



**Dora**  
Department of Regulatory Agencies

**Division of Professions  
and Occupations**  
Lauren Larson  
Division Director

**State Board of Accountancy**  
Ofelia Duran  
Program Director

John W. Hickenlooper  
Governor

Barbara J. Kelley  
Executive  
Director

## NOTICE OF RULEMAKING HEARING

Pursuant to Section 24-4-103(3)(a) of the Colorado Revised Statutes, you are hereby advised that the Colorado Board of Accountancy will be holding a **public rulemaking hearing on January 23, 2013, commencing at 8:00 a.m. at 1560 Broadway, Suite 1250 A, Denver, Colorado**, for the purpose of considering the following.

The Board will consider the revision and adoption of the following rules:

- Chapter 1     Board Organization and Administration (revise)**
- Chapter 2     Education Requirements for Examination and Certification (revise)**
- Chapter 3     Examination Requirements (revise)**
- Chapter 4     Experience Requirements for Certification (revise)**
- Chapter 5     Certification by Reciprocity (revise)**
- Chapter 6     Certificate Status and Maintenance (revise)**
- Chapter 7     Continuing Professional Education (CPE) (revise)**
- Chapter 8     Peer Review Requirement (revise)**
- Chapter 9     Rules of Professional Conduct (revise)**
- Chapter 10    Declaratory Orders (revise)**
- Chapter 11    Practice Privilege/Mobility (revise)**
- Chapter 12    Firm Requirements (adopt)**

A copy of the proposed rules and a statement of statutory authority, basis, and purpose are attached. Please be advised that these rules may be changed after public comment and formal hearing. The effective date is yet to be determined.



NOTICE OF RULEMAKING HEARING

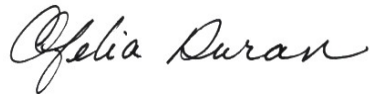
At the time and place stated in this notice, the Colorado Board of Accountancy will afford interested parties an opportunity to submit written data, views, or arguments, and to submit briefly (3 minutes per item) the same orally if they so desire.

The Board encourages any interested party to submit written testimony no later than **8 AM on Monday, January 7, 2013** to ensure the Board has sufficient opportunity to review and consider all written comment.

All submissions will be considered if timely submitted.

Dated this 13<sup>th</sup> day of December, 2012

**BY ORDER OF THE COLORADO STATE BOARD OF ACCOUNTANCY**

A handwritten signature in cursive script that reads "Ofelia Duran".

**Ofelia Duran**  
**Program Director**

**State Board of Accountancy  
Notice of Rulemaking Hearing  
Board Rules - Chapters 1-12  
January 23, 2013**

**Statement of Basis, Statutory Authority, and Purpose**

The basis for the rules is to carry out the provisions of the Accountants Act at §§ 12-2-101, *et seq.*, C.R.S. (“the Act”).

The specific statutory authority that authorizes the rulemaking is § 12-2-104(1)(b), C.R.S., and § 24-4-103, C.R.S.

These rules reflect the Board’s review and revision of its existing rules to increase their clarity. The purpose of this rulemaking is to amend existing rules to clarify the rules generally and to specifically clarify the requirements for examination and licensure, the rights and responsibilities of individuals and firms licensed, registered, or practicing through mobility under the Act, licensing, license maintenance, and the practice of public accounting in this state. The specific purpose for amending these rules is set forth below.

In addition to the subject matter addressed in the current draft proposed regulations, the Board may consider additional regulations consistent with any subject matter addressed by the draft regulations in order to clarify the rules and to interpret and effectively implement the Act. Please note that the following list is not exhaustive. For specific information and language concerning the proposed rules, please refer to the draft regulations as set forth in their entirety at the DORA website: [www.dora.colorado.gov/professions/Accounting](http://www.dora.colorado.gov/professions/Accounting) and on the Colorado Secretary of State Website.

**Chapter 1     Board Organization and Administration**

These rules set forth acronyms, definitions and address general administrative matters, incorporation by reference materials, including Board meetings, communications with Board members, and committees of the Board.

**Chapter 2     Education Requirements for Examination and Certification**

These rules set forth the education requirements to be eligible to sit for the Uniform CPA Examination and those required for certification as a CPA. In accordance with legislative amendments in 2010 to the Accountancy Act, the proposed revisions further clarify education and related issues under the “150 hour” education requirements for certification beginning July 1, 2015, including issues regarding community college credit hours and repeal expiring requirements as of July 1, 2015. The rules clarify the accreditation requirements and the meaning of baccalaureate degree for the purposes of examination and certification. The rules also clarify that accounting coursework or a degree must be obtained from a college or university that is acceptable for transfer or recognized by an accredited college. A degree or accounting education obtained from professional associations and other non-higher education institutions, or colleges or universities that would not be accepted for transfer or recognized by an accredited college or university, will not satisfy the education requirements. The rules would also clarify

the education evaluation requirements. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-109(1)(b), 12-2-109(1)(b)(I)(A), 12-2-109(2)(a)(I), 12-2-109(2)(a)(II), 12-2-109(2)(b)(I), 12-2-109(2)(b)(III) and 12-2-111(4), C.R.S.

### **Chapter 3     Examination Requirements**

These rules address and clarify the administration of the Uniform CPA Examination, including examinee conduct, discipline, and standards for granting conditional examination credit for examinees that pass one or more but not all sections of the exam. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Section 12-2-111(2) and 12-2-111(6), C.R.S.

### **Chapter 4     Experience Requirements for Certification**

The purpose of these rules is to clarify the specific experience requirements and the requirements for verifying such experience for certification. The rules also establish that acceptable experience must involve the application of certain technical and behavioral standards. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-109(1)(a)(I)(A) and 12-2-109(2)(c)(I) and (III), C.R.S.

### **Chapter 5     Certification by Reciprocity**

These rules centralize and clarify the requirements for certification for all applicants, including 3 categories of applicants: (1) those holding a CPA certificate from another U.S. licensing jurisdiction; (2) those international applicants who hold a certificate or designation from an organization that has executed a Mutual Recognition Agreement (MRA) with the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA); and (3) those international applicants who obtained their education outside the United States or its territories and who do not hold a license or designation from an international organization that has executed an MRA. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Section 12-2-113, C.R.S.

### **Chapter 6     Certificate Status and Maintenance**

These rules clarify the general maintenance requirements for a certificate and the requirements to renew, reactivate or reinstate a CPA certificate, including the applicable continuing professional education and experience requirements. The rules establish and clarify the requirements regarding the use of names and limitations and reporting requirements regarding name use. The rules move and clarify the requirements regarding disclosures from the Rules of Professional Conduct to Chapter 6. The rules clarify the rights and responsibilities regarding the use of the CPA designation. The rules clarify when a CPA may be subject to discipline for violations in other jurisdictions. . The rules clarify the rights and responsibilities regarding each certificate status.

These rules clarify the notification requirements by licensees of name and address changes, and general information concerning CPA certificates. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-115.5, 12-2-119(5), and 12-2-122.5(1), C.R.S.

## **Chapter 7     Continuing Professional Education (CPE)**

To the extent that they are not inconsistent with these rules, these rules adopt the recently revised Joint AICPA/NASBA Standards for Continuing Professional Education and the NASBA Fields of Study. These rules clarify requirements for obtaining CPE credit. The rules clarify the minimum standard for course content to qualify for CPE credit. These rules clarify the program content requirements to obtain credit for CR&R courses (CPE addressing compliance with the Act and Rules). These rules address hardship exceptions, CPE audits by the Board to determine compliance, and procedures needed of a certificate holder who fails to comply with CPE requirements. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-119(5) and 12-2-119(6), C.R.S.

## **Chapter 8     Peer Review Requirement**

The 2010 legislative amendments to the Accountancy Act require CPAs and CPA firms that issue attest or compilation reports to undergo peer review in accordance with rules promulgated by the Board. The rules clarify the peer review requirements. The rules establish requirements for CPA' and CPA firms to undergo peer reviews. These rules adopt the AICPA Standards for Performing and Reporting on Peer Reviews and require peer reviews to be performed by an organization approved by the AICPA Peer Review Board of the Board. The peer review rules are effective for CPA firms and CPAs upon renewal of firm registrations and CPA certificates in 2014 and 2015. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-117(3.7) and 12-2-108(7), C.R.S.

## **Chapter 9     Rules of Professional Conduct**

The rules clarify that, to the extent not inconsistent with the rules, the rules adopt the AICPA Code of Professional Conduct and other professional standards in the various practice areas of accounting. These rules clarify the professional obligations of a CPA in relation to the AICPA Code of Professional Conduct and other professional standards in the various practice areas of accounting. The rules clarify the rules regarding conflicts of interest, contingency fees, and integrity and objectivity to clarify the rules on dishonesty including theft. The rules clarify the rules regarding client records and property and require that a CPA arrange for their security and return in case of his or her incapacity, disappearance or death. The rule clarifies that AICPA interpretations and rulings may be utilized by the Board and that the Board may discipline a Colorado CPA for violations outside the state. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Sections 12-2-104(1)(c), C.R.S.

## **Chapter 10    Declaratory Orders**

These rules set forth the procedures for obtaining declaratory orders from the Board to terminate controversies or to remove uncertainties as to the applicability of any statutory provision, rule, or order of the Board, pursuant to Section 24-4-105(11), C.R.S.

## **Chapter 11    Practice Privilege/Mobility**

These rules clarify mobility and instances when a practice privilege is granted to CPAs and CPA firms and clarify the requirements that recognize the ability of CPAs and CPA firms licensed by jurisdictions outside Colorado to practice in Colorado without obtaining a Colorado certificate or

registration. The rules define principle place of business and clarify when a CPA from another state may practice in Colorado for an employer or client under mobility. The rules establish the requirements that allow foreign accountants to practice in Colorado. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Section 12-2-121(2), C.R.S.

## **Chapter 12   Firm Requirements (new)**

These rules centralize and clarify the requirements for obtaining and maintaining a firm registration. The rules clarify the types of entities who must register and establish and clarify name requirements and clarify, expand, and move mandatory disclosures from the former chapter on the Rules of Professional Conduct. In addition to its general rulemaking authority, the Board's relevant authority to promulgate such rules is found in Section 12-2-117, C.R.S.