pursuant to section 12-100-117(2), C.R.S., and Rule 1.11 (Practice Privilege/Mobility).

B. CPA FIRM NAMES

1. The name under which a firm holds out or engages in the practice of public accounting must not be misleading.
2. A registrant shall not use an assumed or trade name when holding out or when performing or offering to perform professional services unless:
 - a. The registrant has filed the assumed or trade name with the Colorado Secretary of State pursuant to section 7-71-101, C.R.S.;
 - b. The registrant has provided the assumed or trade name to the Board in a manner prescribed by the Board;
 - c. The assumed or trade name clearly indicates that the firm is engaged in providing accounting services; and
 - d. The assumed or trade name otherwise complies with these Rules.
3. Network Firms.
 - a. A firm that is a network firm may use the network name as the firm's name.
 - b. A firm that is a network firm may include the brand name or initials of the network as part of the firm name.
 - c. The following types of network firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of this Rule 1.12(B):
 - (1) A firm name that uses a common brand name, or shares common initials, as part of the firm name, provided the firm is a network firm as defined in Rule 1.1; or
 - (2) A firm name that uses the network name if it shares one or more of the characteristics described in Rule 1.1(B)(29).
4. A registrant's name is deemed misleading if the name:

- a. Of a corporation or professional corporation is not ended by words or abbreviations such as "Corporation," "Incorporated," "P.C.," "Corp.," or "Inc."
 - b. Of a partnership is not ended by words or abbreviations permitted pursuant to the law under which the partnership was organized such as "LP," "LLP," or "LLLP."
 - c. Of a limited liability company is not ended by the words "Limited Liability Company" or the abbreviation "LLC," provided that the word "limited" may be abbreviated as "Ltd.," and the word "company" may be abbreviated as "Co."
 - d. Includes the name of an owner who has withdrawn from the firm or otherwise terminated his association with the firm other than by retirement or by death. The name of the former owner must be removed from the firm's name and the name change reported to the Board within thirty days after the withdrawal or termination.
5. A firm name, including a registrant's name, is considered misleading if the name:
- a. Implies the existence of a corporation by the use of words or abbreviations such as "Corporation," "Incorporated," "P.C.," "Corp.," or "Inc.," if the firm is not incorporated or is not a professional corporation.
 - b. Implies the existence of a partnership by the use of a designation such as "Smith & Jones," "C.P.A.'s," "Partnership," "Ltd.," "LP," "LLP," or "LLLP" if the firm is not such an entity.
 - c. Implies the existence of a limited liability company by the use of the abbreviations such as "Ltd.," "L.L.C.," "LLC" or "LC" if the firm is not a limited liability company.
 - d. Implies that the firm is comprised of more than one person by the use of terms such as "& Company," "& Associates," or "Group," if, in addition to the owner, the firm is not comprised of at least one other owner or person employed, professionally associated, or contractually related on a regular and continuous basis with the firm.
 - e. Implies that more than one individual in the firm is a CPA by the use of terms such as "CPAs" or "Certified Public Accountants" if no more than one CPA is an owner or is employed by, or professionally associated, or contractually related to the firm on a regular and continuous basis.
 - f. Includes the name of a person who is not a CPA in any state or is not a CPA or its legal equivalent in a foreign country if the title "CPA" is included in the firm's name.
 - g. Indicates or implies an association with persons who are not members of the firm, unless the firm is a network firm as defined in Rule 1.1(B) and the associated persons are members of the network.
 - h. Contains any representation that would likely cause a reasonable person to be misled or confused about the firm's legal entity type, e.g., corporation, partnership, or limited liability company, or about the ownership or membership of the firm.
 - i. Contains any representation that would likely cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities.

- j. Claims or implies the ability to influence a regulatory body or official.
 - k. Includes the name of any licensee whose license or registration has been revoked or disciplined, whereby the licensee is prohibited from practicing public accounting or prohibited from using the title CPA or similar designation or holding out if the firm's name includes the designation "CPA" or any other language or device tending to indicate the disciplined CPA or Firm possesses an active certificate, license, or registration.
 - l. Contains other representations or implications that in reasonable probability would cause a reasonable person to misunderstand or be deceived.
6. A firm name must not be formulated in such a manner that the initials or parts of the name form a term, phrase, or imply an association that is misleading.
7. A registrant engaged in the practice of public accounting may not hold out, perform or offer to perform professional services using a name that is not stated in its firm registration.

C. NOTIFICATIONS

1. A registrant must notify the Board, in a manner prescribed by the Board, within thirty days of any of the following changes to the registrant (individuals and firms must provide separate notices under this Rule. Information provided to the Board in an individual's initial or renewal application for his certificate and changes reported under Rule 1.6(B) do not fulfill the firm notice requirements under this Rule 1.12(C):
- a. Location or addition/deletion of offices;
 - b. Dissolution or other termination of the firm;
 - c. Legal entity type of the firm, e.g., partnership, professional corporation, or limited liability company;
 - d. Name of the firm registered with the Office of the Secretary of State of Colorado or equivalent authority if registered in another state;
 - e. Assumed or trade name of the firm;
 - f. Responsible party for the firm;
 - g. Change in ownership including addition or withdrawal of any partner, principal, shareholder, member, or equivalent, only if the identity of the majority owner is changed, or if the change causes the firm to be non-compliant with section 12-100-114, C.R.S.; and
 - h. Identities and numbers of partners, shareholders, members, managers, or officers.

D. RENEWAL

1. A registrant must complete the renewal process according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to remain active/valid.

2. Renewal Notices.
 - a. The Board sends notices for renewal of firm registrations according to a schedule established and in a manner prescribed by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to the last address furnished to the Board.
 - b. There is a sixty-day grace period from the expiration date of the firm registration within which to pay the renewal fee, plus a late fee. A registrant will not be disciplined for holding out or practicing public accounting with an expired registration during the grace period.
 - c. Failure to receive a renewal notice does not relieve the registrant of the obligation to renew its registration.
 - d. A registrant's failure to properly notify the Board of any change of contact information does not excuse that registrant of the obligation to respond to Board communications or to timely renew its registration.
3. The Board cannot renew the registration of a registrant that issues attest or compilation reports unless it has attested to having undergone a peer review as provided in Rule 1.8.

E. GENERAL INFORMATION CONCERNING FIRM REGISTRATIONS

Every certificate of registration, while it remains in the possession of the registrant, must be preserved by the registrant, but the certificate remains the property of the Board. In the event that a firm's registration is suspended or revoked, its certificate of registration must be promptly returned to the Board.

F. OFFERING SERVICES VIA THE INTERNET

Any registrant, offering or performing professional services via the internet must include the following information on the internet site:

1. Name of the registrant;
2. Mailing and physical address of the principal location where the registrant offers or provides professional services;
3. Business telephone number; and
4. Colorado certificate number of the responsible party and Colorado firm registration number.

G. DISCLOSURES

1. A licensee must notify the Board in a manner prescribed by the Board within forty-five days of any of the following events relating to the licensee:
 - a. Imposition of discipline by:
 - (1) The SEC, the PCAOB, or the IRS.
 - (2) Another board of accountancy for any cause other than failure to pay a registration fee by the due date.

-
- (3) Any other federal or state agency or any professional association or entity regarding the registrant's conduct in providing professional services.
 - (4) Any federal or state taxing, insurance, or securities regulatory authority.
 - (5) Any non-U.S. authority or credentialing body that regulates the practice of accountancy for any cause other than failure to pay a registration fee by the due date.
 - b. Notice of disciplinary charges concerning the practice of accountancy filed by the SEC, PCAOB, IRS, or another board of accountancy, or a federal or state agency, or a non-U.S. authority or credentialing body that regulates the practice of accountancy.
 - c. Initiation of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.
 - d. Judgment, settlement, or resolution of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.
 - e. Initiation of an administrative proceeding or disciplinary proceeding by any federal, State, or non-U.S. agency, board, or administrative or registration authority, or any professional association or entity regarding an audit report for a public or non-public company.
 - f. Decision, judgment, settlement, or resolution of an administrative proceeding or disciplinary proceeding by any federal, state, or non-U.S. agency, board, or administrative or registration authority, or any professional association or entity regarding an audit report for a public or non-public company.
 - g. Any judgment, award, or settlement of a civil action or arbitration proceeding of \$150,000 or more in which the licensee was a party if the action or proceeding included any allegation of gross negligence, violation of a specific standard of practice, fraud, or misappropriation of funds in the practice of public accounting or during an engagement.
 - h. A criminal charge against or a conviction of the licensee, deferred prosecution, or a plea of guilty or *nolo contendere* to a crime by the licensee if:
 - (1) The crime is a felony under the laws of any state, or of the United States or of any territory or insular possession of the United States, or the District of Columbia or any non-U.S. jurisdiction; or
 - (2) An element of the crime is dishonesty or fraud.
 - i. Occurrence of any matter that must be reported by the licensee to the PCAOB pursuant to the Sarbanes-Oxley Act of 2002, U.S.C. sec. 7201 *et seq.*, and PCAOB Rules and forms adopted pursuant thereto.
 2. The notice to the Board must include the following information regarding the reportable event:
-

- a. If the reportable event is a disciplinary proceeding, alternative dispute resolution proceeding, administrative proceeding, or civil action by any governmental entity or professional association or entity, the name of the agency, its jurisdiction, the case name, the docket or proceeding or case number by which it is designated, a description of the matter, or a copy of the document initiating the action or proceeding, and, if the matter has been adjudicated or settled, a copy of the consent decree, order, or decision.
 - b. If the reportable event is a criminal conviction, charge, or plea, the court, its jurisdiction, the case name, the case number, and a description of the matter or a copy of the indictment or charges, and, if the matter has been adjudicated, a copy of the judgment of conviction.
 - c. If the reportable event concerns a civil action or arbitration proceeding, the court or arbiter, the jurisdiction, the case name, the case number, a description of the matter, or a copy of the complaint, and a copy of the verdict, the court or arbitration decision, or, if settled, the court's order of dismissal.
3. The licensee may submit a written explanatory statement to be included in the Board's records.
 4. Documents provided to the Board shall be closed to public inspection if federal or state statute, rule, or regulation so provides.
 5. This Rule shall apply to any reportable event that occurs on or after the Rule's effective date.

Editor's Notes

History

Rules 1.1, 1.2, 1.5 eff. 05/30/2007. Rule 1.7 repealed eff. 05/30/2007.

Rules 3.7(A)(5), 4.1(E) eff. 07/30/2007.

Chapter 5, rules 7.6, 7.14 eff. 07/31/2008.

Chapters 1, 9 eff. 01/01/2009.

Chapters 5, 6 eff. 01/01/2010.

Chapter 4 emer. rule eff. 07/01/2010.

Entire rule eff. 10/30/2010.

Entire rule eff. 07/01/2013.

Entire rule eff. 11/14/2018.

Rules 3.6 A.3, 6.1 D, 6.11 A, 6.11 D, 6.12, 7.2 eff. 03/17/2019.

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APPLICATION PROCESSING

10-1 Review of Denied Certificate/Registration Applications – Revised 1/16

The Board may grant one written request from an applicant to reconsider an application for a certificate or firm registration previously denied. A request for reconsideration must be received by the Board within sixty days (60) calendar days of the Board’s initial decision. Such requests must include a clear and thorough explanation of the grounds justifying reconsideration, including but not limited to, new and relevant facts that were not available to the Board at the time the Board made its initial decision. At the Board’s request, the applicant may appear before the Board for the sole purpose of answering questions from the Board.

A reconsideration of an application is not a hearing; any applicant whose denial is reaffirmed will be notified of his right to request a hearing pursuant to the State Administrative Procedures Act.

10-2 Filing of Changes to a Firm Registration in Conjunction with Individuals – Revised 1/16

Individuals and firms must provide separate notices to the Board of changes as required under Rules of the Colorado State Board of Accountancy, (Effective July 1, 2013), Rules 1.6(B) and 1.12(C), respectively, which may require filing multiple notifications and/or applications. Information provided to the Board in a firm renewal or initial application and firm changes reported pursuant to Rule 1.12(C) do not fulfill the individual notice requirements under Rule 1.6.B. Likewise, information provided to the Board in an individual’s initial or renewal application for his certificate and changes reported under Rule 1.6(B) do not fulfill the firm notice requirements under Rule 1.12(C).

CERTIFICATES

20-1 Voluntary Surrender of Colorado CPA Certificate – Revised 1/16

The Board may accept the voluntary surrender of a CPA certificate if a certificate holder does not have a complaint pending. The Board will consider on a case-by-case basis whether to allow the voluntary surrender of a certificate when the certificate holder has a complaint pending.

20-2 Pathways to Certification for Applicants with Military Experience – Adopted 8/19

The pathways to certification listed below are available to members of the military and veterans with military experience that may apply towards certification qualifications. Applicants for certification must meet all requirements in statute, as well as the State Board of Accountancy’s policies and rules/regulations.

1. Reciprocity: Veteran or military applicants with a current, valid license or registration as a certified public accountant from any US state, territory, or insular possession of the United States or the District of Columbia are eligible for licensure via reciprocity, pursuant to Rule 1.5(E) of the Rules and Regulations of the State Board of Accountancy.
2. Initial Application: Veteran or military applicants who do not hold a current, valid license or registration as a certified public accountant may pursue an initial application, pursuant to Chapter 1.5 of the Rules and Regulations of the State Board of Accountancy.
 - a. Pursuant to Rule 1.5(A), military experience, education, or training may be credited towards requirements for certification, including Education Requirements (Rules 1.2(D) and 1.2(E)) and Experience Requirements (Rule 1.4).
 - b. To apply towards Experience Requirements, accounting experience gained in the military must be verified by one or more certified public accountants.
 - i. Each verifier must meet the requirements of Rule 1.4(A)(5), unless the applicant is requesting an exception to these requirements.
 - ii. If an exception is being considered, the Board may review any barriers the applicant has identified to meet the verifier qualifications in Rule 1.4(A)(5). These barriers may include unique aspects of the military environment or supervisory structure.

Documentation of military experience, education, or training may include, but is not limited to, the applicant’s Certificate of Release or Discharge from Active Duty (DD-214), Verification of Military Experience and Training (DD-2586), military transcript, training records, evaluation reports, or letters from commanding officers describing the applicant’s practice. Documentation must comply with Rule 1.5(B) of the Rules and Regulations of the State Board of Accountancy.

EDUCATION REQUIREMENTS

30-1 Rules 1.2 (D) and (E), Clarification – Minimum Grade of "C" - Adopted 1/14, Revised 1/16 and 12/18

For purposes of Rules of the Colorado State Board of Accountancy, (Effective July 1, 2013), Rules 1.2(D) and 1.2(E) the phrase, “course grades of C (or equivalent) or greater” means that a grade must be a minimum of a 2.0 on a 0.0 to 4.0 grading scale. With regard to “pass/fail” or letter based (“A” thru “F”) grading systems, the applicant must demonstrate to the satisfaction of the Colorado Board of Accountancy that a grade of “pass” or a letter grade is equivalent to a 2.0 or greater.

EXAMINATIONS

40-1 Refunds for Active Duty candidates – Revised 1/14

The Board authorizes its examination vendor to issue full refunds automatically to candidates who are called to active duty with the United States Armed Forces upon receipt of a copy of the official order, provided the dates of required service conflict with Uniform CPA Examination dates.

40-2 AICPA Elijah Watt Sells Award & Medal Winners

Upon notification from the AICPA, the Board will inform the Colorado Society of CPA’s of the Colorado examination candidates who earned the highest scores on the Uniform CPA Examination. In addition, the Board will recognize the respective Colorado candidates by sending them a letter of congratulations.

CONTINUING EDUCATION

50-1 Continuing Education Audit – Revised 1/14

Division staff may monitor and audit continuing education credits reported by certificate holders who have undergone an audit of their continuing education for renewal, who have been approved for an extension, or been disciplined for failure to meet the continuing education requirements. The Board may conduct a continuing education audit on any licensee disciplined within the previous or current reporting period. The CPA Board members are audited after every renewal period.

50-2 Clarification of CPE Requirements – Revised 1/14

CPE in Behavioral Ethics or Regulatory Ethics, as described in the CPE Fields of Study, will satisfy the general Ethics requirements identified in the Rules but shall not satisfy any requirement that the licensee or applicant complete and pass the AICPA Ethics Course and Examination.

50-3 Colorado Rules and Regulations Courses (CR&R) – Treatment of Excess Hours – Adopted 1/14, Revised 1/16, Revised 12/18

The Rules of the Colorado State Board of Accountancy, (Effective July 1, 2013), allow or require licensees to complete 2 hours of Continuing Professional Education (CPE) in CR&R. Those 2 hours of CR&R count as Regulatory Ethics as defined in Rule 1.7(C) and the NASBA CPE Fields of Study. Satisfactory CR&R course presentations need not be limited to 2 hours, but may comprise and grant credit for as many hours as necessary to satisfy the requirements of Rule 1.7(H). However, CR&R course credit hours granted in excess of 2 hours will not be considered CR&R or Ethics CPE, but the excess hours will count as Specialized Knowledge as defined in Rule 1.7(C) and the NASBA CPE Fields of Study.

50-4 Continuing Education Audit Discipline Criteria – Adopted 5/19

Licensees selected for the CPE audit period who have not met the CPE requirements may be disciplined according to 12-100-120(1)(i), failure to comply with the requirements for continuing education as prescribed by the board; Rule 1.7(G)(2), failure to comply with CPE requirements; and Rule 1.6(A)(5), falsely attesting or otherwise providing false information to the Board. The Board may refer the case for disciplinary settlement with the following settlement terms: Complete remaining CPE shortfall credits within 90 days and CR&R within 90 days, and impose the following fines based on the criteria below:

CPE Hour Deficiency	Fine Amount
1 - 20	\$250
21- 60	\$500
61-80	\$750
Missing or not enough ethics requirements	An additional \$100

These guidelines are subject to change. Failure to respond to the board is a violation, per, 12-100-121, C.R.S., and may result in an additional \$1,000 fine and possible revocation of license.

COMPLAINTS

60-1 Complaint Confidentiality – Revised 1/16

The Board will, during the investigative process and until a complaint is settled by stipulated agreement or until charges are filed and served, deem such complaint of record and the results of the investigation, including the report of investigation, closed to inspection by the complainant, the respondent, and the public.

The Board will not disclose, discuss or comment with regard to whether complaints are pending during the investigative stage of a complaint. The Board will disclose such information when a complaint is settled by stipulated agreement or charges are filed and served.

Fully executed stipulations and consent agreements are permanent public records.

60-2 Procedures for Managing Non-Response to Thirty (30) Day Letters – Revised 1/16

1. When Division staff transmit a written notice to a licensee notifying him of any alleged violations of the Act or Rules (30-day letter), the initial 30-day letter will be transmitted to a Respondent via electronic mail (email). The email to the Respondent will contain a request for confirmation of receipt of such email from the Board. If no confirmation of receipt is received within 3 business days of sending the email, the 30-day letter will be sent via first class mail to the Respondent's physical address of record.
2. If a Respondent does not have an email address of record with the Board, the 30-day letter will be mailed via first class mail to the Respondent's physical address of record.
3. The Program Director may in their discretion either continue to seek a response to the 30-day letter or place the matter on the Board's agenda for review and consideration for further action.

60-3 Cases Dismissed with Letters of Concern: Clarification of Basis for Dismissal, Reopening of Such Cases and Retention Period – Revised 1/16

After five years from the date the confidential letter of concern (CLOC) is issued, the physical file will be disposed of in accordance with the Division of Professions and Occupations' records management procedures. If the licensee has other active cases pending at the end of the five-year retention period, the CLOC may be kept for a longer period of time at the discretion of the Division staff.

A complaint dismissed with a CLOC may be re-opened at the discretion of the Board within five years of the date of the CLOC in the event of a change in circumstances, including but not limited to, discovery of new evidence supporting the charges underlying the CLOC or evidence that the licensee has engaged in new conduct similar to the conduct that was the basis of the CLOC.

60-4 Process for Handling Complaints Involving the Board of Accountancy –Adopted 7/09, Revised 1/16

Any signed complaint received by the Board against a current licensee who is a member of the Board or one who has served on the Board within the past five years, or a licensee who has an ongoing formal relationship with the Board will be handled as follows:

- If the complaint alleges a violation of the Accountancy Practice Act or the Board Rules of Professional Conduct, the complaint will be sent to the Office of Investigations within the Division of Professions and Occupations for a formal investigation.
- If the complaint alleges substandard practice, the Office of Investigations will also have the case reviewed by an independent consultant selected by the Office of Investigations.

Upon completion of the investigation, the report will be referred to the Board for appropriate action. If the complaint is against a current board member, he or she shall recuse from all discussions regarding the complaint and physically leave the meeting room during these discussions.

All other customary procedures for the handling of a complaint by the Board will apply. These include but are not limited to issuance of a 30-day letter, notification to the licensee and complainant of Board decisions, and the confidentiality of the complaint and investigation as provided by the Accountancy Practice Act.

Anonymous complaints filed against a current licensee who is a member of the Board or one who has served on the Board within the past five years, or a licensee who has an ongoing formal relationship (e.g. expert consultants) with the Board will be evaluated by the Board on a case-by-case basis.

60-5 Anonymous Complaints (Adopted 3/10, Revised 1/16)

The Board discourages anonymous complaints and does not automatically investigate such complaints. The Board will review complaints on a case-by-case basis in accordance with 12-100-124, C.R.S.

60-6 Delegated Authority to Division Staff to Initiate Complaint for Clear Violations of the Act, Revised 1/16

When a clear violation of the Accountancy Practice Act, §120-100-101 et seq, is identified, such as stipulation violations, failure to respond to Board ordered correspondence, or Continuing Education Deficiencies, the Board authorizes Division Staff to initiate a complaint on its behalf against the individual CPA or CPA firm.

60-7 Managing Complaints for Unlicensed Practice (Adopted 12/18)

In conformity with its statutory purpose to protect the people of the State of Colorado, the State Board of Accountancy (“Board”) recognizes the importance of taking expedient action to protect the public from the unqualified, unauthorized and unlicensed practice of accountants, as defined in sections 12-100-112 and 12-100-116, C.R.S.

Upon a finding by the Board of unlicensed practice, the Board may issue a Cease and Desist Order. Upon a finding by the Board that any person has failed to comply with a Cease and Desist Order, the Board may refer the matter to the Office of the Attorney General for the initiation of injunctive proceedings. When determining the appropriate action, the Board will consider, at a minimum, the following factors:

- Nature of the unlicensed practice
- Recency of the unlicensed practice
- Risk to the public
- Previous history of unlicensed practice, including whether a cease and desist order was previously issued by the Board
- Aggravators and Mitigators
- Whether the unlicensed practice constitutes a crime pursuant to the practice act.

In instances of imminent risk of harm to the public, the Board delegates to the Program Director or designee, in consultation with Board counsel, and with the approval of the Board Chair or Vice-Chair, the authority to issue a Cease and Desist Order, or refer the matter to the Office of the Attorney General for the initiation of Injunctive Proceedings when one or more of the following objective and reasonable grounds exist:

Self-report of unlicensed practice (not including self-report of holding out or providing or offering to provide services while a certificate was expired, as set forth on a reinstatement application)

The unlicensed person is convicted of the following crimes:

- Criminal Impersonation of a licensee (under sections 18-5-113 or 18-5-902, C.R.S.) in order to secure employment as a licensed professional; or,
- Fraud involving an attempt by the unlicensed person to secure employment as a licensee or the unlicensed person gaining employment as a licensed professional using false credentials (under section 18-5-107, C.R.S.).

For the purpose of this policy, “imminent risk of harm” is defined as an impending or immediate chance of injury, loss, or damage.

Any delegated action taken pursuant to this policy will be presented at the next regularly-scheduled Board meeting for review and ratification.

GROUND FOR DENIAL & SANCTIONS

70-1 Delegated Authority - Child Support Enforcement – Revised 1/16

Authority has been delegated to the Program Director to execute a "Memorandum of Understanding" with the Colorado Department of Human Services for the purpose of enforcing 26-13-126, C.R.S. relevant to the suspension and reinstatement of a license to practice a profession. When the suspension and reinstatement is based on child support compliance, the Program Director is authorized to execute both "Orders of Suspension" and "Orders of Reinstatement" of a professional license, correspondence from the Board notifying respondents of license suspensions, as well as denials and any and all documentation necessary to enforce compliance with sections 24-34-107 and 26-13-126, C.R.S. An "Order of Suspension" based on child support compliance will be effective 20 days after its signing.

70-2 Firm Reporting Requirements –Rule 1.12 - Change of Ownership – Adopted 1/14, Revised 1/16

For purposes of Rules of the Colorado State Board of Accountancy, (Effective July 1, 2013), Rule 1.12(C)(1)(g), the requirement that a Firm must notify the Board of a “change in ownership” means that a Firm must notify the Board of a change in ownership, including the addition or withdrawal of a partner, principal, shareholder, member, or equivalent, only if the identity of the majority owner is changed, or if the change causes the Firm to be non-compliant with 12-100-114, C.R.S.

GENERAL

80-1 Questions from the Press and Individuals Outside of Board Meetings – Revised 1/14

In order to preserve and protect the Board process and recognize the rights and obligations of Board members, Board members shall not respond to questions from the press regarding Board matters and will instead refer the inquirer to the Program Director.

In order to preserve and protect the Board process and recognize the rights and obligations of Board members, Board members shall not respond to questions from individuals regarding substantive Board matters.

80-2 Delegation of Authority to Program Director – Revised 1/16 and 12/18

The Board grants the Program Director or the Program Director’s designee, the authority to sign routine subpoenas on behalf of the Board when necessary in the course of investigations or hearings.

The Board delegates to the Program Director or the Program Director’s designee, the authority to execute stipulations, the terms of which were previously approved by the Board.

The Board delegates to the Program Director or the Program Director’s designee, the authority to utilize services of the Office of Investigations as warranted to carry out duties of the Board.

80-3 Delegation of Authority for the Chair to Rule on Pre & Post-Hearing Motions – Adopted 7/10, Revised 1/16

The Board grants its Chair the authority to rule on all pre- and post-hearing motions pursuant to §24-4-105 of the State Administrative Procedure Act.

80-4 Peer Review Reports - Confidential Documents

Peer review reports which contain confidential, commercial, financial information are closed to public inspection and will be reviewed by the Board in Executive Session or closed session.

80-5 Testimony by Board Members in Any Case-- Revised 1/16

If a Board Member testifies as an accounting expert in any matter, the Board Member shall notify the court and the opposing party in writing or testimony that the opinions that he or she expresses are their own and not those of the State Board of Accountancy. If the matter comes before the Board as a possible disciplinary action, the Board Member is expected to recuse from discussions and decisions on the matter. A Board member should not speak on behalf of the Board unless the Board gives specific authority to the Board member.

80-6 Subpoena Enforcement – Adopted 9/09

It is the policy of the Board that when, in the course of an investigation of a complaint, a subpoena needs to be enforced pursuant to the Accountancy Act and the State Administrative Procedure Act, the Accountancy Board specifically authorizes the Program Director, or designee, to refer such matter directly to the Office of the Attorney General for enforcement.

80-7 Delegated Authority to Division Staff Regarding Applications that Indicate Holding Out or Practicing without an Active Certificate or Registration.

This policy applies to all initial and reinstatement applications for a CPA certificate and all initial and reinstatement applications for a firm registration.

Provided the applicant has not previously been disciplined or received a confidential letter of concern (CLOC) for similar conduct, where an application indicates holding out described in 12-100-112, C.R.S., or performing services described in 12-100-116, C.R.S., Division staff may approve such application subject to the following conditions:

Period in Violation	Individual	Firm
1 thru 180 days *	Approve with CLOC	Approve with CLOC to Firm & RP
181 days - 365 days	Approve LOA	Approve LOA to Firm & RP
> 1 year and < 6 years	Conditional Approval Stipulated LOA \$250 fine per year CR&R within 90 days	Conditional Approval Stipulated LOA to Firm & RP \$500 fine to Firm per year \$250 fine to RP per year (no fine for RP if single member entity) CR&R for RP within 90 days
> 6 years	Initiate Case and Present to Board	Initiate Case and Present to Board

If an applicant has previously been disciplined or received a CLOC for similar conduct, or other circumstances exist, Division staff will present the matter to the Board as an individual agenda item.

* From the date of expiration, a certificate holder or registrant has a 60-day grace period within which to renew a certificate or registration without the imposition of discipline for holding out or practicing on an expired certificate or registration. A delinquency fee will be due upon renewal of the certificate or registration during the 60-day grace period. After the 60-day grace period, the certificate or registration will be deemed expired as of the original expiration date. The period of expiration is calculated from the original expiration date to the date the application is submitted.

Violations for Individual Certificate Applications

- Holding Out Only: §§ 12-100-112(3)(a) and 12-100-120(1)(c)
- Holding Out and Practicing: §§ 12-100-112(3)(a), 12-100-116(1)(a) and 12-100-120(1)(h)
- Practicing Only: §§ 12-100-116(1)(a) and 12-100-120(1)(h)

Violations for Firm Registration Applications

- Holding Out Only: §§ 12-100-112(3)(c) and 12-100-120(1)(n)
- Holding Out and Practicing: §§ 12-100-112(3)(c), 12-100-116(1)(a) and 12-100-120(1)(h) and (n)
- Practicing Only: §§ 12-100-116(1)(a) and 12-100-120(1)(h) and (n)

*** For firm registration applications that include practicing, add the following violations:

- Initial Firm Registration Applications: Add § 12-100-114(1)
- Firm Registration Reinstatement Applications: Add § 12-100-114(3)

80-8 Approval of Retired Status Applications – Revised 1/14

The Board hereby delegates authority to Division staff to approve retired status applications that meet the requirements. If the applicant does not meet the requirements, the Board delegates authority to Division staff to notify the applicant of the deficiencies and/or request additional information.

80-9 Delegated Authority to Division Staff Regarding Failure to File Firm Amendment Applications. – Revised 1/16

Pursuant to 12-100-114, C.R.S. and Rules of the Colorado State Board of Accountancy, 3 C.C.R. 705-1 (Effective July 1, 2013), Rule 1.12(C), a registered firm shall notify the Board of certain changes by submitting a firm amendment application within 30-days of the effective date of the change. Division staff may update a firm’s records based upon the changes identified in the application and may enforce sanctions against that firm pursuant to specific internal guidelines established by the Board if:

- 1) the firm amendment application indicates that the effective date of the change to the firm, or the effective date of the oldest change if the application identifies multiple changes to the firm, was less than five years prior to the firm amendment application receipt date;
- 2) the firm amendment application indicates that the firm failed to file an amendment application within 30 days of the effective date of the change; and
- 3) the firm has not been previously disciplined or received a letter of concern for the same

conduct. The Board set the following guidelines:

	<u>Firm Amendment</u> Case against Firm Violation of §12-100-114(2)(a)(III)
	Violations: (1) entity name change; (2) entity structure change; (3) entity composition change – adding or withdrawing ownership of CPAs; (4) change in responsible party; (5) address change; (6) addition or(k) deletion of locations
1 thru 365 days	Approve changes and send Confidential Letter of Concern (CLOC)
>1 year up to 5 years	Approve changes and impose discipline: <ul style="list-style-type: none"> ▪ Letter of Admonition (LOA) ▪ \$250 fine ▪ CR&R for RP within 90 days
>5 years or previous CLOC or discipline for similar violation	Approve changes, initiate case and present to Board in Executive Session

A firm amendment application filed in violation of the Act that does not satisfy the conditions above shall be presented to the Board as an individual agenda item.

The Board guidelines are subject to change without notice.

80-10 *Delegated Authority to Division Staff Regarding Terminating Suspensions on Cases Related to CPE Non-Compliance – Revised 1/16*

Division staff may terminate a suspension on cases related to CPE audit non-compliance if the respondents have fully complied with the terms of the stipulation. These matters may be presented to the Board for ratification in a consent agenda.

80-11 *Delegated Authority to Division Staff Regarding Reinstatement or Reactivation Applications Expired or Inactive for More Than Six Years, Adopted 1/16, Revised 5/19*

Division staff may approve applications that are expired or inactive for more than six years when CPE documentation is submitted according to Rule 1.6(K) requirements.

80-12 *Delegated Authority and guidelines to Division Staff for handling applications with misdemeanor or felony convictions, Adopted 6/10*

The following guidelines are for use by Division staff to determine how to handle applications where a misdemeanor or a felony is disclosed:

I: The following examples must be referred to the Board for review:

1. All felony convictions and felony deferred judgments within the last 10 years.
2. Any sex offense convictions including child sexual assault.
3. Any misdemeanor convictions for crimes involving DUI, DWAI, illegal drugs or controlled substances that occurred within the last 3 years or multiple convictions for the same crime.
4. Any time a pattern of escalating offenses is noted, [i.e., multiple convictions in which the seriousness and nature of the crimes committed grow more serious; if in doubt, send to the Board].
5. Any convictions involving: kidnapping, bribery, extortion, or fraud, embezzlement, theft, shoplifting, physical harm to others, or violent in nature [i.e. domestic violence, felony menacing; assault with a deadly weapon, homicide, manslaughter].
6. Any person who is currently on parole or probation for any criminal conviction.
7. Any person who completed probation within the last 5 years.
8. Any application in which there is evidence or reasonable concern that the applicant lied or presented false or forged documents in support of the application.
9. 2 or more convictions for disturbing the peace.
10. Up to 3 misdemeanor convictions or petty offense convictions that occurred more than 5 years ago, all terms of probation are completed and none of the convictions involved bodily harm and some sign of rehabilitation.

II: The following examples can be administratively approved for examination/licensure candidates/applicants.

1. A single conviction for DUI or DWAI that occurred more than 3 years ago, **and** absent any other information in the application that would indicate a history of alcohol or drug impairment.
2. A single harassment or misdemeanor assault conviction occurring more than 1 year ago which did not involve a client, the workplace, or sexual misconduct.
 - A single petty offense or misdemeanor conviction occurring more than 1 year ago for:
 - Possession of marijuana or possession of drug paraphernalia
 - Criminal mischief
 - Underage possession/drinking
 - Hunting and fishing violations
 - Trespassing if not connected with any other crime
 - Disturbing the peace
3. Traffic offenses that do not involve DUIs/DWAIs misdemeanors or felonies.
4. Municipal citations involving barking dogs, leash law violations or dogs at large.
5. Any misdemeanor and/or felony convictions that have been expunged or the records sealed by the court.

If Division staff is unclear, the application will be presented to the Board for review. The applicant must complete and satisfy all other licensing requirements prior to approval.

80-13 Meetings


Meetings of the Board are held at intervals as necessary to transact business or upon the call of the chair or upon request by a majority of the members. The chair presides at all meetings and performs such other duties as the Board may direct. In the absence or inability of the chair to act, the vice-chair presides over the meeting. In the absence or inability of the vice-chair to act, a majority of the members attending a duly called meeting appoint a member to preside. The Board follows Robert's Rules of Order Newly Revised, to the extent that the rules do not conflict with state or federal statutes or rules, in the conduct of its business. Except as otherwise provided by law, all regular meetings of the Board are open to the public, who may, at the discretion of the Board, participate in any one of the following ways: (1) by requesting in writing to the Board that they be included on the agenda; (2) by written invitation of the Board; (3) by verbal invitation of the Board to members of the audience at a Board meeting. The Board can deny or limit participation by the public in any manner, and the presiding officer can remove from the meeting any person who is disruptive, abusive, or disorderly.

80-14 Conferring with Board Members

In the event any Person contacts a Board member regarding any matter applicable to the Act or these Rules, any expression of opinion by that Board member is exclusively his or her opinion and in no way commits the Board. All requests that the Board consider an issue are directed to the Board's Program Director.

80-15 Committees

The Board can appoint committees as it deems necessary to effectively administer, implement, and carry out the provisions of the Act and these Rules. Committees can include or consist entirely of members of the public. Board committees will be guided and assisted administratively by Division of Professions and Occupations staff. The action of a committee will be deemed the action of the Board only when that action is adopted and ratified by the Board.



The Statement on Standards for Continuing Professional Education (CPE) Programs

Revised August 2016

NASBA

AICPA[®]

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Introduction

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules, and regulations of boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2012.

The Standards are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group comprises 13 members representing the various stakeholders in the CPE arena, including boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which, in turn, makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the Standards will be posted to the AICPA and NASBA websites for comment.

The Standards are intended to be an "evergreen" document. As questions arise related to implementation and application of the Standards, the questions will be presented to the Working Group. The Working Group meets quarterly, and scheduled meeting dates are posted on the NASBA website at www.nasbaregistry.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the Standards, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the "Best Practices" web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the Standards.

Preamble

1. The right to use the title “Certified Public Accountant” (CPA) is regulated by each state’s board of accountancy in the public interest and imposes a duty to maintain public confidence by enhancing current professional competence, as defined in the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards), in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹
2. The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their professional competence.
3. The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these Standards to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
4. The following Standards have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. The spirit of the Standards is to encourage high-quality learning with measurable objectives by providing baseline requirements. These Standards may also apply to other professionals by virtue of employment or membership. Boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
5. Advances in technology, delivery, and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome-based learning. These Standards anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the Standards. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the Standards when utilizing innovative techniques.
6. These Standards create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

¹ The term “CPA” is used in these Standards to identify any person who is licensed or regulated, or both, by boards of accountancy.

Article I – Definitions

Advanced. Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

Asynchronous. A learning activity in which the participant has control over time, place and/or pace of learning.

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Blended learning program. An educational program incorporating multiple learning formats.

Continuing professional education (CPE). An integral part of the lifelong learning required to provide competent service to the public. The set of activities that enables CPAs to maintain and improve their professional competence.

CPE credit. Fifty minutes of participation in a program of learning.

CPE program sponsor. The individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards). This term may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

Evaluative feedback. Specific response to incorrect answers to questions in self study programs.

Group Internet based program. Individual participation in synchronous learning with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

Group live program. Synchronous learning in a group environment with real-time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

Group program. Any group live or group Internet based programs.

Independent study. An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

Instructional methods. Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational or supervisory responsibilities, or both.

Learning activity. An educational endeavor that maintains or improves professional competence.

Learning contract. A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

Learning objectives. Measurable outcomes that participants should accomplish upon completion of a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

Nano learning program. A tutorial program designed to permit a participant to learn a given subject in a 10-minute time frame through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor. A nano learning program differs from a self study program in that it is typically focused on a single learning objective and is not paper-based. A nano learning program is not a group program. Nano learning is not a substitute for comprehensive programs addressing complex issues.

Overview. Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

Pilot test. A method to determine the recommended CPE credit for self study programs that involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

Pre-program assessment. A method of measuring prior knowledge that is given before the participant has access to the course content of the program.

Professional competence. Having requisite technical competence, professional skills, values, ethics, and attitudes to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

Program of learning. A collection of learning activities that are designed and intended as continuing education and that comply with these Standards.

Qualified assessment. A method of measuring the achievement of a representative number of the learning objectives for the learning activity.

Reinforcement feedback. Specific responses to correct answers to questions in self study programs.

Self study program. An educational program completed individually without the assistance or interaction of a real-time instructor.

Social learning. Learning from one's peers in a community of practice through observation, modeling, and application.

Synchronous. A group program in which participants engage simultaneously in learning activity(ies).

Tutorial. A method of transferring knowledge that is more interactive and specific than a book, lecture, or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

Word count formula. A method, detailed under S17-05 method 2, to determine the recommended CPE credit for self study programs that uses a formula, including word count of learning material, number of questions and exercises, and duration of audio and video segments.

Update. Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

Article II – General Guidelines for CPAs

2.1 Professional Competence. All CPAs should participate in learning activities that maintain or improve, or both, their professional competence.²

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skill level, and desired or needed additional competence to meet future opportunities or professional responsibilities, or both.

CPA's fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of professional competence. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The [fields of study](#), as published on NASBA's website, www.nasbaregistry.org, represent the primary knowledge and skill areas that CPAs need to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include a self-assessment of the gap between current and needed professional competence; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

2.2 CPE Compliance. CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities that do not comply with all applicable CPE requirements, for example, specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information

²The terms "should" and "must" are intended to convey specific meanings within the context of this Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs (Standards). The term "must" is used in the Standards and applies to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific Standards. The term "should" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such Standards as written. The term "may" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are permitted to follow such Standards as written.

regarding the program to provide documentation to state licensing bodies and all other professional organizations or bodies that the learning activity is equivalent to one that meets all these standards.

2.3 CPE Credits Record Documentation. CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance and enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain or improve, or both, professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include the following:

- For group, blended learning, and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs:
 - A copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor,
 - A statement from the writer supporting the number of CPE hours claimed, and
 - The name and contact information of the independent reviewer(s) or publisher.

2.4 Reporting CPE Credits. CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. Although CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

2.5 Independent Study. CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve the CPAs' professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must

- a. enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract
 - i. specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
 - ii. specifies that the output must be in the form of
 - (1) a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor or
 - (2) a written certification by the CPE program sponsor that the participant has demonstrated application of learning objectives through
 - (a) successful completion of tasks or
 - (b) performance of a live demonstration, oral examination, or presentation to a subject matter expert.
 - iii. outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- b. accept the written recommendation of the CPE program sponsor regarding the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded only if
 - i. all the requirements of the independent study as outlined in the learning contract are met;
 - ii. the CPE program sponsor reviews and signs the participant's report;
 - iii. the CPE program sponsor reports to the participant the actual credits earned; and
 - iv. the CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

- c. retain the necessary documentation to satisfy regulatory requirements regarding the content, inputs, and outcomes of the independent study.

Article III - Standards for CPE Program Sponsors

3.1 - General Standards

Standard No. 1. CPE program sponsors are responsible for compliance with all applicable Standards and other CPE requirements.

S1 – 01. CPE requirements of licensing bodies and others. CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. Professional guidance for CPE program sponsors is available from NASBA; state-specific guidance is available from the boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

3.2 - Standards for CPE Program Development

Standard No. 2. Sponsored learning activities must be based on relevant learning objectives and outcomes that clearly articulate the professional competence that should be achieved by participants in the learning activities.

S2-01. Program knowledge level. Learning activities provided by CPE program sponsors for the benefit of CPAs must specify the knowledge level, content, and learning objectives so that potential participants can determine if the learning outcomes are appropriate to their professional competence development needs. Knowledge levels consist of basic, intermediate, advanced, update, and overview.

Standard No. 3. CPE program sponsors must develop and execute learning activities in a manner consistent with the prerequisite education, experience, and advance preparation of participants.

S3-01. Prerequisite education and experience. To the extent it is possible to do so, CPE program sponsors should make every attempt to equate program content and level with the backgrounds of intended participants. All programs identified as intermediate, advanced or update must clearly identify prerequisite education, experience, and advance preparation in precise language so that potential participants can readily ascertain whether they qualify for the program. For courses with a program knowledge level of basic and overview, prerequisite education or experience and advance preparation must be noted, if any, otherwise, state “none” in course announcement or descriptive materials.

Standard No. 4. CPE program sponsors must use activities, materials, and delivery systems that are current, technically accurate, and effectively designed. Course documentation must contain the most recent publication, revision, or review date. Courses must be revised as soon as feasible following changes to relative codes, laws, rulings, decisions, interpretations, and so on. Courses in subjects that undergo frequent changes must be reviewed by an individual with subject matter expertise at least once a year to verify the currency of the content. Other courses must be reviewed at least every two years.

S4-01. Developed by a subject matter expert. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience or education, or both.

Standard No. 5. CPE program sponsors of group, self study, nano learning, and blended learning programs must ensure that learning activities are reviewed by qualified persons other than those who developed the programs to assure that the program is technically accurate and current and addresses the stated learning objectives. These reviews must occur before the first presentation of these materials and again after each significant revision of the CPE programs.

The participation of at least one licensed CPA (in good standing and holding an active license or the equivalent of an “active” CPA license in a U.S. jurisdiction) is required in the development of every program in accounting and auditing. The participation of at least one licensed CPA, tax attorney, or IRS enrolled agent (in good standing and holding an active CPA license or the equivalent of an “active” license in a U.S. jurisdiction) is required in the development of each program in the field of study of taxes. In the case of the subject matter of international taxes, the participation of the equivalent of an “active” licensed CPA for the international jurisdiction involved is permitted. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor’s discretion.

S5-01. Qualifications of reviewers. Individuals or teams qualified in the subject matter must review programs. When it is impractical to review certain programs in advance, such as lectures given only once, greater reliance should be placed on the recognized professional competence of the instructors or presenters. Using independent reviewing organizations familiar with these Standards may enhance quality assurance.

S5-02. Review responsibilities if content purchased from another entity. CPE program sponsors may purchase course content from other entities and developers. The organization that issues the certificate of completion under its name to the participants of the program is responsible for compliance with all Standards and other CPE requirements.

If a CPE program sponsor plans to issue certificates of completion under its name, then the CPE program sponsor must first consider whether the content was purchased from an entity registered with NASBA on the National Registry of CPE Sponsors.

- If the content is purchased from a sponsor registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor may maintain the author/developer and reviewer documentation from that sponsor in order to satisfy the content development requirements of the Standards. The documentation should be maintained as prescribed in Standard No. 24.
- If the content is purchased from an entity not registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor must independently review the purchased content to ensure compliance with the Standards. If the CPE program sponsor

does not have the subject matter expertise on staff, then the CPE program sponsor must contract with a qualified individual to conduct the review. The CPE program sponsor must maintain the appropriate documentation regarding the credentials and experience of both the course author/developer(s) and reviewer(s) as prescribed in Standard No. 24.

Standard No. 6. CPE program sponsors of independent study learning activities must be qualified in the subject matter.

S6-01. Requirements of independent study sponsor. A CPE program sponsor of independent study learning activities must have expertise in the specific subject area related to the independent study. The CPE program sponsor must also

- review, evaluate, approve, and sign the proposed independent study learning contract, including agreeing in advance on the number of credits to be recommended upon successful completion.
- evidence program completion by
 - reviewing and signing the written report developed by the participant in independent study.
 - certifying in writing that the applicant has demonstrated application of learning objectives through successful completion of tasks.
 - certifying in writing that the applicant has performed a live demonstration, oral examination, or presentation to a subject matter expert.
- retain the necessary documentation to satisfy regulatory requirements regarding the content, inputs, and outcomes of the independent study.

Standard No. 7. Group live programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and include elements of engagement within the program.

Whether a program is classified as group live or group Internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group live examples include but are not limited to: classroom setting with a real time instructor, participation in a group setting calling in to a teleconference, and participation in a group setting watching a rebroadcast of a program with a real time subject matter expert facilitator.

S7-01. Required elements of engagement. A group live program must include at least one element of engagement related to course content during each credit of CPE (for example, group discussion, polling questions, instructor-posed question with time for participant reflection, or use of a case study with different engagement elements throughout the program).

S7-02. Real time instructor during program presentation. Group live programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group live program is recorded for future presentation, it will continue to be considered a group live program only

when a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group live program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S7-03. No real time instructor during recorded program presentation. A group live program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group live program and will be classified as a self study program only if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group live program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation, or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 8. Group Internet based programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

Whether a program is classified as group live or group Internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group Internet based examples include but are not limited to: participation in a webcast individually, participation in a broadcast of a group live presentation on an individual basis, and participants calling in to a conference call on an individual basis.

S8-01. Real time instructor during program presentation. Group Internet based programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group Internet based program is recorded for future presentation, it will continue to be considered a group Internet based program only when a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group Internet based program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S8-02. No real time instructor during recorded program presentation. A group Internet based program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group Internet based program and will only be classified as a self study program if it meets all self study delivery method requirements, with the exception of the basis for CPE credit. CPE credit for a recorded group Internet based program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation, or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 9. Self study programs must use instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

S9-01. Guide participant through a program of learning. To guide participants through a program of learning, CPE program sponsors of self study programs must elicit participant responses to test for understanding of the material. Appropriate feedback must be provided. Satisfactory completion of the program must be confirmed during or after the program through a qualified assessment.

S9-02. Use of review questions or other content reinforcement tools. Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the participant the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included or two review questions if the program is marketed for one-half CPE credits. Simulations and other innovative tools that guide participants through structured decisions can be used in lieu of review questions.

After the first full credit and the minimum of three review questions, additional review questions are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Review Questions:</u>
0.2	0
0.4	1
0.5	2
0.6	2
0.8	3
Next full credit	3

S9-03. Evaluative and reinforcement feedback on review questions. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong, and reinforcement feedback must be provided for correct responses even when the minimum number of review questions requirement has otherwise been exceeded. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. "True or false" questions or review questions that do not meet the evaluative and reinforcement feedback requirements are allowed as review questions, other than when using the multiple choice method. Noncompliant questions are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

S9-04. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of self study programs must require participants to successfully

complete a qualified assessment during or after the program with a cumulative minimum passing grade of at least 70 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, essay, and simulations). At least 5 questions and scored responses per CPE credit must be included on the qualified assessment or 3 assessment questions and scored responses if the program is marketed for one-half CPE credits. For example, the qualified assessment for a 5-credit course must include at least 25 questions and scored responses. Alternatively, a 5 ½ credit course must include at least 28 questions and scored responses. Except in courses in which recall of information is the learning strategy, duplicate review and qualified assessment questions are not allowed. “True or false” questions are not permissible on the qualified assessment.

After the first full credit and the minimum of five questions and scored responses per CPE credit, additional qualified assessment questions and scored responses are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Questions/Scored Responses:</u>
0.2	1
0.4	2
0.5	3
0.6	3
0.8	4
Next full credit	5

If a pre-program assessment is used in the course, then the pre-program assessment cannot be included in the determination of the recommended CPE credits for the course. If a pre-program assessment is used and feedback is provided, then duplicate pre-program assessment and qualified assessment questions are not permitted. If a pre-program assessment is used and feedback is not provided, then duplicate pre- program assessment and qualified assessment questions are permissible. Feedback may comply with the feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.

A qualified assessment must measure a representative number of the learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program. The representative number of the learning objectives can be less than 75 percent of the learning objectives for the program only if a randomized question generator is used, and the test bank used in the creation of the assessment includes at least 75 percent of the learning objectives for the program. Assessment items must be written to test the achievement of the stated learning objectives of the course.

S9-05. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and

- utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the qualified assessment for the typical repeat test taker. Feedback may comply with the feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.
- does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then
 - on a failed assessment, the CPE program sponsor may not provide feedback to the test taker.
 - on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.

S9-06. Program or course expiration date. Course documentation must include an expiration date (the time by which the participant must complete the qualified assessment). For individual courses, the expiration date is no longer than one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

S9-07. Based on materials developed for instructional use. Self study programs must be based on materials specifically developed for instructional use and not on third-party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self study programs as supplements to the instructional materials could qualify if the self-study program complies with each of the CPE standards.

Instructional materials for self study include teaching materials that are written for instructional educational purposes. These materials must demonstrate the expertise of the author(s). At a minimum, instructional materials must include the following items:

1. An overview of topics
2. The ability to find information quickly (for example, an index, a detailed menu, or key word search function)
3. The definition of key terms (for example, a glossary or a search function that takes a participant to the definition of a key word)
4. Instructions to participants regarding navigation through the course, course components, and course completion
5. Review questions with feedback
6. Qualified assessment

Standard No. 10. Nano learning programs must use instructional methods that clearly define a minimum of one learning objective, guide the participant through a program of learning, and provide evidence of a participant’s satisfactory completion of the program. Satisfactory completion of the program must be confirmed at the conclusion of the program through a qualified assessment.

S10-01. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of nano learning programs must require participants to successfully complete a qualified assessment with a passing grade of 100 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, rank order, and matching). Only two questions must be included on the qualified assessment. “True or false” questions are not permissible on the qualified assessment. If the participant fails the qualified assessment, then the participant must re-take the nano learning program. The number of re-takes permitted a participant is at the sponsor’s discretion.

S10-02. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and

- utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size for no overlap of questions on the qualified assessment for the typical repeat test taker. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong, and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Feedback may also take the form of identifying correct and incorrect answers.
- does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then
 - on a failed assessment, the CPE program sponsor may not provide feedback to the test taker.
 - on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback described in the preceding paragraph or take the form of identifying correct and incorrect answers.

S10-03. Program or course expiration date. Course documentation must include an expiration date. The expiration date is no longer than one year from the date of purchase or enrollment.

S10-04. Based on materials developed for instructional use. Nano learning programs must be based on materials specifically developed for instructional use and not on third-party materials. Nano learning programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by an assessment will not be acceptable.

Acceptable instructional materials for a nano learning program include intentional, engaged learning activities developed for focused content delivery. Nano learning programs may incorporate techniques such as visuals, slide reinforcements, role play, demonstrations, or use of a white board. The intent of a nano learning program is to transfer knowledge that is interactive—seeking to teach by example—to supply information to understand a specific concept, complete a certain task or computation or to problem-solve or make decisions through role play or demonstration. At a minimum, nano learning programs must include the following items:

1. The learning objective(s) of the program
2. Any instructions that participants need to navigate through the program
3. A qualified assessment

Standard No. 11. Blended learning programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post-program, and homework assignments should enhance the learning program experience and must relate to the defined learning objectives of the program.

S11-01. Guide participant through a program of learning. The blended learning program includes different learning or instructional methods (for example, lectures, discussion, guided practice, reading, games, case studies, and simulation); different delivery methods (group live, group Internet based, nano learning, or self study); different scheduling (synchronous or asynchronous); or different levels of guidance (for example, individual, instructor or subject matter expert led, or group and social learning). To guide participants through the learning process, CPE program sponsors must provide clear instructions and information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must document the process and components of the course progression and completion of components by the participants.

S11-02. Primary component of blended learning program is a group program. If the primary component of the blended learning program is a group program, then CPE credits for pre-program, post-program, and homework assignments cannot constitute more than 25 percent of the total CPE credits available for the blended learning program.

S11-03. Primary component of blended learning program is an asynchronous learning activity. If the primary component of the blended learning program is an asynchronous learning activity, then the blended learning program must incorporate a qualified assessment in which participants demonstrate achievement of the learning objectives of the program.

S11-03.1. Qualified assessment requirements. A qualified assessment must measure a representative number of learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program.

3.3 - Standards for CPE Program Presentation

Standard No. 12. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale or for external audiences, or both (that is, not internal training), CPE program sponsors must make the following information available in advance:

- Learning objectives
- Instructional delivery methods
- Recommended CPE credit and recommended field of study
- Prerequisites
- Program level
- Advance preparation
- Program description
- Course registration and, where applicable, attendance requirements
- Refund policy for courses sold for a fee or cancellation policy
- Complaint resolution policy
- Official NASBA sponsor statement, if an approved NASBA sponsor (explaining final authority of acceptance of CPE credits)

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must make the following information available in advance:

- Learning objectives
- Instructional delivery methods
- Recommended CPE credit and recommended field of study
- Prerequisites
- Advance preparation
- Program level (for optional internal courses only)
- Program description (for optional internal course only)

S12-01. Disclose significant features of program in advance. For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (for example, through the use of brochures, websites, electronic notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration and attendance policies and procedures must be formalized, published, and made available to participants and include refund and cancellation policies as well as complaint resolution policies.

S12-02. Disclose advance preparation and prerequisites. CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any,

must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 13. CPE program sponsors must ensure that instructors are qualified with respect to both program content and instructional methods used.

S13-01. Qualifications of instructors. Instructors are key ingredients in the learning process for any group or blended learning program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group or blended learning programs. Qualified instructors are those who are capable, through training, education, or experience, of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, prepared in advance, and must strive to engage participants.

S13-02. Evaluation of instructor's performance. CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

Standard No. 14. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

S14-01. Required elements of evaluation. The objectives of evaluation are to assess participant and instructor satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self study and nano learning programs, to determine, among other things, whether

- stated learning objectives were met.
- stated prerequisite requirements were appropriate and sufficient.
- program materials, including the qualified assessment, if any, were relevant and contributed to the achievement of the learning objectives.
- time allotted to the learning activity was appropriate.
- individual instructors were effective. (Note: This topic does not need to be included in evaluations for self study and nano learning programs.)

If the instructor is actively involved in the development of the program materials, then it is not necessary to solicit an evaluation from the instructor.

S14- 02. Evaluation results. CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

Standard No. 15. CPE program sponsors must ensure that instructional methods employed are appropriate for the learning activities.

S15-01. Assess instructional method in context of program presentation. CPE program sponsors must assess the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

S15-02. Facilities and technology appropriateness. Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

3.4 - Standards for CPE Program Measurement

Standard No. 16. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. 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 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, and so on).**
- **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, and so on).**
- **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.**

Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.

Only learning content portions of programs (including pre-program, post-program, and homework assignments, when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content, including, for example, excessive welcome and introductions, housekeeping instructions, and breaks, is not accepted toward credit.

S16-01. Learning activities with individual segments. For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest credit basis depending on the instructional delivery method of the program. For example,

a group live program must be rounded down to the nearest one-fifth, one-half, or whole credit. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits if using one-fifth increments and two and one-half credits if using one-half increments.

For learning activities in which segments are classified in multiple fields of study, the CPE credits granted should first be computed based on the content time of the total program. Next, the CPE credits granted should be allocated to the fields of study based on the field of study content time. If the sum of the individual segments by field of study content time does not equal the CPE credits computed based on the content time for the total program, then the difference should be allocated to the primary field of study for the program.

S16-02. Responsibility to monitor attendance. Although it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must maintain a process to monitor individual attendance at group programs to assign the correct number of CPE credits. A participant's self-certification of attendance alone is not sufficient.

S16-03. Monitoring mechanism for group Internet based programs. In addition to meeting all other applicable group program standards and requirements, group Internet based programs must employ some type of real time monitoring mechanism to verify that participants are participating during the course. The monitoring mechanism must be of sufficient frequency and lack predictability to ensure that participants have been engaged throughout the program. The monitoring mechanism must employ at least three instances of interactivity completed by the participant per CPE credit. CPE program sponsors should verify with respective boards of accountancy on specific interactivity requirements.

S16-04. Small group viewing of group Internet based programs. In situations in which small groups view a group Internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator or administrator in order to authenticate attendance for program duration.

S16-05. University or college credit course. For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester system 15 credits
- Quarter system 10 credits

S16-06. University or college noncredit course. For university or college noncredit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the noncredit course.

S16-07. Participant preparation time. Credit is not granted to participants for preparation time, unless the program meets the criteria for blended learning in Standard No. 11.

S16-08. Committee or staff meetings qualification for CPE credits. Only the portions of committee or staff meetings that are designed as programs of learning and comply with these Standards qualify for CPE credit.

Standard No. 17. CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:

Method 1: Pilot test of the representative completion time

Method 2: Computation using the prescribed word count formula

If a pre-program assessment is used, the pre-program assessment is not included in the CPE credit computation.

S17-01. Method 1 – Sample group of pilot testers. A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group.

- For those courses whose target audience includes CPAs, the sample group must be licensed CPAs in good standing, hold an active CPA license or the equivalent of an “active” CPA license in a U.S. jurisdiction, and possess the appropriate level of knowledge before taking the program.
- For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.
- For those courses whose target audience includes CPAs and non-CPAs, the sample group must be representative of the target audience and contain both CPAs, as defined previously, and non-CPAs.

S17-02. Method 1 – CPE credit based on representative completion time. The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or, if the inconsistent results are outliers, the inconsistent results must be eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation or pre-program assessment. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials, whether in one year or over a period of years, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

S17-03. Method 1 – Requirement for re-pilot testing. If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

S17-04. Method 1 – Pilot testing when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses in which pilot tests were conducted and provided, CPE program sponsors must review results of the course developer’s pilot test results to ensure that the results are appropriate. For purchased courses in which no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing or perform the word count formula as prescribed in method 2.

S17-05. Method 2 – Basis for prescribed word count formula. The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self-study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that is not critical and, therefore, **excluded** from the word count are course introduction, instructions to the participant, author/course developer biographies, table of contents, glossary, pre-program assessment, and appendixes containing supplementary reference materials.

Again, only course content text that is critical to the achievement of stated learning objectives should be included in the word count formula. If an author/course developer determines, for example, that including the entire accounting rule or tax regulation is beneficial to the participant, the accounting rule or tax regulation should be included as an appendix to the course as supplementary reference material and excluded from the word count formula. Only pertinent paragraphs or sections of the accounting rule or tax regulation required for the achievement of stated learning objectives should be included in the actual text of the course and, therefore, included in the word count formula.

Review questions, exercises, and qualified assessment questions are considered separately in the calculation and should not be included in the word count.

S17-06. Method 2 – Calculation of CPE credit using the prescribed word count formula. The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions (including those above the minimum requirements), exercises, and qualified assessment questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time (not narration of the text), if any, are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self-study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit, one-fifth credit, or whole credit using the guidelines of Standard No. 16.

$$[(\# \text{ of words}/180) + \text{actual audio/video duration time} + (\# \text{ of questions} \times 1.85)] / 50 = \text{CPE credit}$$

S17-07. Method 2 – Consideration of audio and video segments in word count formula. If audio and video segments of a self study program constitute additional learning for the participant (that is, not narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula. If the entire self-study program constitutes a video, then the prescribed word count formula in S17-06 would consist of the actual video time plus the total number of review questions (including those above the minimum requirements), exercises, and qualified assessment questions multiplied by 1.85, divided by 50 (that is, there would be no word count for text used in the formula).

$$[\text{actual audio/video duration time} + (\# \text{ of questions} \times 1.85)] / 50 = \text{CPE credit}$$

S17-08. Method 2 – Word count formula when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses in which the word count formula was calculated, CPE program sponsors must review the results of the course developer’s word count formula calculation to ensure that results are appropriate. For purchased courses in which the word count formula calculation was not performed or provided, CPE program sponsors must perform the word count formula calculation or conduct pilot testing as described in method 1.

Standard No. 18. CPE credit for nano learning programs must be based on duration of the program plus the qualified assessment, which, when combined, should be a minimum of 10 minutes. However, one-fifth (0.20 credit) CPE credit is the maximum credit to be awarded for a single nano learning program.

Standard No. 19. CPE credit for blended learning programs must equal the sum of the CPE credit determinations for the various completed components of the program. CPE credits could be determined by actual duration time (for example, audio/video duration time or learning content delivery time in a group program) or by a pilot test of the representative completion time as prescribed in S17-01 or word count formula as prescribed in S17-06 (for example, reading, games, case studies, and simulations).

Standard No. 20. Instructors and discussion leaders of learning activities may receive CPE credit for their preparation, review, and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these Standards. Technical reviewers of learning activities may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to the regulations and maximums established by boards of accountancy.

S20-01. Instructor CPE credit parameters. Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time up to 2 times the number of CPE credits to which participants would be entitled, in addition to the time for presentation, subject to regulations and maximums established by the boards of accountancy. For example, for learning activities in which participants could receive 8 CPE credits, instructors may receive up to 24 CPE credits (16 for preparation plus 8 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.

S20-02. Presenting a program. The CPA claiming CPE credits should refer to respective state board requirements.

S20-03. Technical reviewer CPE credit parameters. Technical reviewers who review a learning activity for the first time may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to regulations and maximums established by boards of accountancy. 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.

Standard No. 21. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.

S21-01. Requirement for review from independent party. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer 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.

S21-02. Authoring a program. As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 22. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

S22-01. CPE credits agreed to in advance. The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

3.5 - Standards for CPE Program Reporting

Standard No. 23. CPE program sponsors must provide program participants with documentation (electronic or paper) of their participation (certificate of completion), which includes the following:

- CPE program sponsor name and contact information
- Participant's name
- Course title
- Course field of study

- **Date offered or completed**
- **If applicable, location**
- **Type of instructional and delivery method used**
- **Amount of CPE credit recommended**
- **Verification by CPE program sponsor representative**
- **Sponsor identification number or registration number, if required by the state boards**
- **NASBA time statement stating that CPE credits have been granted on a 50-minute hour**
- **Any other statements required by boards of accountancy**

The documentation should be provided as soon as possible and should not exceed 60 days (so that participants can report their earned CPE credits in a timely manner).

S23-01. Entity to award CPE credits and acceptable documentation. The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these Standards. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation (electronic or paper) to support their claims of CPE credit. Acceptable evidence of completion includes the following:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor
- For self study and nano learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment
- For instruction or technical review credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No.20 in Standards for CPE Program Measurement
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received
- For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college
- For published articles, books, or CPE programs:
 - A copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor
 - A statement from the writer supporting the number of CPE hours claimed
 - The name and contact information of the independent reviewer(s) or publisher

S23-02. Certificate issuance for simultaneous delivery of a group live and group Internet based program. In circumstances in which the CPE program sponsor is providing simultaneous delivery of a group live and group Internet based program, the CPE program sponsor, at its discretion, may issue the certificate of completion to all program participants by awarding CPE credits under the instructional delivery method attended by the majority of the participants. The delivery and attendance monitoring requirements of the respective instructional delivery methods still apply.

Standard No. 24. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.

S24-01. Required documentation elements. Evidence of compliance with responsibilities set forth under these Standards that is to be retained by CPE program sponsors includes the following:

- Records of participation.
- Dates and locations.
- Author/instructor, author/developer, and reviewer, as applicable, names and credentials. For the CPA and tax attorney acting as an author/instructor, author/developer, and reviewer for accounting, auditing, or tax program(s), the state of licensure, license number, and status of license should be maintained. For the enrolled agent acting in such capacity for tax program(s), information regarding the enrolled agent number should be maintained.
- Number of CPE credits earned by participants.
- Results of program evaluations.
- Program descriptive materials (course announcement information).

Information to be retained by CPE program sponsors includes copies of program materials, evidence that the program materials were developed and reviewed by qualified parties, and a record of how CPE credits were determined.

S24-02. Maintenance of documentation as basis for CPE credit for self study programs. For CPE program sponsors using method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

- When the pilot test was conducted
- The intended participant population
- How the sample of pilot testers was selected
- Names and credentials and relevant experience of sample pilot test participants
- For CPA pilot testers, the state of licensure, license number, and status of license should be maintained
- A summary of pilot test participants' actual completion time
- Statement from each pilot tester to confirm that the pilot tester is independent from the course development group and that the pilot tester was not informed in advance of the expected completion time

For CPE program sponsors using method 2 (word count formula) as the basis for CPE credit for self-study programs, the word count formula calculation, as well as the supporting documentation for the data used in the word count formula (for example, word count; number of review questions, exercises, and final examination questions; duration of audio or video segments, or both, if applicable; and actual calculation), must be retained.

S24-03. Maintenance of documentation of element of engagement for group live programs. In addition to the requirements in S24-01, group live CPE program sponsors must retain the program outline, agenda, speaker notes or other documentation that evidences the element of engagement related to course content during each credit of CPE planned for the group live program.

S24-04. Maintenance of documentation of instructions and information to participants regarding the components comprising a blended learning program. In addition to the requirements in S24-01, blended learning CPE program sponsors must retain clear instructions and information that summarizes the different components of the blended learning program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must also retain documentation of the course progression and what CPE credits were earned by participants upon the completion of the components.


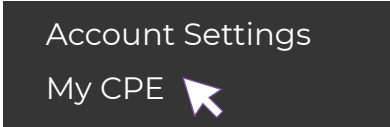
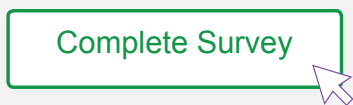

Effective dates:

Unless otherwise established by state licensing bodies or other professional organizations, these Standards are to be effective on September 1, 2016, provided however that:

- CPE program sponsors have until December 31, 2016 to comply with the Standards for programs currently under development.
- The Standards must be implemented at the next CPE program review or revision date for all other programs.

How to Retrieve Your COCPA CPE Certificate of Attendance (COA)

Please complete this process within one week of the program.

<p>1</p>	<p>Log in to your account at cocpa.org.</p>	
<p>2</p>	<p>Click on your name in the top right corner of the screen. Select "My CPE" from the dropdown menu.</p>	
<p>3</p>	<p>Locate your course and click "Complete Survey."</p>	
<p>4</p>	<p>A button to download your COA will show up in the same location as the "Complete survey" button. Click there.</p>	
<p>5</p>	<p>Download and print your COA.</p>	