

CHAPTER 5
CERTIFICATE STATUS MAINTENANCE
~~C.R.S. 1973, 12-2-108, 12-2-119(5), 12-2-122.5 and 12-2-123~~

**Sections 12-2-108, 12-2-115.5, 12-2-119(5), 12-2-122.5, 12-2-123
and 24-34-102(8)(d), C.R.S.**

5.1 INTRODUCTION

~~This chapter defines the continuing education requirements under which a certificate holder may renew, reactivate or reinstate a certificate. It further defines the conditions under which the status of a certificate may be changed from inactive to active status.~~

Chapter 5 sets forth the requirements, including continuing education, for a certificate holder to renew, reactivate or reinstate a certificate, to obtain a retired status certificate or return a retired status certificate to active status. Chapter 5 further sets forth the conditions for a certificate holder to have his or her certificate changed to inactive status.

5.2 DEFINITIONS

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|----|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. | Status | The condition of an individual's CPA certificate. |
| B. | Active Status | The certificate holder has complied with continuing education requirements for renewal of an active status certificate and has reported it on the renewal application. The certificate holder is eligible to use the CPA designation and to issue attestation reports as those reports are defined in C.R.S. 12-2-120(6).
<u>The certificate is a new certificate or the certificate holder has complied with continuing education requirements for renewal of an active status certificate and has reported it on the renewal application. The certificate holder is eligible to use the C.P.A. designation and to issue attestation reports as those reports are defined in section 12-2-120(6), C.R.S.</u> |
| C. | Inactive Status | The certificate holder is not required to comply with continuing education requirements to renew an inactive status certificate and has not reported sufficient continuing education on the renewal application. A certificate holder with a certificate in an inactive status is prohibited by law from holding out as a CPA and from issuing attestation |

~~reports as those reports are defined in 12-2-120(6). The certificate holder is not required to comply with continuing education requirements to renew an inactive status certificate or has not reported sufficient continuing education on the renewal application. A certificate holder with a certificate in inactive status is prohibited by law from holding out as a C.P.A., as defined in Rule 1.1.M, and from issuing attestation reports as those reports are defined in section 12-2-120(6), C.R.S.~~

- D. Expired Status ~~The certificate holder has failed to renew his certificate on the expiration date. A certificate holder with a certificate in an expired status is prohibited by law from holding out as a CPA and from issuing attestation reports as those reports are defined in 12-2-120(6). The certificate holder has failed to renew his or her certificate on the expiration date. A certificate holder with a certificate in expired status is prohibited by law from holding out as a C.P.A. and from issuing attestation reports as those reports are defined in section 12-2-120(6), C.R.S.~~
- E. Renewal ~~A certificate remains in good standing when it is renewed in an active or inactive status every two years. The process of applying to retain a certificate in an active, inactive or retired status every two years.~~
- F. Reactivation ~~When a certificate has been expired for less than two years, a certificate holder must meet the requirements for reactivation to return the certificate to good standing. The process by which an inactive status certificate is returned to active status.~~
- G. Reinstatement ~~When a certificate has been expired between two and six years, a certificate holder must meet the requirements for reinstatement to return the certificate to good standing. The process by which a certificate that has expired is returned to active status.~~
- ~~H. Renewal Period~~ ~~A two year period from June 1 of an even-numbered year through May 31 of the following even numbered year.~~
- H. Reporting Period ~~A two year period from January 1 of an even-numbered year through December 31 of the odd~~

~~numbered year immediately preceding the expiration date of a certificate. A two-year period from January 1 of an even-numbered year through December 31 of the odd-numbered year immediately preceding the expiration date of a certificate during which the certificate holder shall complete continuing education to be eligible to renew the certificate in active status.~~

- ~~J. CR&R Continuing education concerning Colorado State Board of Accountancy Statutes, Rules and Regulations. In order to qualify as a CR&R course, the course must review and encourage compliance with Colorado Statutes, Rules and Regulations.~~
- ~~K. Ethics Continuing education concerning professional ethical behavior.~~
- ~~L. Code A Subjects Courses in the following subject areas:~~
- ~~1. Accounting and Auditing~~
 - ~~2. Management Consulting Services~~
 - ~~3. Taxation~~
 - ~~4. Specialized Industry Accounting~~
 - ~~5. Accounting Related Computer Sciences~~
 - ~~6. Financial Planning~~
 - ~~7. Ethics~~
 - ~~8. CR&R~~
- ~~M. Notice Certificate holders are required to provide written notification to the Board of any change of status (active or inactive), change of address (business or residence) or employment within 30 days of the change.~~
- ~~NI. Retired Status A status granted to an eligible certificate holder who elects not to perform any accounting related professional services. A status granted to an eligible certificate holder who elects not to receive any earned compensation, including director's fees, for professional services, as defined in Rule 1.1.I, or for performance of any types of services involving the use of accounting or auditing skills for the certificate holder's employer, and who meets the requirements for such a certificate.~~
- ~~J. Continuing Education Courses that satisfy the requirements of Chapter 6 of the Board's Rules. Also termed continuing professional education or CPE.~~

K. Good Standing The certificate is not suspended or subject to any limitation or condition and the certificate holder is not on Board probation.

L. CR&R, Ethics, and Code A Subjects
These terms used in this Chapter 5 are defined in Chapter 6 of the Board's Rules.

Statement of Basis and Purpose – 1/98

The basis for the adoption of rules is Section 12-2-104(1)(b) and 12-2-115.5, C.R.S. The purpose of adopting new rules 5.2 (O) and 5.5 is to establish the conditions under which a certificate holder may obtain a “retired” status CPA certificate and convert the retired status to an active status certificate. The purpose of the new rules is also to establish guidelines under which a certificate holder who has obtained a “retired” status certificate may perform volunteer accounting related services and to allow the Board flexibility in granting a retired status by providing for exceptions to the requirements.

Statement of Basis and Purpose - 9/97

The basis for the adoption of rules is sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of amending rule 5.2 (b) is to correct a typographical error which resulted in a wrong definition.

Statement of Basis and Purpose - 5/97

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of amending Rule 5.2 is to delineate the definitions by adding alphabetical references, to modify the ethics requirement for renewals, and to redefine ethics by eliminating the requirement for the inclusion of an update of Colorado Statutes, Rules and Regulations.

Statement of Basis and Purpose - 11/00

The basis for amending this rule by the State Board of Accountancy is section 12-2-104(1)(b). Rules 5.2(C) & (D) are being amended to clarify CPE requirements and better define prohibited activities.

Statement of Basis and Purpose – 10/02

The basis for amending this rule by the State Board of Accountancy is section 12-2-104(1)(b). Rule 5.2 (J) is being amended to in order to set minimum standards for a course to qualify as a CR&R course.

Statement of Basis and Purpose – 6/03

The purpose of amending this rule is to correct an error in numbering the rule. An “O” has been changed to an “N” to reflect the correct alphabetical sequence.

Statement of Basis and Purpose for 5.1 and 5.2 – February 2008

The statutory authority for the adoption of amendments to Rules 5.1 and 5.2 is sections 12-2-104(1)(b), 12-2-115.5, 12-2-119(5), and 12-2-122.5, C.R.S. The basis is that the Board is responsible for administering the renewal, reinstatement and reactivation of certificates and the granting of retired status certificates. The purpose of Rule 5.1 is to identify the chapter's content. The purpose of amending the definitions at 5.2.B, C, D, E, F, G, H, I and J to clarify the meanings. The purpose of repealing former Rule 5.2.I, defining renewal period, is that the language

is not needed in Chapter 5. Former Rule 5.2.M is repealed, and the language is set forth in its own section at Rule 5.11. The definitions in Rules 5.2.J, K and L were added to define terms used in Chapter 5. The definitions have been relettered accordingly.

5.3 ACTIVE STATUS CERTIFICATES

~~A. Conditions of Renewal~~

- ~~1. An active status certificate expires on May 31 of an even numbered year and must be renewed once every two years.~~

A. Conditions of Renewal

1. An active status certificate expires in an even-numbered year according to a schedule established by the Division of Registrations pursuant to section 24-34-102, C.R.S., and shall be renewed once every two years to maintain the certificate as an active status certificate.

- ~~2. As a condition for the renewal of an active status certificate, each certificate holder must complete 80 hours of acceptable continuing education during a reporting period (January 1st of even numbered years to December 31st of odd numbered years). Of the 80 hours, at least 32 hours must be Code A courses including 2 hours of Ethics or CR&R. Beginning January 1, 2004, for the first renewal after obtaining an original or reciprocity certificate, the certificate holder must include a CR&R course in the 32 hours of code A courses in order to renew.~~

~~The remaining hours may be in any of the categories set forth in Chapter 6 Continuing Education.~~

- ~~2. As a condition for the renewal of an active status certificate, each certificate holder shall complete 80 hours of acceptable continuing education during the reporting period immediately before the year of certificate renewal. Of the 80 hours, at least 32 hours shall be Code A courses including at least two hours of ethics or CR&R.~~

- ~~3. The remaining hours may be in any of the categories set forth in Chapter 6, Continuing Education.~~

- ~~3. Certificate holders who obtain an active status certificate during the reporting period will be required to complete the following~~

~~continuing education requirements to maintain an active status certificate:~~

- ~~a. — Ten hours of continuing education for each full quarter remaining in the reporting period (as defined in Rule 5.2), of which at least 40% must be in Code A courses, as set forth in Chapter 6—Continuing Education.~~

~~Courses used to meet the requirements for examination or certification may not be reported for continuing education credit. Continuing education courses that were taken prior to certification, but within the reporting period, may be reported for renewal if they were not used to qualify for initial certification.~~

B. Requirements for Continuing Education after Initial Certification

1. A certificate holder who obtains initial Colorado certification during a reporting period shall complete the following continuing education requirements to renew the certificate as an active status certificate:

- a. The certificate holder shall complete ten hours of continuing education for each full quarter remaining in the reporting period, of which at least 40 percent shall be in Code A subjects. The certificate holder is not required to complete CR&R during the partial reporting period.

- b. Any course used to meet the requirements for examination or certification shall not be reported for continuing education credit. A continuing education course that was taken prior to certification but within the reporting period may be reported for renewal if it was not used to qualify for initial certification.

2. For the first full reporting period after initial Colorado certification the certificate holder shall complete at least two hours of CR&R in order to renew the certificate as an active status certificate.

~~B. — Conditions of Reactivation~~

~~When a certificate is expired for less than two years, it may be reactivated provided the certificate holder satisfies the following:~~

- ~~1. — The continuing education required for renewal of an active status certificate, and,~~
- ~~2. — Two hours of CR&R.~~
- ~~3. — All reported hours must have been taken in the two years immediately preceding the date of the reactivation application.~~

~~4. — At least 80% of the total continuing education must be in Code A subjects.~~

~~5. — When the certificate holder provides satisfactory evidence of completing requirements 1–4 above, it will be deemed that continued professional competence has been demonstrated.~~

~~C. — Conditions of Reinstatement~~

~~When a certificate has been expired for more than two years and less than six years, it may be reinstated provided the certificate holder satisfies the following:~~

~~1. — Eighty hours of continuing education obtained within the two years immediately preceding the date of the application, to include two hours of CR&R.~~

~~2. — 100% of the continuing education must be in Code A subjects.~~

~~3. — When the certificate holder provides satisfactory evidence of completing requirements 1 and 2 above, it will be deemed that continued professional competence has been demonstrated.~~

~~At the time of reactivation or reinstatement, a certificate holder becomes current with continuing education requirements. Thereafter, the continuing education requirement for the next renewal is 10 hours for each full quarter remaining in the reporting period following reactivation or reinstatement.~~

~~D. — Conditions of Re Application/Re Examination for Certificates that Have Expired Beyond Six Years~~

~~A certificate that is expired for over 6 years may be reinstated by~~

~~1. — Meeting the requirements and conditions required of an applicant applying for the issuance of an original certificate, including successfully passing the Uniform CPA Examination, meeting the current education and experience requirements, and passing the AICPA ethics examination; or by~~

~~2. — Satisfying the following:~~

~~a. — Eighty hours of continuing education obtained within the two years immediately preceding the date of the application, to include two hours of CR&R.~~

~~b. — 100% of the continuing education must be in Code A subjects.~~

~~c. — One year of experience, as stated in Chapter 4 of the board's Rules, within two years immediately preceding the date of the application with the exception of independence under Rule 4.1(c) and excluding the requirement that the experience must be supervised by a CPA; or a masters or doctorate degree with a concentration in accounting obtained from an accredited college or university (see rule 2.2) within the two years immediately preceding the application to reinstate; or one year of teaching experience as a full time professor~~

~~of accounting in an accredited college or university (see rule 2.2) within the two years immediately preceding the application to reinstate.~~

~~d. When the applicant provides satisfactory evidence of completing requirements (a), (b) and (c) above, it will be deemed that continued professional competence has been demonstrated.~~

~~At the time of reinstatement, a certificate holder becomes current with continuing education requirements. Thereafter, the continuing education requirement for the next renewal is 10 hours for each full quarter remaining in the reporting period following reinstatement.~~

C. Conditions of Changing a Certificate from Active Status to Inactive Status

To change a certificate from active status to inactive status, a certificate holder shall notify the Board in writing of the certificate holder's request for the change to inactive status.

Statement of Basis and Purpose - 5/97

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of amending Rules 5.3 (B) and (C) is to standardize the continuing education requirements to meet a level of professional competency for the reactivation or reinstatement of an expired Colorado Certified Public Accountant certificate.

Statement of Basis and Purpose - 11/00 & 10/02

The basis for amending this rule by the State Board of Accountancy is section 12-2-104(1)(b). Rule 5.3(A) is amended to clarify the rule and in anticipation of the computerized exam beginning January 1, 2004. Rule 5.3(D) is amended to clarify the requirements and increase the options for reactivation of a license, which has been expired for more than six years without retaking the examination.

Statement of Basis and Purpose - 4/03

The basis for amending this rule by the State Board of Accountancy is section 12-2-104(1)(b). Rule 5.3 is modified so that 2 hours of ethics are required for the renewal after reinstatement.

Statement of Basis and Purpose - February 2008

The statutory authority for the adoption of amendments to Rule 5.3 is sections 12-2-104(1)(b) and 12-2-119(5), C.R.S. The basis is that the Board is responsible for administering the renewal of certificates and the continuing education requirements for renewal. The purposes of the amendments are to note the Division of Registrations' authority to schedule the deadlines for renewal of certificates, to clarify when the continuing education must have been completed and the requirement regarding completion of the CR&R course and to improve Rule 5.3's language. Conditions for reactivation have been moved to Rule 5.6 and conditions for reinstatement have been moved to Rule 5.7.

5.4 INACTIVE STATUS CERTIFICATES

~~A. Conditions of Renewal, Reactivation and Reinstatement of an Inactive Status Certificate~~

- ~~1. An inactive status certificate expires on May 31 of an even numbered year and must be renewed once every two years.~~
- ~~2. Continuing education is not required to be reported on the application to renew a certificate in an inactive status.~~
- ~~3. Continuing education is not required to be reported when reactivating or reinstating an expired certificate in an inactive status~~

A. Conditions of Renewal of an Inactive Status Certificate

1. An inactive status certificate expires in an even-numbered year according to a schedule established by the Division of Registrations pursuant to section 24-34-102, C.R.S., and shall be renewed once every two years to maintain the certificate as an inactive status certificate.
2. Continuing education is not required to be reported on the application to renew a certificate as an inactive status certificate.

~~B. Conditions of Changing from an Inactive Status to an Active Status.~~

- ~~1. When the certificate status has been inactive for up to five years:
 - ~~a. To change from an inactive status to an active status, a certificate holder must complete 80 hours continuing education obtained within the two years immediately preceding the date of the application, to include two hours of CR&R.~~
 - ~~b. 80% of the continuing education must be in Code A subjects.~~~~
- ~~2. When the certificate status has been inactive for five years or more:
 - ~~a. To change from an inactive status to an active status, a certificate holder must complete 80 hours continuing education obtained within the two years immediately preceding the date of the application, to include two hours of CR&R.~~
 - ~~b. 100% of the continuing education must be in Code A subjects.~~~~
- ~~3. At the time of a change of status, a certificate holder becomes current with continuing education requirements.~~

~~The continuing education requirement for the next renewal is 10 hours for each full quarter remaining in the reporting period following the change of status. The two hours of ethics is deemed to be satisfied for the renewal following a change of status.~~

Statement of Basis and Purpose - 2/96

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of repealing and re-enacting Chapter 5 - Certificate Status Maintenance is to update and clarify the continuing education requirements for the renewal, reactivation, reinstatement of a Colorado Certified Public Accountant Certificate and to clarify the continuing education requirements to change an inactive status certificate to an active status certificate; and, further, to modify the ethics requirement for renewing an “active status” certificate and eliminate the requirement to obtain a minimum of 20 hours of continuing education in a reporting period and the 50% limitation on self-study and instructor courses.

Statement of Basis and Purpose - 5/97

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of amending Rule 5.4 is to standardize the continuing education requirements to meet a level of professional competency for the change of status of a Colorado Certified Public Accountant certificate.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of amendments to Rule 5.4 is sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S. The basis is that the Board is responsible for administering inactive status certificates and has jurisdiction over them. The amendments' purpose are to include the Division of Registrations' authority to schedule the deadlines for renewal of inactive status certificates and clarify the wording. Conditions for reactivation are moved to Rule 5.6.

5.5 RETIRED STATUS CERTIFICATE

- ~~A. — To become eligible for a retired status certificate, a certificate holder must hold a Colorado Certified Public Accountant Certificate, including an expired status certificate that remains subject to renewal, reactivation or reinstatement. An eligible certificate holder must make application to the Board for the granting of a retired status certificate, pay a Board action fee and meet the conditions prescribed in paragraph B of this rule.~~
- ~~B. — A certificate holder must be at least 55 years old or have held a certified public accountant certificate in good standing for twenty-five (25) years and affirm that the certificate holder is no longer receiving any earned compensation, including director's fees, for current personal services in any accounting-related activity.~~

- ~~C. A certificate holder who is granted a retired status certificate may perform volunteer accounting-related services for which the retired certificate holder receives no direct or indirect compensation as long as the retired certificate holder does not sign any documents, related to such services, as a Certified Public Accountant.~~
- ~~D. A certificate holder granted retired status may be styled and known as a “Retired Certified Public Accountant” or “Retired C.P.A.”~~

A. Conditions for a Retired Status Certificate

1. To be eligible for a retired status certificate, a certificate holder shall satisfy the following conditions:
 - a. The certificate holder shall hold a Colorado certified public accountant certificate, which may be in active, inactive or expired status, at the time of the application for a retired status certificate.
 - b. The certificate holder shall be at least 55 years old and have held an active certificate in good standing from any state, as state is defined in section 12-2-102(5), C.R.S., for a total of 25 years.
 - c. The certificate holder no longer receives any earned compensation, including director’s fees, for professional services, as defined in Rule 1.1.I, or for performance of any types of services involving the use of accounting or auditing skills for the certificate holder’s employer.

B. Restriction upon Earned Compensation

1. A certificate holder who holds a retired status certificate shall not receive any earned compensation, including director’s fees, for professional services, as defined in Rule 1.1.I, or for performance of any types of services involving the use of accounting or auditing skills for the certificate holder’s employer as long as the certificate remains in retired status.
2. A certificate holder who holds a retired status certificate may perform volunteer accounting-related services for which the retired certificate holder receives no direct or indirect compensation, provided the retired certificate holder does not sign any documents related to such services as a certified public accountant.

C. Permitted Titles

A certificate holder granted retired status may be styled and known as a “retired certified public accountant” or “retired C.P.A.”

- ~~E. A retired status certificate does not require continuing education.~~
~~F. A certificate holder who holds a retired status certificate may apply to the Board to change the retired status to an active status subject to meeting the following requirements:~~
- ~~1. Eighty hours of continuing education obtained within the two years preceding the date of the application, to include two hours of CR&R.~~
 - ~~2. 100% of the continuing education must be in Code A subjects.~~
 - ~~3. When the certificate holder provides satisfactory evidence of completing requirements 1 and 2 above, it will be deemed that continued professional competence has been demonstrated and the retired status certificate will become active and subject to the requirements for maintaining an active status certificate.~~
- ~~G. A retired status certificate expires every two years on May 31 on even numbered years and is subject to renewal once every two years.~~
~~H. Exceptions to the requirements set forth in paragraphs A-F above may be granted at the discretion of the Board for reasons of individual hardship or other good cause.~~

D. Expiration and Renewal of the Certificate

1. A retired status certificate expires in an even-numbered year according to a schedule established by the Division of Registrations pursuant to section 24-34-102, C.R.S., and shall be renewed once every two years to maintain the certificate in retired certificate status.
2. Continuing education is not required to be reported on the application to renew the certificate as a retired status certificate.

E. Exceptions

The Board in its discretion may grant exceptions to the requirements set forth in paragraphs A and B of Rule 5.5 for reasons of individual hardship or other good cause.

Statement of Basis and Purpose – 1/98

The basis for the adoption of rules is Section 12-2-104(1)(b) and 12-2-115.5, C.R.S. The purpose of adopting new rules 5.2 (O) and 5.5 is to establish the

conditions under which a certificate holder may obtain a “retired” status CPA certificate and convert the retired status to an active status certificate. The purpose of the new rules is also to establish guidelines under which a certificate holder who has obtained a “retired” status certificate may perform volunteer accounting related services and to allow the Board flexibility in granting a retired status by providing for exceptions to the requirements.

Statement of Basis and Purpose - 10/03

The statutory authority for amending this rule by the State Board of Accountancy is section 12-2-104(1)(b) and 12-2-115.5, C.R.S. The purpose of amending rule 5.5 is to require retired status certificate holders to renew a retired status certificate once every two years. The Board needs to maintain complete and accurate information for retired CPA’s because section 12-2-115.5 requires the Board to maintain jurisdiction over retired CPA’s.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of amendments to Rule 5.5 is sections 12-2-104(1)(b) and 12-2-115.5, C.R.S. The basis is that the Board is responsible for administering the grant and renewal of retired status certificates and the return to active status. The amendments’ purposes are to clarify the 25-year requirement, emphasize the prohibition on earned compensation, include the Division of Registrations’ authority to schedule the deadlines for renewal of certificates and clarify Rule 5.5 language throughout. Conditions for a retired status certificate holder to return to active status are moved to Rule 5.8. The revisions regarding conditions the Board may waive are limited.

5.6 REACTIVATION

A. Conditions of Reactivation: Inactive Two Years or Less

When a certificate has been inactive for up to and including two years, it may be reactivated provided the certificate holder satisfies the following:

- 1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.**
- 2. At least 32 hours of the continuing education shall be in Code A subjects and include at least two hours of CR&R.**

B. Conditions of Reactivation: Inactive More Than Two Years Up to and Including Six Years

When a certificate has been inactive for more than two years up to and including six years, it may be reactivated provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. At least 64 hours of the continuing education shall be in Code A subjects and include at least two hours of CR&R.

C. Conditions of Reactivation: Inactive More Than Six Years

When a certificate has been inactive for more than six years, it may be reactivated provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. All of the continuing education shall be in Code A subjects and include at least two hours of CR&R.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of amendments to Rule 5.6 is sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S. The basis is that the Board is responsible for administering inactive status certificates and has jurisdiction over them. The Board also has authority to determine the continuing education requirements for returning a certificate from inactive to active status. The amendments' purposes are to change the periods of time applicable to the conditions for reactivation from two periods, one of up to five years and one of five years or more, to three periods of two years or less, more than two years up to six years and more than six years. The amendments' purpose also is clarify Chapter 5's language regarding reactivation versus reinstatement of certificates and to improve the wording throughout the rule. The conditions for reactivation formerly were found in Rule 5.3.

5.7 REINSTATEMENT

A. Conditions of Reinstatement: Expired Two Years or Less

When a certificate is expired for two years or less, it may be reinstated provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. At least 32 hours of the total continuing education shall be in Code A subjects and shall include at least two hours of CR&R or general ethics.

B. Conditions of Reinstatement: Expired More Than Two Years Up to and Including Six Years

When a certificate is expired for more than two years up to and including six years, it may be reinstated provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. All of the continuing education shall be in Code A subjects and include at least two hours of CR&R.
3. When the certificate holder provides satisfactory evidence of completing the conditions in paragraphs 1 and 2 of Rule 5.7.B above, it will be deemed that continued professional competency has been demonstrated.

C. Conditions of Reinstatement: Expired More Than Six Years

When a certificate is expired for more than six years, it may be reinstated provided the certificate holder satisfies the conditions set forth in either paragraph 1 or paragraph 2 of this Rule 5.7.C.

1. The certificate holder shall satisfy the following conditions:
 - a. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
 - b. All of the continuing education shall be in Code A subjects and include at least two hours of CR&R.
 - c. The certificate holder shall obtain experience or education according to one of the following conditions:
 - (1) One year of experience as provided in chapter 4 of the Board's Rules within two years

immediately preceding the date of the application for reinstatement, but excluding the requirements of independence under Rule 4.1.C and supervision of the experience by a certified public accountant.

(2) A master's or doctoral degree with a concentration in accounting obtained from an accredited college or university, as defined at section 12-2-102(1), C.R.S., within the two years immediately preceding the date of the application to reinstate.

(3) One year of teaching experience as a professor of accounting employed full time in an accredited college or university, as defined at section 12-2-102(1), C.R.S., within the two years immediately preceding the date of the application to reinstate.

d. When the applicant provides satisfactory evidence of completing requirements a, b and c of Rule 5.7.C.2, it will be deemed that continued professional competency has been demonstrated.

2. The certificate holder also may obtain a certificate by satisfying the same conditions as an applicant applying for initial certification, including passing the Uniform C.P.A. Examination, meeting the education and experience requirements as established by statute and Board rules and passing the AICPA ethics examination.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of amendments to Rule 5.7 is sections 12-2-104(1)(b) and 12-2-119(5), C.R.S. The basis is that the Board is responsible for administering the reinstatement of certificates and has jurisdiction over reinstatement. The Board also has authority to determine the continuing education requirements for reinstatement. The amendments' purposes are to clarify the rule's language regarding reinstatement of certificates and to improve the wording throughout the rule. The conditions regarding reinstatement formerly were found in Rule 5.3.

5.8 RETURN TO ACTIVE STATUS FROM RETIRED STATUS

A Conditions of Return to Active Status: In Retired Status Two Years or Less

When a certificate has been in retired status for two years or less, it may be returned to active status provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. At least 32 hours of the total continuing education shall be in Code A subjects and shall include at least two hours of CR&R or general ethics.

B Conditions of Return to Active Status: In Retired Status More Than Two Years Up to and Including Six Years

When a certificate has been in retired status for more than two years up to and including six years, it may be returned to active status provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. At least 64 hours of the continuing education shall be in Code A subjects and include at least two hours of CR&R.

C Conditions of Return to Active Status: In Retired Status More Than Six Years

When a certificate has been in retired status for more than two years, it may be returned to active status provided the certificate holder satisfies the following:

1. The certificate holder shall complete 80 hours of continuing education within the two years immediately preceding the date of the application.
2. All of the continuing education shall be in Code A subjects and include at least two hours of CR&R.

Statement of Basis and Purpose – 2/96

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of repealing and re-enacting Chapter 5 - Certificate Status Maintenance is to update and clarify the continuing education requirements for the renewal, reactivation, reinstatement of a Colorado Certified Public Accountant Certificate and to clarify the continuing education requirements to change an inactive status certificate to an active status certificate; and, further, to modify the ethics requirement for renewing an “active status” certificate and eliminate the requirement to obtain a minimum of 20 hours of continuing education in a reporting period and the 50% limitation on self-study and instructor courses.

Statement of Basis and Purpose – 5/97

The basis for the adoption of rules is Sections 12-2-104(1)(b), 12-2-119(5) and 12-2-122.5, C.R.S., and the purpose of amending Rule 5.4 is to standardize the continuing education requirements to meet a level of professional competence for the change of status of a Colorado Certified Public Accountant certificate.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of Rule 5.8 is section 12-2-104(1)(b) and 12-2-115.5, C.R.S. The basis is that the Board is responsible for administering the retired status certificates. The amendments’ purpose is to provide for three periods of time for conditions to return to active status from retired status, consistent with the time periods in reactivation and reinstatement.

5.9 CONTINUING EDUCATION REQUIRED AFTER BOARD ACTION

On the date that a certificate is reinstated, reactivated or returned to active status from retired status, a certificate holder becomes current with continuing education requirements. The continuing education required for the next renewal is 10 hours for each full quarter remaining in the reporting period in which the certificate is reactivated, of which at least 40 percent shall be in Code A subjects. The two hours of ethics is deemed to be satisfied for the renewal following the change of status.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of Rule 5.9 is section 12-2-104(1)(b), 12-2-115.5, 12-2-119(5) and 12-2-122.5, C.R.S. The basis is that the Board is responsible for determining continuing professional education requirements. The purpose of Rule 5.9 is to provide the number of hours of continuing professional education that a certificate holder must complete when the certificate is active for only part of a reporting period. A rule similar to this Rule 5.9 was formerly a part of Rule 5.3.

5.10 APPLICATION FOR BOARD ACTION

A certificate holder or a person wishing the Board to take any action set forth in this Chapter 5, except for changing an active status certificate to inactive status, shall apply on a form and in a manner prescribed by the Board.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of Rule 5.10 is section 12-2-104(1)(b) and (g), C.R.S. The basis is that the Board is responsible for administering the renewal, reinstatement, and reactivation of certificates and retired status certificates. The purpose of this new rule is to provide that persons seeking Board action must apply as required by the Board.

5.11 DUTY TO REPORT A CHANGE OF ADDRESS OR CHANGE OF NAME

A certificate holder shall notify the Board, in a manner or on a form prescribed by the Board, of a change of the address that the certificate holder has furnished to the Board for the purpose of receiving mail from the Board or of a change of the certificate holder's name within 30 days of the change. A certificate holder's failure to notify the Board of a change of address or name within the time required shall not excuse the certificate holder from renewing a certificate or registering a firm by the date established for renewal or registration or from responding to a Board communication sent pursuant to section 12-2-123.5, C.R.S.

Statement of Basis and Purpose – February 2008

The statutory authority for the adoption of Rule 5.7 is section 12-2-104(1)(b), C.R.S. The basis is that the Board contacts certificate holders regarding certificate renewal, complaints against the certificate holder that are filed or initiated, continuing education, and other licensure matters, and the Board needs up-to-date information to contact the certificate holder. The purpose is to require certificate holders to keep the Board current with information where the certificate holder may be contacted. The purpose is also to inform certificate holders that it is their responsibility to keep their address and name current with the Board, and failure to do so does not excuse them from meeting such duties as renewing the certificate on time. This requirement regarding the change of address was formerly found at Board Rule 5.2.M.

Rule 7.14 Disclosure by Certificate Holders and Firms

- A. A certificate holder, as defined in Rule 1.1.J, or a firm, as defined in Rule 1.1.L, shall notify the Board within forty-five (45) days of any of the following events relating to the certificate holder or the firm:
1. Imposition of discipline, including, but not limited to, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license, certificate, permit or practice rights by:
 - a. The U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), or the Internal Revenue Service (IRS) by the Director of the Office of Professional Responsibility.
 - b. Another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy.
 - c. Any other federal or state agency regarding the certificate holder's conduct while rendering professional services.
 - d. Any federal or state taxing, insurance or securities regulatory authority.
 - e. Any foreign authority or credentialing body that regulates the practice of accountancy.
 2. 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 accountancy, or a foreign authority or credentialing body that regulates the practice of accountancy.
 3. 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.
 4. 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.

5. 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.
6. Decision, judgment, settlement or resolution of an administrative proceeding or disciplinary proceeding by any federal, a 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.
7. Any judgment, award or settlement of a civil action or arbitration proceeding of \$150,000 or more in which the certificate holder or the firm was a party if the action or proceeding included any allegation of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of public accounting or during employment.

6. A criminal charge against or a conviction of the certificate holder, deferred prosecution, or a plea of guilty or nolo contendere to a crime by the certificate holder if the crime is:
 - a. a felony under the laws of the United States or of any state of the United States or any foreign jurisdiction; or
 - b. a misdemeanor when an essential element of the misdemeanor is dishonesty or fraud.

B. The certificate holder designated by a partnership, professional corporation, or limited liability company as responsible for notifying the Board, pursuant to section 12-2-117(2)(a)(iii), C.R.S., shall be the certificate holder responsible for notifying the Board of the reportable event regarding the firm.

1. A firm shall notify the Board only when such reportable event directly involves the firm's practice of public accounting in the State of Colorado.

C. The notice to the Board shall include the following information regarding the reportable event:

1. 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, and, if the matter has been adjudicated or settled, a copy of the consent decree, order or decision.
 2. 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 certificate holder has been convicted, acquitted, or entered a plea of guilty or nolo contendere, a copy of the judgment of conviction.
 3. 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.
- D. During the pendency of a reportable event, the reporting certificate holder or firm may submit a written explanatory statement to be included in the Board's records.
- E. Documents provided to the Board shall be closed to public inspection if federal statute or regulation or state statute so provides.
- F. This rule shall apply to any reportable event that occurs on or after the rule's effective date.

Statement of Basis and Purpose - February 2008

The statutory basis for the proposed new rule 7.14 is sections 12-2-104(1)(b) and (c), C.R.S. The basis of Rule 7.14, a new rule, is that the Board has authority to discipline C.P.A.s for various grounds for discipline, including violations of the Rules of Professional Conduct. Rule 7.14 requires certified public accountants to report the actions by other entities against the C.P.A. or the public accounting firm and certain criminal matters. Self-reporting by C.P.A.s and firms will allow the Board to obtain more quickly information regarding such matters that may be grounds for disciplinary action against a C.P.A. or firm.

7.6- 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 ~~other management advisory consulting~~ services, a certificate holder shall ~~also conform with Rule 7.5.A, and Other the professional Professional standards Standards~~ applicable to such services as promulgated by the AICPA ~~and any other rules established or incorporated by reference by the Board. or other entities having similar generally recognized authority or jurisdiction over the service provided.~~ For purposes of this rule, ~~Other such professional Professional standards Standards~~ are considered to be defined by Statements on Standards for ~~Management Advisory Consulting~~ Services, Statements on Standards for Tax Services, Statements on Standards for Accounting and Review Services, ~~and~~ Statements on Responsibilities in Personal Financial Planning Practice ~~and~~ Statements on Standards for Attestation Engagements, all of which have been issued by the AICPA ~~and incorporated by reference at Board Rule 1.1.O., or by similar pronouncements by other entities having jurisdiction or authority over the service provided.~~

Statement of Basis and Purpose - February 2008

The specific statutory authority is section 12-2-104(1)(c), C.R.S. The basis is that certified public accountants are required to meet certain standards in their work, some of which are standards prepared by the American Institute of Certified Public Accountants. The purpose is to update the names of certain specific standards that the Board already has incorporated by reference in its rules and to revise the language requiring that certified public accountants adhere to other rules established or incorporated by reference.

1.1.O. Other Professional Standards.

For the purpose of these Rules, ~~other~~ Other Professional Standards shall be:

- 1.- Statements on Standards for Consulting Services
- 2.- Statements on Standards for Tax Services
- 3.- Statements on Standards for Accounting and Review Services
- 4.- Statements on Responsibilities in Personal Financial Planning Practice
- 5.- Statements on Standards for Attestation Engagements

The statements at Rule 1.1.O.1-5. were issued by the AICPA and in effect as of March 28, 2007. This Rule does not include later amendments to or editions of the professional standards. Copies of professional standards may be inspected in the offices of the Board during regular business hours. The public should contact the Board's Program Director at 1560 Broadway, Suite ~~1340~~ 1500, Denver, CO 80202 to examine the professional standards.

Statement of Basis and Purpose - February 2008

The specific statutory authority is section 12-2-104(1)(b) and (c), C.R.S. The basis is that the Board has authority to determine certain standards that C.P.A.s must meet according to the Rules of Professional Conduct. The purpose is to add the word "other" to "professional standards" in this definition to make the term consistent with Rule 7.6 and to update the suite number of the Board's address.