

DEPARTMENT OF REGULATORY AGENCIES

Board of Accountancy

CERTIFIED PUBLIC ACCOUNTANTS

3 CCR 705-1

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

CHAPTER 1 - BOARD ORGANIZATION AND ADMINISTRATION

1.1 DEFINITIONS AND ABBREVIATIONS

A. Active

The status of a Certificate Holder's certificate or a Firm's registration allowing the Certified Public Accountant (CPA) or Firm Registrant to use the CPA designation and to perform any service for which an Active CPA certificate or Firm registration is required pursuant to Section 12-2-120(6), C.R.S.

B. AICPA Ethics Examination

Pursuant to Sections 12-2-109(1)(b) and 12-2-109(2)(b), C.R.S., the professional ethics course and examination shall mean *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.

C. AICPA

The American Institute of Certified Public Accountants

D. AICPA Code of Professional Conduct

The Code of Professional Conduct issued by the AICPA

E. Applicant

An Applicant is an individual who has submitted an application for an original, renewal, reinstated, reactivated, Retired, or Inactive CPA certificate.

F. Board

The Colorado State Board of Accountancy

G. Candidate

A Candidate is an individual who has submitted an application to sit for the Examination.

H. Certificate Holder

A person granted a Colorado CPA certificate pursuant to the requirements in Article 2 of Title 12, C.R.S.

I. Client

A person or entity that agrees with a Certificate Holder or a Firm to receive any Professional Service.

J. Competence

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

K. Conflict of Interest

A conflict of interest arises if, when performing a professional service for a party, the Certificate Holder or Firm has another interest or relationship that threatens the Certificate Holder's or Firm's ability to perform the service objectively and free of bias or undue restriction.

L. 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.

M. CPE

Continuing professional education that satisfies the requirements of Section 12-2-119, C.R.S. and Chapter 7.

N. CR&R

CPE concerning Sections 12-2-101-132 and 13-90-107(1)(f), C.R.S. and Colorado State Board of Accountancy 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 regarding CPAs.

O. C.R.S.

The Colorado Revised Statutes

P. Due Care

The discharge of responsibilities to clients, employers and the public with diligence and competence which requires a Certificate Holder or Firm 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 Certificate Holder or Firm is responsible.

Q. Ethics CPE

CPE concerning professional ethical behavior in Regulatory Ethics or Behavioral Ethics as defined by the Fields of Study. For the purpose of CPE, Behavioral Ethics are not considered to be Personal Development.

R. Examination

The Uniform CPA Examination

S. Expired / Lapsed

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. A Certificate Holder with a certificate in expired status is prohibited by law from holding out as a CPA and from performing any service for which an Active certificate is required pursuant to Section 12-2-120(6), C.R.S. A Firm Registrant is prohibited by law from holding out as a Firm composed of CPAs and from performing any service for which an Active registration is required pursuant to Section 12-2-120(6), C.R.S.

T. Fields of Study

The *NASBA CPE Fields of Study* , incorporated by reference in Chapter 7

U. Financial Statements

Statements and disclosures related thereto that purport to show actual or anticipated financial position which relates to a point in time, or results of operations, cash flow, or changes in financial position which 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.

V. Firm

A business entity composed of one or more CPAs engaged in the practice of public accounting as a domestic or foreign partnership, single owner professional corporation or single member limited liability company, corporation, professional corporation, registered limited liability partnership, limited liability limited partnership, limited partnership, limited liability company or professional limited liability company.

W. GAAP

Generally Accepted Accounting Principles

X. GAAS

Generally Accepted Auditing Standards

Y. He, His, Him

Masculine pronouns when used also include the feminine.

Z. Holding Out

Except as provided in Section 12-2-121(2)(a), C.R.S., any activity by an individual or entity that informs or implies to others an Active status as a Colorado Certificate Holder or Firm Registrant. 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 Colorado Certificate Holder or Firm Registrant in directories or on the Internet.

AA. Inactive

The status of a certificate following the Certificate Holder's request that the Board transfer the certificate status to Inactive.

AB. Independence

The absence of relationships that impair or appear to impair a Certificate Holder's objectivity in performing an engagement in which the Certificate Holder or Firm will issue an attestation report or opinion other than a report in which a lack of independence is disclosed.

AC. Integrity

An element of character fundamental to professional recognition which requires a Certificate Holder 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 or advantage. It is the quality from which the public trust derives and the benchmark against which a Certificate Holder must ultimately test all decisions. It can accommodate the inadvertent error and the honest difference of opinion. It cannot accommodate deceit or subordination of principle.

AD. Joint Standards

The *Joint AICPA / NASBA Statement on Standards for Continuing Professional Education (CPE) Programs* incorporated by reference in Chapter 7

AE. NASBA

The National Association of State Boards of Accountancy

AF. Objectivity

A principle that requires a Certificate Holder or Firm to (1) be impartial, intellectually honest and free of conflicts of interest, (2) protect the integrity of their work regardless of service or capacity, and (3) avoid any subordination of their judgment.

AG. Peer Review

A study, appraisal, or review by an independent CPA or Firm of one or more aspects of the professional work of another CPA or of a registered partnership, corporation, or limited liability company that issues attest or compilation reports and acceptance of the CPA's or Firm's Peer Review documents by the sponsoring organization's report acceptance body as defined in the Board-approved Peer Review standards described in Chapter 8.

AH. 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 the 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.

AI. Practice Privilege / Mobility

The privilege for a CPA or Firm whose principal place of business is located in another jurisdiction to practice public accounting pursuant to, and subject to, the conditions contained in Section 12-2-121(2), C.R.S. and Chapter 11.

AJ. Principal Place of Business

The office location designated by a CPA or Firm

AK. Professional Services

Any service performed or offered to be performed by a Certificate Holder, Firm or a holder of a Practice Privilege while holding out as a CPA or Firm.

AL. Reactivation

The process by which an Inactive or Retired status certificate is returned to Active status

AM. Registrant

A Firm engaged in the practice of public accounting granted registration pursuant to the requirements in Article 2 of Title 12, C.R.S.

AN. Reinstatement

The process by which a CPA 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 status.

AO. Renewal

The process of applying to retain a CPA certificate in an Active, Inactive, or Retired status every two years in accordance with the schedule established by the Division of Registrations pursuant to Sections 12-2-108 (3), C.R.S. and 24-34-102, C.R.S. or of applying to retain a Firm registration every three years pursuant to Section 12-2-117(2.2), C.R.S.

AP. Reporting Period

A two-year period from January 1 of the 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 CPE.

AQ. Retired

The status of a certificate following the Board's approval of a Certificate Holder's application to transfer the certificate status to Retired.

AR. 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 education, examination, and experience requirements contained in the UAA. In ascertaining substantial equivalency as used in these Rules, the Board shall take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.

1.2 MEETINGS

- A. Meetings of the Board shall be held at intervals necessary to transact business or upon the call of the chair or request by a majority of the members.
- B. The election of a chair, as required by Section 12-2-104(1)(a), C.R.S., shall be held annually.
- C. The chair shall preside at all meetings and shall perform such other duties as the Board may direct. In the absence or inability of the chair to act, the vice chair will preside over the meeting. In the absence or inability of the vice chair to act, a majority of the members attending a duly called meeting shall appoint a member to preside.
- D. The Board shall follow *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.
- E. 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 may establish a time limit for presentations by the public, and the presiding officer may exclude from the meeting room any person who is disruptive, abusive, or disorderly.

1.3 CONFERRING WITH BOARD MEMBERS

In the event any person contacts a Board member regarding any matter applicable to the Colorado Accountancy Act, Article 2 of Title 12, C.R.S. or these Rules, any expression of opinion by that Board member will be exclusively his opinion and will in no way commit the Board. All requests for the Board to consider an issue shall be directed to the Board's Program Director.

1.4 COMMITTEES

The Board may appoint such committees as it deems necessary to effectively administer, implement and carry out the provisions of the Colorado Accountancy Act and these Rules. Board committees shall be guided and assisted administratively by the Board's staff. The action of a committee shall be deemed to be the action of the Board only when that action is adopted and ratified by the Board.

1.5 NOTICES FROM CERTIFICATE HOLDERS AND FIRM REGISTRANTS

A. Certificate Holder Address and Name Changes

1. Certificate Holders shall inform the Board of any name, address, telephone, or email change within 30 days of the change. The Board will not change a Certificate Holder's information without explicit notification in a manner prescribed by the Board.
2. The Board requires one of the following forms of documentation to change a Certificate Holder's name or social security number:
 - a. marriage license;
 - b. divorce decree;
 - c. court order; or
 - d. a driver's license or social security card with a second form of identification may be acceptable at the discretion of the Division of Registrations.

B. Firm Registration Changes

1. The partner, shareholder, or member designated by the Firm pursuant to Section 12-2-117(2)(a)(III), C.R.S. shall notify the Board, in a manner prescribed by the Board, within 30 days of any change including the:
 - a. location or addition/deletion of places of business or termination of a Firm;
 - b. composition or structure of the Firm;
 - c. name of the Firm;
 - d. responsible party for the Firm; and
 - e. names of any partner, principal, shareholder, or member.

C. Renewal Notices to Certificate Holders and Firm Registrants

1. The Board sends notices for renewal of certificates and registrations according to a schedule established and in a manner approved by the Division of Registrations pursuant to Section 24-34-102(8), C.R.S. to the last address furnished to the Board and there is a 60 day grace period from the expiration date of the CPA certificate or Firm registration within which to pay the renewal fee, plus a late fee.
2. Failure to receive a renewal notice does not relieve the Certificate Holder or the Registrant of the obligation to pay the renewal fee and submit appropriate documentation in support of the renewal application such as CPE and Peer Review requirements as listed in Chapters 6, 7, and 8.
3. Pursuant to Section 12-2-123.5, C.R.S., Certificate Holders and Registrants are not excused of their obligation to respond to Board communications due to a failure to properly notify the Board of any changes.

1.6 GENERAL INFORMATION CONCERNING CPA CERTIFICATES

Every certificate, while it remains in the possession of the Certificate Holder, shall be preserved by the holder, but such certificate shall, nevertheless, always remain the property of the Board. In the event that the certificate is suspended or revoked, it shall be delivered by the Certificate Holder to the Board.

CHAPTER 2 - EDUCATION REQUIREMENTS FOR EXAMINATION AND CERTIFICATION

2.1 GENERAL INFORMATION

- A. Conversion of quarter hours to semester hours. For purposes of these Rules, three quarter hours shall be equivalent to two semester hours unless otherwise specified.
- B. 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.

2.2 ACCREDITED COLLEGE OR UNIVERSITY

- A. A college or university will be considered to be an "accredited college or university" under Sections 12-2-109(1)(a)(I) and (c) and 12-2-109(2)(a)(I), C.R.S., if the college or university is accredited by one of the six accrediting agencies or its successor agency as follows: Middle States Association of Colleges and Schools, North Central Association of Colleges and Schools, New England Association of Schools and Colleges, Northwest Commission of Schools and Colleges, Southern

Association of Colleges and Schools, and Western Association of Schools and Colleges.

- B. Upon request of an institution or Applicant, the Board may approve an Applicant's coursework from a college or university that does not meet the requirements of this Chapter 2 if either can provide satisfactory documentation that the coursework would be accepted by a regionally accredited college or university as noted above.
- C. In the matter of colleges or universities located outside the United States or its territories, the Board may also request that the Applicant submit his transcript to an evaluation service that is a member of the National Association of Credential Evaluation Services (NACES) for assistance in either evaluating or in determining whether the coursework would be the equivalent of a concentration in accounting.

2.3 APPROVED ACCOUNTING PROGRAM

If the college or university is accredited, it will be deemed to have fulfilled the requirements of Section 12-2-112, C.R.S.

2.4 EDUCATION REQUIREMENTS FOR EXAMINATION

- A. Persons who meet the education requirements described in Rule 2.5.A. and B. are eligible to sit for the Examination.
- B. After July 1, 2015, persons who meet the education requirements described in Rule 2.6 are eligible to sit for the Examination.

2.5 EDUCATION REQUIREMENTS FOR CERTIFICATION PRIOR TO JULY 1, 2015 – CONCENTRATION IN ACCOUNTING OR THE EQUIVALENT

- A. These education requirements apply to persons who receive their baccalaureate degree and otherwise complete the following education requirements before July 1, 1993 and who apply for certification prior to July 1, 2015.
 - 1. At least 27 semester hours (40 quarter hours) in accounting subjects of which 21 semester hours (32 quarter hours) must be in specialized accounting courses such as cost accounting, tax, intermediate accounting, accounting theory and advanced accounting. At least three of the 27 semester hours (four quarter hours of the 40 quarter hours) must be in auditing and must address GAAS. To receive credit for accounting related coursework, the transcripts must indicate an accounting program code, or the Applicant must furnish other information to demonstrate an accounting related course.
 - 2. At least 21 semester hours (32 quarter hours) in related courses in other areas of business administration such as business law, management, marketing, statistics, business communications, economics and finance. No more than six semester hours (nine quarter hours) shall be in any one area.
 - 3. The courses required by Paragraphs (1) and (2) above shall be taken at or acceptable for transfer by colleges and universities with approved accounting programs defined in Rule 2.3.
- B. These education requirements apply to persons who receive their baccalaureate degree and otherwise complete the following education requirements after June 30, 1993 and who apply for certification prior to July 1, 2015.
 - 1. A baccalaureate degree from an accredited college or university described in Rule 2.2.

2. At least 27 semester hours (40 quarter hours) in accounting subjects of which at least three hours (four quarter hours) must be in auditing and the hours in auditing must address GAAS. To receive credit for accounting related coursework, the transcripts must indicate an accounting program code, or the Applicant must furnish other information to demonstrate an accounting related course. At least 21 semester hours (32 quarter hours) must be in upper-division accounting courses such as:

- Accounting Ethics
- Accounting Information Systems
- Accounting Research and Analysis
- Accounting Theory
- Financial Accounting and Reporting of Business Organizations
- Financial Accounting and Reporting for Government and Not-for-Profit Entities
- Financial Statement Analysis
- Fraud Examination
- Internal Controls and Risk Assessment
- Managerial or Cost Accounting
- Taxation
- Tax Research and Analysis
- Other areas as approved by the Board

3. At least 21 semester hours (32 quarter hours) in related courses in other areas of business administration such as those listed below. No more than six semester hours (nine quarter hours) shall be in any one area.

- Behavior of Organizations, Groups and Persons
- Business Communications
- Business Ethics
- Business Law
- Computer Information Systems
- Economics
- Finance
- Legal and Social Environment of Business
- Management

- Marketing
- Quantitative Applications in Business
- Statistics
- Other areas as approved by the Board

4. The courses required by Paragraphs (2) and (3) above shall be taken at or acceptable for transfer by colleges and universities with approved accounting programs described in Rule 2.3.

2.6 EDUCATION REQUIREMENTS FOR CERTIFICATION ON AND AFTER JULY 1, 2015

These education requirements apply to persons who apply for certification on or after July 1, 2015.

- A. A baccalaureate degree plus an additional 30 semester hours (45 quarter hours) of non-duplicative study or a higher degree.
- B. Completion of the additional 30 semester hours (45 quarter hours) within five years of passing the Examination.
- C. At least 27 semester hours (40 quarter hours) must be in upper-division accounting courses such as those courses described in Rule 2.5.B.2. Six semester hours (eight quarter hours) must be in auditing, of which three semester hours (four quarter hours) must address GAAS. The remaining three semester hours (four quarter hours) may be in advanced auditing or a subset of basic auditing such as fraud or information technology auditing. Three semester hours (four quarter hours) must be in a separate accounting ethics course. All courses must be designated by an accounting program code.
- D. At least 27 semester hours (40 quarter hours) must be in upper-division business courses of which three semester hours (four quarter hours) must be in business, technical, or accounting communications. Other areas in business administration may be in the areas described in Rule 2.5.B.3. No more than nine semester hours (14 quarter hours) in any one area may count towards this requirement. However, semester hours above the nine-hour maximum may count toward the total 150 semester hour requirement.
- E. The courses required by Paragraphs (C) and (D) above shall be taken at or acceptable for transfer by one or more colleges or universities with approved accounting programs as defined in Rule 2.3.
- F. Examination review courses will not be accepted toward the required accounting or business course credit.
- G. A maximum of six semester hours (nine quarter hours) will be accepted for independent studies and internships. If the college or university accepts these courses or activities as meeting the requirement of the degree, they must be reflected on the official transcript by an accounting program code. The Board may ask for additional information before accepting these types of courses.

2.7 EDUCATION IN LIEU OF EXPERIENCE UNDER SECTION 12-2-109(1)(c), C.R.S.

These education requirements apply to persons who choose the education in lieu of experience option to qualify for certification and who apply for certification prior to July 1, 2015.

- A. A baccalaureate degree plus an additional 30 semester hours (45 quarter hours) of non-duplicative

study or a master's degree or other higher degree;

- B. At least 45 semester hours (60 quarter hours) in accounting subjects (combination of undergraduate and graduate coursework) in such areas as elementary accounting, accounting theory, accounting practice, managerial accounting, cost accounting, tax accounting, not-for-profit accounting, auditing, governmental accounting and accounting related computer and information systems. Of the 45 semester hours (60 quarter hours), at least six semester hours (eight quarter hours) must be in auditing. In order to receive credit for accounting related computer and information systems coursework, the transcript must indicate an accounting program code, or the Applicant may furnish other information to indicate an accounting related course.
- C. At least 36 semester hours (48 quarter hours) of courses in business administration which may be in areas such as upper-division economics, the legal and social environment of business, business law, marketing, finance, management, organizational, group and individual behavior, quantitative applications in business and upper division written communication. No more than nine semester hours (14 quarter hours) shall be in any one area.
- D. The courses required by Paragraphs (B) and (C) above shall be taken at or acceptable for transfer by one or more colleges or universities with approved accounting programs as defined in Rule 2.3.
- E. Three semester hours (four quarter hours) of auditing required in Paragraph (B) must address GAAS. The remaining three semester hours (four quarter hours) may be in advanced auditing or a subset of basic auditing such as fraud or information technology auditing.

CHAPTER 3 - EXAMINATION REQUIREMENTS

3.1 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. The Board or its designee will not consider or review incomplete applications.

3.2 EXAMINATION ELIGIBILITY

A Candidate may be eligible to sit for the Examination after earning a baccalaureate degree demonstrating the completion of 120 semester hours as defined in Chapter 2.

3.3 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 institution directly to the Board or its designee. The Board will accept an official transcript from the Candidate if the transcript has been provided in an official envelope sealed by the granting institution.

3.4 WITHDRAWALS

Where a Candidate for examination or re-examination fails to request in writing the withdrawal of his application 30 days or more prior to the date fixed by the Board for the Examination as provided in Section 12-2-106(2), C.R.S., Examination fees will be forfeited unless the failure was due to the health condition of the Candidate or a member of his immediate family or the death of an immediate family member (substantiated by a physician's statement or death certificate) or if the Candidate enters military service and is unable to sit for the Examination or for other good cause deemed adequate by the Board.

3.5 CANDIDATE CONDUCT DURING EXAMINATION

The Candidate shall conduct himself in a manner which does not violate the standards of test administration.

3.6 CONDITIONING REQUIREMENTS

A. Granting of Credit

1. Candidates are allowed to sit for each section of the Examination individually and in any order.
2. 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. Candidates are not allowed to retake a failed section(s) within the same examination window.
3. Candidates must pass all four sections of the Examination within a "rolling" eighteen-month period, which begins on the date that the first passed section is taken.
4. 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.
5. 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.

3.7 EXAMINATION WINDOW

The Examination window refers to a three-month period in which Candidates have an opportunity to take the Examination. The window is composed of two months in which the Examination is available to be taken and one month in which the Examination will not be offered while routine maintenance is performed and the Examination is refreshed. Thus, Candidates will be able to test two out of the three months within an Examination window.

3.8 NOTICE TO SCHEDULE (NTS)

- A. 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 for the Candidate to take the section or sections of the Examination.
- B. The Candidate will have six months from the date of the NTS to take the Examination section for which the Candidate is eligible.
- C. 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.

3.9 EXAMINATION MORE THAN 10 YEARS PRIOR TO THE APPLICATION DATE

If an Applicant applies for licensure with Examination scores obtained more than 10 years prior to the application receipt date, the Applicant shall:

- A. Obtain and supply proof of completing 80 hours of CPE taken within two years of the application receipt date. No education in Personal Development, as defined by the Fields of Study, may be counted toward the 80 hours. In addition the Applicant must complete and pass the AICPA Ethics Examination and obtain two hours of CR&R.; or,

- B. Supply the Board with proof of three years of experience as defined in Chapter 4 within the five years of application receipt date.

CHAPTER 4 - EXPERIENCE REQUIREMENT FOR CERTIFICATION

The following requirements apply to Applicants who seek to qualify for certification pursuant to Sections 12-2-108 and 12-2-109, C.R.S.

4.1 GENERAL EXPERIENCE AND VERIFICATION REQUIREMENTS

- A. An Applicant may be issued a CPA certificate when the Applicant has obtained one year of work experience except as described in Rule 2.7. This work experience shall include a minimum of 1,800 verified qualifying work hours which shall be:
1. any combination of full-time or part-time work, including academic internships, for one or more employers that extends over a period of not less than one year and not more than three years;
 2. acquired prior to the date the Applicant applies for certification; and
 3. obtained no more than five years immediately preceding the date the application is received by the Board or its designee.
- B. The work experience must involve the application of appropriate technical and behavioral standards, such as the standards contained in the *AICPA Code of Professional Conduct*, 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.
- C. Verified qualifying work hours shall mean hours spent primarily applying the standards described in Rule 4.1.B. Holidays, vacations, and family/employee sick leave shall not be included as verified qualifying work hours. Clerical experience shall not count toward qualifying work hours. Clerical experience includes, but is not limited to, mere data entry, mathematical calculations, account analysis of information already recorded and merely recording information in the general ledger.
- D. Comparable work experience not specifically addressed by these Rules may be considered by the Board.
- E. Verifier shall mean an Active status CPA licensed in a U.S. jurisdiction or an individual holding an Active certificate or designation from an organization that has entered into an active Mutual Recognition Agreement (MRA) with the U.S. International Qualifications Appraisal Board (IQAB). The Verifier must attest to having direct knowledge of the work performed by the Applicant during the entire work period being verified. Such verification must include periodic review and evaluation of the Applicant's work.
- F. The Applicant shall submit a certificate of experience from all of the 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 shall contain a record of the actual part-time hours the Applicant has worked for each week of part-time employment. The certificate of experience and all additional details shall be signed by the Verifier.
- G. The Board reserves the option to request and review information regarding the work experience submitted, including evidence of experience with the standards described in Rule 4.1.B, work papers, reports, syllabus, course materials and/or time records. The Board may also require

interviews with Applicants.

4.2 EXPERIENCE IN PUBLIC ACCOUNTING

Qualifying public accounting experience, for purposes of this Rule, shall consist 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, preparation of tax returns, or furnishing of advice on tax matters. Such work shall consist of employment by a CPA or Firm performing services primarily involving the application of the standards described in Rule 4.1.B.

4.3 EXPERIENCE IN INDUSTRY

Qualifying industry experience shall consist of performing services, including for an employer, primarily involving the application of the standards described in Rule 4.1.B. Such services may include, but are not limited to, internal audit, installation of internal control systems, preparation of financial statements, management advisory or consulting services, preparation of tax returns, or the furnishing of advice on tax matters.

4.4 EXPERIENCE IN GOVERNMENT

Qualifying government experience shall consist of employment by a federal, state, or local government entity. Such work shall consist of employment performing services primarily involving the application of the standards described in Rule 4.1.B. Such services may include, but are not limited to, internal or external audit, installation of internal control systems, preparation of financial statements, management advisory or consulting services, preparation of tax returns, or the furnishing of advice on tax matters.

4.5 EXPERIENCE IN ACADEMIA

- A. 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 upper-division courses involving the standards described in Rule 4.1.B. One year of experience shall consist of no less than 12 semester hours or the equivalent in quarter hours. Courses outside the field of accounting shall 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.
- B. 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 state: (a) the number of credit hours which the Applicant taught for the relevant years; (b) the names and academic level of the courses taught; and (c) a course description. The Verifier shall be the department chair or a faculty member who also shall be a CPA described in Rule 4.1.E.

CHAPTER 5 - CERTIFICATION BY RECIPROCITY

5.1 APPLICANTS HOLDING A CPA CERTIFICATE FROM ANOTHER U.S. JURISDICTION

- A. The Board may issue a CPA certificate to a holder of a certificate, license or permit in Active status issued by another U.S. licensing jurisdiction provided the Applicant:
 - 1. meets the Substantial Equivalency requirements defined in Chapter 1;
 - 2. attests to having completed at least 80 hours of CPE within two years immediately preceding the application receipt date; and

3. also completes and passes the AICPA Ethics Examination and two hours of CR&R within two years immediately preceding the application receipt date.
- B. An Applicant who holds a certificate, license or permit from another U.S. licensing jurisdiction based upon passage of the Examination but who does not hold a license to practice shall not be eligible for reciprocity.
- C. The Board may rely on NASBA, the AICPA or other professional bodies deemed acceptable to the Board for evaluation of other jurisdictions' CPA qualification requirements in making Substantial Equivalency determinations.

5.2 INTERNATIONAL APPLICANTS HOLDING A CERTIFICATE OR DESIGNATION FROM AN ORGANIZATION THAT HAS ENTERED INTO A MUTUAL RECOGNITION AGREEMENT (MRA) WITH THE U.S. INTERNATIONAL QUALIFICATIONS APPRAISAL BOARD (IQAB)

- A. The Board recognizes the IQAB, a joint body of NASBA and the AICPA, which is charged with:
1. evaluating the professional credentialing process of CPAs, or their equivalents, from other countries; and
 2. 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.
- B. The Board may issue a CPA 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:
1. passes the International Qualifications Examination (IQEX) or the Uniform CPA Examination;
 2. has one year of work experience in accordance with the requirements of Chapter 4; and
 3. completes and passes the AICPA Ethics Examination and two hours of CR&R within two years immediately preceding the application receipt date.

5.3 INTERNATIONAL APPLICANTS WITH EDUCATION OBTAINED OUTSIDE THE U.S. AND NOT HOLDING A CERTIFICATE OR DESIGNATION FROM AN ORGANIZATION THAT HAS ENTERED INTO A MRA WITH THE IQAB

- A. The Board may issue a CPA certificate to an Applicant who obtained education outside the U.S. or its territories and who does not hold a certificate or designation from an organization that has entered into a MRA with the IQAB, provided that the Applicant:
1. passes the Examination;
 2. meets the education requirements of Chapter 3 based upon evaluation by an evaluation service that is a member of NACES that the coursework is equivalent to the education requirements set forth in Chapter 2;
 3. meets the experience requirements of Chapter 4; and
 4. completes and passes the AICPA Ethics Examination and two hours of CR&R within two years immediately preceding the application receipt date.
- B. The Board may rely on the IQAB, NASBA, the AICPA or other bodies deemed acceptable to the Board for evaluation of foreign credentials in making Substantial Equivalency determinations.

CHAPTER 6 - CERTIFICATE STATUS AND MAINTENANCE

6.1 INTRODUCTION

This Chapter sets forth the requirements, including CPE requirements, for a Certificate Holder to renew, reactivate or reinstate a certificate, and to obtain a Retired or Inactive status certificate. For the CPE standards, see Chapter 7. It is the responsibility of the Certificate Holder to complete the renewal process every two years.

6.2 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.

6.3 ACTIVE CERTIFICATE

An Active certificate expires and shall be renewed every even-numbered year, according to the schedule established by the Division of Registrations pursuant to Section 24-34-102, C.R.S., to maintain the certificate in an Active status.

- A. Within six months of the date the Board grants an initial certificate, the Certificate Holder shall complete two hours of CR&R.
- B. After initial certification, a Certificate Holder shall complete ten hours of CPE during each full quarter remaining in the reporting period, of which no more than 20 percent shall be in Personal Development, as defined by the Fields of Study. At least two hours of CPE must be in Ethics, which may be satisfied by CR&R if taken as described in Rule 6.3.A.
- C. As a condition for the renewal of an Active status certificate, each Certificate Holder shall complete a total of 80 hours of CPE during the reporting period. No more than 16 hours may be in Personal Development, as defined by the Fields of Study. Four hours of CPE must be in Ethics, of which up to two hours may be in CR&R.
- D. Any course previously used to meet the education requirements for examination or certification shall not be reported for subsequent CPE credit. A CPE course that was taken prior to certification, but within the reporting period, may be eligible for CPE credit upon initial renewal if it was not used to meet the education requirements for initial certification.

6.4 INACTIVE CERTIFICATE

An Inactive certificate expires and shall be renewed every even-numbered year, according to the schedule established by the Division of Registrations pursuant to Section 24-34-102, C.R.S., to maintain the certificate in an Inactive status.

A. Transfer of a Certificate to Inactive Status

To transfer a certificate from Active to Inactive status, a Certificate Holder shall submit notice in a manner prescribed by the Board of the Certificate Holder's request to transfer to Inactive status.

B. Conditions of an Inactive Certificate

- 1. Inactive Certificate Holders are not required to comply with CPE requirements for the period during which the certificate is Inactive.
- 2. Inactive status must be indicated by the word "Inactive" (e.g., Inactive CPA, Inactive Certified

Public Accountant) if the Certificate Holder uses the CPA designation in any manner.

3. A Certificate Holder with a certificate in Inactive status is prohibited by law from Holding Out as an Active CPA and from performing any service for which an Active certificate is required pursuant to Section 12-2-120(6), C.R.S.

6.5 RETIRED STATUS CERTIFICATE

A Retired certificate expires and shall be renewed every even-numbered year, according to the schedule established by the Division of Registrations pursuant to Section 24-34-102, C.R.S., to maintain the certificate in a Retired status.

A. Transfer of a Certificate to Retired Status

1. To transfer a certificate from Active, Inactive or Expired status to Retired status a Certificate Holder shall submit an application, in a manner prescribed by the Board, to transfer to Retired status.
2. A Certificate Holder shall be at least 55 years old and have held an Active certificate in good standing from any state(s), as state is defined in Section 12-2-102(5), C.R.S., for a total of at least 15 years.

B. Conditions of a Retired Certificate

1. A Retired Certificate Holder is not required to comply with CPE requirements for the period during which the certificate is in Retired status.
2. Retired status must be indicated by the word "Retired" (e.g., Retired CPA, Retired Certified Public Accountant) if the Certificate Holder uses the CPA designation in any manner.
3. Retired Certificate Holders are prohibited from performing any service for which an Active certificate is required pursuant to Section 12-2-120(6), C.R.S.

C. Exceptions

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

6.6 REACTIVATION OF AN INACTIVE OR RETIRED STATUS CERTIFICATE

A. Conditions of Reactivation: Inactive or Retired Less Than Two Years

When a certificate has been in Inactive or Retired status less than two years, it may be reactivated provided the Certificate Holder completes a total of 80 hours of CPE within the two years immediately preceding the application receipt date. No more than 16 hours may be in Personal Development, as defined by the Fields of Study. Four hours of CPE must be in Ethics of which two hours must be in CR&R.

B. Conditions of Reactivation: Inactive or Retired Two Years or More

When a certificate has been in Inactive or Retired status for two years or more, it may be reactivated provided the Certificate Holder completes a total of 80 hours of CPE within the two years immediately preceding the application receipt date. No CPE in Personal Development, as defined by the Fields of Study, shall be counted toward the 80 hours. The CPE must include the completion of the AICPA Ethics Examination and two hours of CR&R.

- C. Notwithstanding the requirements described in Rule 6.6.A. and B. above, if the Retired status certificate to be reactivated was in expired status at the time the Certificate Holder obtained his Retired status certificate, the Certificate Holder shall meet the requirements for Reinstatement to an Active certificate in Rule 6.7 based on the period the certificate was expired.

6.7 REINSTATEMENT OF AN EXPIRED CERTIFICATE

A. Conditions of Reinstatement: Expired Less Than Two Years

1. When a certificate has been expired for less than two years, it may be reinstated in an Active status provided the Certificate Holder completes a total of 80 hours of CPE within the two years immediately preceding the application receipt date. No more than 16 hours may be in Personal Development, as defined by the Fields of Study. Four hours of CPE must be in Ethics of which two hours must be in CR&R.
2. When a certificate has been expired for less than two years, it may be reinstated in an Inactive status provided the Certificate Holder completes two hours of CPE in CR&R within the two years immediately preceding the application receipt date.

B. Conditions of Reinstatement: Expired Two Years or More and Less Than Six Years

When a certificate has been expired for two years or more and less than six years, it may be reinstated in an Active or Inactive status provided the Certificate Holder completes a total of 80 hours of CPE within the two years immediately preceding the application receipt date. No CPE in Personal Development, as defined by the Fields of Study, shall be counted toward the 80 hours. The CPE must include the completion of the AICPA Ethics Examination and two hours of CR&R. When the Certificate Holder provides satisfactory evidence of completing the conditions of this Paragraph (B), it will be deemed that continued professional competency has been demonstrated.

C. Conditions of Reinstatement: Expired Six Years or More

When a certificate has been expired for six years or more, it may be reinstated in an Active or Inactive status provided the Certificate Holder satisfies the conditions set forth in either Paragraph (1) or (3) of this Rule 6.7.C.

1. Within two years immediately preceding the application receipt date, the Certificate Holder shall:
 - a. Complete a total of 80 hours of CPE. No CPE in Personal Development, as defined by the Fields of Study, may be counted toward the 80 hours. The CPE must include the completion of the AICPA Ethics Examination and two hours of CR&R, and
 - b. Obtain experience or education according to one of the following conditions:
 - (1) one year of experience as provided in Chapter 4; or
 - (2) a post-baccalaureate degree with a concentration in accounting obtained from an accredited college or university, as defined by Section 12-2-102(1), C.R.S.
2. When the Applicant provides satisfactory evidence of completing the requirements of Rule 6.7.C.1. it will be deemed that continued professional competency has been demonstrated.

3. The Certificate Holder may also reinstate a certificate expired 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 Board Rules and completing the AICPA Ethics Examination.

6.8 CPE REQUIRED AFTER REACTIVATION OR REINSTATEMENT TO ACTIVE STATUS

- A. When a certificate is reactivated or reinstated to Active status, the CPE required for the next renewal is 10 hours for each full quarter remaining in the reporting period in which the certificate was reinstated or reactivated. No more than 20 percent of the CPE shall be in Personal Development, as defined by the Fields of Study. Two hours of CPE must be in Ethics, which may not be in CR&R.
- B. Any course used for reactivation or reinstatement to Active status may not be used to satisfy the requirements of this Rule 6.8.

CHAPTER 7 - CONTINUING PROFESSIONAL EDUCATION (CPE)

7.1 INTRODUCTION

All Certificate Holders should participate in learning activities that maintain and/or improve their professional competence. A Certificate Holder's field of employment does not limit the need for CPE. Certificate Holders performing Professional Services need to have a broad range of knowledge, skills and abilities. Thus, the concept of professional competence should be interpreted broadly. Accordingly, acceptable CPE encompasses programs that contribute to the development and maintenance of both technical and non-technical professional skills. It is the responsibility of Certificate Holders to be aware of and comply with all CPE requirements described in Chapters 6 and 7.

7.2 CPE STANDARDS

Certificate Holders, program sponsors and program developers must follow the *Joint AICPA / NASBA Statement on Standards for Continuing Professional Education (CPE) Programs* , which were in effect, July 14, 2006. This Rule does not include later amendments to or editions of the Joint Standards.

7.3 SUBJECT MATTER

The following are acceptable subjects for CPE courses as defined by the *NASBA CPE Fields of Study* , which were in effect, July 14, 2006.

- Accounting
- Accounting (Governmental)
- Administrative Practice
- Auditing
- Auditing (Governmental)
- Behavioral Ethics
- Business Law
- Business Management and Organization

- Communications
- Computer Science
- Economics
- Finance
- Management Advisory Services
- Marketing
- Mathematics
- Personal Development
- Personnel/HR
- Production
- Regulatory Ethics
- Social Environment of Business
- Specialized Knowledge and Applications
- Statistics
- Taxes

This Rule does not include later amendments to or editions of the Fields of Study.

7.4 AVAILABILITY OF MATERIALS INCORPORATED BY REFERENCE

The public should contact the Board's Program Director at 1560 Broadway, Suite 1350, Denver, Colorado 80202, (303) 894-7800, or accountancy@dora.state.co.us to examine the Joint Standards and Fields of Study, incorporated by reference in Rules 7.2 and 7.3 respectively. Copies of these materials may also be examined at any state publications depository library.

7.5 CPE RECORDS RETENTION

As set forth in the Joint Standards, the Certificate Holder is responsible for accurate reporting and documentation of all CPE hours completed. Certificate Holders must retain appropriate documentation for a minimum of five years from the end of the year in which the CPE was completed. Appropriate documentation includes:

1. name and contact information of CPE program sponsor,
2. participant's name,
2. title of program
3. field of study
4. date(s) the program was offered or completed,

5. location of program,
6. type of instruction/delivery method,
7. number of CPE credits completed, and
8. certificate of completion or other verification supplied by the CPE program sponsor (for additional examples of acceptable evidence of completion, see the Joint Standards Section 200.11).

7.6 HARDSHIP EXCEPTIONS

A Certificate Holder seeking an exception to the CPE requirements must submit a written request and evidence of good cause to the Board. The Board shall decide on a case-by-case basis whether good cause has been demonstrated to make an exception to the CPE requirements in accordance with Section 12-2-119(8), C.R.S.

7.7 CPE COMMITTEE

- A. The Board may appoint a committee that may audit the CPE records of Certificate Holders on a sample or complete basis to verify compliance with the requirements described in Chapters 6 and 7.
- B. Upon notice from the Board, a Certificate Holder shall provide all documents and information requested regarding CPE compliance in a manner prescribed by the Board within 30 days of the Board's notice.

7.8 FAILURE TO COMPLY WITH CPE REQUIREMENTS

- A. If the Board finds that a Certificate Holder has failed to comply with the CPE requirements, the Certificate Holder shall have 30 days from the mailing of the notice of such finding to:
 1. provide further evidence that the hours completed meet the CPE requirements established by these Rules;
 2. provide documentation described in Rule 7.5, of having completed additional CPE hours during the reporting period; or
 3. cure the deficiency by completing the required number of CPE hours. Such hours shall be counted only toward curing the deficiency and shall not be counted toward the CPE requirements for a subsequent reporting period.
- B. If the Board finds that a Certificate Holder has failed to comply with the CPE requirements, the Board may include the Certificate Holder in the CPE audit of a subsequent reporting period.

CHAPTER 8 - PEER REVIEW REQUIREMENT

8.1 INTRODUCTION

In the interest of public protection, the Board requires all CPAs and Firms issuing attest and/or compilation reports to be enrolled in and undergo Peer Review at least every three years. Upon renewal of an Active certificate or Firm registration, all Certificate Holders and Firms, except those exempt from Peer Review described in Rule 8.3., must attest to having undergone a Peer Review during the previous renewal period. This shall include providing the date of the acceptance letter of the Peer Review and the name of the Peer Review Firm as well as whether the Peer Review resulted in a report rating of fail, pass with deficiencies or pass.

8.2 PEER REVIEW PROGRAM STANDARDS

- A. To the extent not otherwise inconsistent with these Rules, the Board hereby adopts and incorporates by reference the *AICPA Standards for Performing and Reporting on Peer Reviews, effective for Peer Reviews* commencing on or after January 1, 2009. These rules do not include later amendments to or editions of these standards. The *AICPA Standards for Performing and Reporting on Peer Reviews* are available by contacting the AICPA at 1211 Avenue of the Americas, New York, New York, 10036-8775 or by contacting the Board's Program Director at 1560 Broadway, Suite 1350, Denver, Colorado 80202, (303) 894-7800.
- B. Peer review sponsoring organizations shall include those approved by the AICPA's Peer Review Board and other such organizations approved by the Board which adhere to the Peer Review standards defined in Paragraph (A) above.
- C. The Firm, entity, or individual selected to conduct a Peer Review must be approved to conduct the Peer Review by the AICPA's Peer Review Board-approved sponsoring organization or other such organizations approved by the Board.
- D. Any Peer Review performed in accordance with the standards defined in Paragraph (A) must be submitted to an approved Peer Review sponsoring organization for acceptance.
- E. Based upon the Peer Review outcome as stated in the acceptance letter from the authorized Peer Review program administrator, the Board, or its authorized appointee may impose remedial actions, including specified CPE courses that the Certificate Holder or Board-designated individuals of a Firm must complete as a condition for continued registration under this Chapter.
- F. The Board may take disciplinary action against a Certificate Holder or Firm who fails or does not comply with any remedial action mandated in accordance with Paragraph (E) above.
- G. No Certificate Holder or Firm shall be required to become a member of any Peer Review sponsoring organization.

8.3 EXEMPTION FROM PEER REVIEW

A Certificate Holder or Firm who does not issue attest or compilation reports is exempt from the Peer Review requirements of this Chapter.

8.4 RETENTION OF DOCUMENTS RELATING TO PEER REVIEWS

- A. Certificate Holders and Firms subject to Peer Review shall maintain all documentation necessary to establish that all Peer Reviews conformed to Peer Review standards. The documentation maintained by the Certificate Holder or Firm shall include the following:
 - 1. Documentation of Peer Review Firm qualifications;
 - 2. Copies of all Peer Review reports;
 - 3. All correspondence that indicates the Certificate Holder's or Firm's concurrence or non-concurrence with the results of the Peer Review; and
 - 4. All proposed remedial actions and all information relevant to those remedial actions, including the implementation of the remedial actions.
- B. The documents described in Paragraph 8.4.A. above shall be retained in the office of the Certificate Holder or Firm until the completion of the two most recent succeeding Peer Reviews or for a

period of five years, whichever is later and shall be made available to the Board upon its request.

8.5 SUBMISSION OF PEER REVIEW REPORTS

- A. If and when a complaint is filed and/or initiated by the Board against a Certificate Holder or Firm, and at the time the Board requests a response, the Certificate Holder or Firm will be required to submit the following documents related to its most recent Peer Review or what the Board determines to be the equivalent:
1. Peer Review report;
 2. letter of response;
 3. acceptance letter;
 4. letter signed by the reviewed Certificate Holder or Firm accepting the Peer Review documents with the understanding that the reviewed Certificate Holder or Firm agrees to take certain actions; and
 5. letter notifying the reviewed Certificate Holder or Firm that certain required actions have been completed.
- B. A Certificate Holder or Firm who receives a Peer Review report rating of fail, a rating of pass with deficiency(ies) following a rating of fail, or a second consecutive rating of pass with deficiency(ies) must notify the Board in writing of such finding(s) within 45 days of the issuance of the report(s), including providing a copy of the report(s).

8.6 FACILITATED STATE BOARD ACCESS

The Board may use the Facilitated State Board Access (FSBA) system maintained by the AICPA for accessing Peer Review documents when and if necessary.

8.7 CHANGE OF FIRM REGISTRATION STATUS – PEER REVIEW STATUS

In the event a Certificate Holder's or Firm's practice is sold, dissolved or merged with the practice of one or more other Certificate Holders or Firms, determination of successor or predecessor Firm(s) Peer Review year-end(s) and other Peer Review due date(s), if any, will be made in accordance with the Board-approved sponsoring organization's guidance.

8.8 CONFIDENTIALITY OF PEER REVIEW INFORMATION

Peer reviewers shall not disclose or use for their own benefit any confidential client information which 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 formal request from an investigative or disciplinary body established by law or formally recognized by the Board.

8.9 PEER REVIEW PROGRAM OVERSIGHT

- A. The Board may establish a committee to oversee Peer Review sponsoring organizations' administration of their Peer Review programs. The committee may consist of up to five members appointed by the Board.
- B. A committee member may serve up to a three-year term, 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.

- C. The committee may fill vacancies occurring during a term for the unexpired term with members approved by the Board.
- D. Each committee member must hold a current Colorado CPA certificate or a current CPA certificate from another substantially equivalent jurisdiction.
- E. Each committee member must have received a Peer Review report with a rating of pass on the most recently accepted Peer Review for himself or his Firm.
- F. 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.
- G. Committee responsibilities may include but are not limited to:
 - 1. Recommending to the Board the approval of sponsoring organizations, Peer Review programs and Peer Review standards.
 - 2. Monitoring and assessing the effectiveness of the sponsoring organizations, Peer Review programs and Peer Review standards.
 - 3. Reporting to the Board whether sponsoring organizations are administering and facilitating their Peer Review programs in conformity with the Board-approved Peer Review standards in all material respects.

8.10 EFFECTIVE DATE

- A. These Peer Review requirements shall be effective for Certificate Holders and Firms upon renewal of CPA certificates and Firm registrations in 2014. At that time, and for all future renewals, Certificate Holders and Firms will be required to attest to having complied with the requirements of this Chapter and either (1) undergone a minimum of one Peer Review within three years prior to the renewal or (2) have not issued attest or compilation reports subject to Peer Review.
- B. A Certificate Holder's or Firm's due date for its initial Peer Review is 18 months from the date it enrolled in a Board-approved Peer Review program or should have enrolled, whichever date is earlier.

CHAPTER 9 - RULES OF PROFESSIONAL CONDUCT

CODE OF PROFESSIONAL CONDUCT PREAMBLE

Authority

The Rules of Professional Conduct are promulgated under the authority granted by 12-2-104(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 Certificate Holders under this article, except where the wording of a specific rule indicates otherwise.

Principles

Integrity, Objectivity, Independence, Due Care and Competence are the Principles upon which the Board's Rules of Professional Conduct are based. They express the profession's recognition of its responsibilities to the public, to clients, and to colleagues and guide Certificate Holders in the performance of their professional responsibilities. They express the basic tenets of ethical and professional conduct and call for an unswerving commitment to honorable behavior, even at the sacrifice of personal advantage. The Principles are not rules, rather they represent the policies or guidelines used

by the Board in promulgating the Rules of Professional Conduct.

Responsibilities

As professionals, Certified Public Accountants perform an essential role in society. Consistent with that role, Colorado Certificate Holders have responsibilities to all those who use their Professional Services. Certificate Holders also have a continuing responsibility to cooperate with each other to improve the art of accounting, maintain the public's confidence, and carry out the profession's special responsibilities for self-governance. The collective efforts of all Certificate Holders are required to maintain and enhance the tenets of the profession.

The Public Interest

A distinguishing mark of the profession is acceptance of its responsibility to the public. The accounting profession's public consists of clients, credit grantors, governments, employers, investors, the business and financial community, and others who rely on the Objectivity and Integrity of CPAs to maintain the orderly functioning of commerce. This reliance imposes a public interest responsibility on CPAs. The public interest is defined as the collective well being of the community of people and institutions the profession serves.

In discharging their professional responsibilities, Certificate Holders may encounter conflicting pressures from among each of those groups. In resolving those conflicts, Certificate Holders should act with Integrity, guided by the precept that when Certificate Holders fulfill their responsibility to the public, clients' and employers' interests are best served.

Those who rely on CPAs expect them to discharge their responsibilities with Integrity, Objectivity, Due Care, and a genuine interest in serving the public. Certificate Holders are expected to offer and provide services and enter into fee arrangements in a manner that demonstrates a level of professionalism consistent with these Principles of the Code of Professional Conduct.

All who accept a Colorado certificate of Certified Public Accountant commit themselves to honor the public trust. In return for the faith that the public reposes in them, Certificate Holders should continually seek to demonstrate their dedication to professional excellence.

Applicability

Title 12, Article 2 of the C.R.S., requires that Certificate Holders adhere to the Rules of Professional Conduct. Certificate Holders must be prepared to justify departures from those Rules.

The Rules of Professional Conduct that follow apply to all professional services performed except (a) where the wording of the rule indicates otherwise and (b) that a Certificate Holder 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 Certificate Holder's conduct is in accord with the rules of the organized accounting profession in the country in which the Certificate Holder is practicing. However, where a Certificate Holder's name is associated with Financial Statements under circumstances that would entitle the reader to assume that United States practices were followed, the Certificate Holder must comply with the requirements of Rules 9.2, 9.5 and 9.6.

9.1 DEFINITIONS

A. Integrity

An element of character fundamental to professional recognition which requires a Certificate Holder 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 an advantage. It is the quality from which the public trust derives and the benchmark against which a Certificate Holder must ultimately test all decisions. It can accommodate the inadvertent error and the honest difference of opinion. It cannot accommodate deceit or subordination of principle.

B. Objectivity

A principle that requires a Certificate Holder to (1) be impartial, intellectually honest, and free of conflicts of interest, (2) protect the integrity of their work regardless of service or capacity and (3) avoid any subordination of their judgment.

C. Independence

The absence of relationships that impair or appear to impair a Certificate Holder's objectivity in performing an engagement in which the Certificate Holder or the Certificate Holder's Firm will issue an attestation report or opinion other than a report in which a lack of independence is disclosed.

D. Due Care

The discharge of responsibilities to clients, employers and the public with diligence and competence which requires a Certificate Holder or Firm 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 Certificate Holder or Firm is responsible.

E. Competence

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

F. 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.

G. Other Professional Standards

For the purpose of these Rules, Other Professional Standards shall include, but are not limited to:

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 Standards for Attestation Engagements

5. Statements on Standards for Valuation services.

The statements in this Rule 9.1.G. were issued by the AICPA and in effect as of January 1, 2009. 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 1350, Denver, CO 80202 to examine the professional standards.

9.2 INDEPENDENCE

When a Certificate Holder or Firm performs Professional Services requiring Independence, they shall conform to the Independence standards established by the AICPA and in effect as of September 1, 2002, whether or not the individual CPA or Firm are members of the AICPA. When the Certificate Holder or Firm performs services regulated by the U.S. Securities and Exchange Commission (SEC) or the General Accounting Office (GAO), they also shall conform to the independence standards established by those bodies for those services and in effect as of August 15, 2003. This rule does not include later amendments to or editions of the AICPA, SEC or GAO standards.

9.3 INTEGRITY AND OBJECTIVITY

A. Certificate Holders shall perform all professional services with integrity and objectivity. They shall not knowingly misrepresent facts or subordinate their judgment to others.

1. Misrepresentations of fact or subordination of judgment include, but are not limited to:

- a. Knowingly making, permitting, or directing another to make false and misleading entries in an entity's financial statements or records.
- b. Misrepresenting or failing to disclose material facts to an external or internal auditor, or accountant.
- c. 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 all as provided in the professional standards entitled, "Statement on Standards for Tax Services."

B. Subordination of judgment or principle. When disagreements and disputes arise in the course of employment of a Certificate Holder related to the recording of transactions or preparing financial statements, a Certificate Holder

1. 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 Certificate Holder concludes that the matter has authoritative support or does not result in a material misrepresentation, the Certificate Holder need do nothing further.
- b. If the Certificate Holder concludes that the matter results in a material misrepresentation or misstatement, the Certificate Holder 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, the

company's owners). Certificate Holders 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.

- i. If, after discussing their concerns with the appropriate person(s) in the organization, the Certificate Holder concludes that appropriate action was not taken, they must assess their continuing relationship with the employer.
- ii. Certificate Holders also must assess any responsibility that may exist to communicate to third parties, such as regulatory authorities or the employer's (former employer's) external accountant.

9.4 RECEIPT OF COMMISSIONS AND CONTINGENT FEES

- A. Permitted Commission Arrangements. Certificate Holders who hold themselves out to the public as CPAs and who are not otherwise prohibited by this rule from receiving a commission shall disclose to the recipient of the services or the buyer of the product, in writing, the nature, amount and source of any commission prior to performing the services or making the referral or sale that generates the commission.
- B. Prohibition on Commissions and Contingent Fees. When Certificate Holders or Firms perform an audit or review of a Financial Statement, or a compilation of a Financial Statement when Certificate Holders do not disclose a lack of independence; or an examination of prospective financial information, they shall not:
 1. For a commission, recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, or
 2. Perform for a contingent fee any professional services for, or receive such a fee from, a client. This prohibition on commissions and contingent fees shall apply during fee period in which Certificate Holders are engaged to perform any of the services listed above and the period covered by any Financial Statements involved in such listed services.
- C. Contingent Fees in Tax Matters. Certificate Holders may 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, Certificate Holders can demonstrate a reasonable expectation of substantive consideration by an agency with respect to the Certificate Holder's client. In the case of the preparation of an original tax return, such expectation is not deemed reasonable.

9.5 PROFESSIONAL COMPETENCE AND COMPLIANCE WITH APPLICABLE TECHNICAL STANDARDS

A Certificate Holder shall comply with the following:

A. General Standards

1. Professional Competence - Undertake only those professional services that the Certificate Holder or the Certificate Holder's Firm can reasonably expect to complete with professional competence.

2. Due Care - Exercise due care in the performance of professional services.
3. Planning and Supervision - Adequately plan and supervise the performance of professional services.
4. Sufficient Relevant Data -- Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

B. Auditing Standards

A Certificate Holder shall not permit the Certificate Holder's name to be associated with Financial Statements in such a manner as to imply that the Certificate Holder is acting as an independent public accountant unless the Certificate Holder has complied with the 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 United States General Accounting Office or standards of any successor organizations, including interpretations. Departures from these standards must be justified by those who do not follow them.

C. 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 Certificate Holder shall not:

1. 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
2. State that the Certificate Holder 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 Certificate Holder can demonstrate that unusual circumstances would have caused the Financial Statements to be otherwise misleading, the Certificate Holder can comply with this rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

D. Prospective Financial Information

Certificate Holders 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 Certificate Holders vouch for the achievability of the prospective financial information. Certificate Holders should be guided by standards in this area promulgated by the AICPA or by other entities having similar generally recognized authority or jurisdiction over the service provided. Departures from applicable standards must be justified by those who do not follow them.

E. Other Attestation Standards

Certificate Holders 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.

9.6 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 consulting services, a Certificate Holder shall conform with Rule 9.5.A., Other Professional Standards applicable to such services as promulgated by the AICPA, and any other rules established or incorporated by reference by the Board. For purposes of this rule, Other Professional Standards are considered to be defined by Statements on Standards for Consulting Services, Statements on Standards for Tax Services, Statements on Standards for Accounting and Review Services, 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 in this Chapter 9.

9.7 CONFIDENTIAL CLIENT AND EMPLOYER INFORMATION

- A. In General. Certificate Holders shall not disclose or use for their own benefit any confidential information pertaining to a client or the employer of the Certificate Holder, which information is obtained in the course of employment or performing Professional Services. This rule shall not in any way be construed to relieve Certificate Holders of their obligations under Rule 9.5. 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 Certificate Holders' benefit.
- B. Exceptions. Rule 9.7.A shall not apply:
1. If information is disclosed with the specific consent of the client or the employer of the Certificate Holder.
 2. If information is disclosed pursuant to a subpoena or summons issued with respect to the Certificate Holder or an entity with which the Certificate Holder is associated, where the subpoena or summons has been determined to be legally enforceable; or if information is disclosed to permit a Certificate Holder's compliance with applicable laws and government regulations.
 3. If information is disclosed as part of the public record in a civil law suit (legal action) between the Certificate Holder and the client or employer.
 4. If information is disclosed in the course of a Peer Review of a Certificate Holder's Professional Services. Professional practice reviewers shall not disclose any confidential client information which comes to their attention from Certificate Holders 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 Rule 9.7.B.5.
 5. 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 the C.R.S. 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 any confidential client information that comes to their attention from Certificate Holders in disciplinary proceedings or otherwise in carrying out their responsibilities.
 6. If information is disclosed as part of an acquisition or merger or proposed acquisition or merger of an accounting practice.

9.8 ISSUING COPIES OF REPORTS - TAX RETURNS OR OTHER DOCUMENTS

- A. Upon request and reasonable notice, a Certificate Holder shall furnish to a client or former client a copy of any report, tax return or other document issued by the Certificate Holder to or for such client during the previous five years. Unpaid fees do not constitute justification for withholding copies of these items.
- B. If a client, including a former client, requests copies of reports and tax returns previously issued by the Certificate Holder under this Rule 9.8, a fee may be collected for the copying. Such fee should be set to reflect the reasonable cost of providing the copies.

9.9 CLIENT RECORDS

A. Client records are:

- 1. Accounting or other records belonging to, obtained from, or on behalf of, the client, that the Certificate Holder removed from the client's premises or received for the client's account.
- 2. Certificate Holder's workpapers or records that contain data which should properly be reflected in the client's books and records, including, but not limited to:
 - a. Adjusting, closing, combining, or consolidating journal entries.
 - b. 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.
- 3. Computer files that include client information normally contained in the books of original entry and general ledgers or subsidiary ledgers.

B. Obligation to retain, return and provide client records:

- 1. A Certificate Holder must retain copies of documentation of work performed, including issued reports and tax returns, for a period of five years. If original client records or copies of client records are retained by the Certificate Holder, they must also be retained for a period of five years.
- 2. A Certificate Holder must return client records upon request and reasonable notice from the client or former client. If the records cannot be returned to the client promptly, the Certificate Holder shall immediately notify the client of the date the records will be returned.
- 3. A Certificate Holder shall not retain a client's records in an attempt to force payment of any kind.
- 4. Upon completion of an engagement wherein the client's records have been returned to the client, duplicate records requested by the client shall be furnished to the client upon reasonable notice for a reasonable fee. Such fee should be set to reflect the reasonable cost of providing the copies.
- 5. Upon request, a Certificate Holder must provide to the 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 Certificate Holder 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.

C. Workpapers belonging to the Certificate Holder.

1. A Certificate Holder is not required to furnish to the client or former client any workpapers developed by the Certificate Holder incident to the performance of the engagement, 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.
2. Certificate Holder's workpapers are considered to be solely the property of the Certificate Holder and are not the property of the client. For example, the Certificate Holder may make extensive analyses of inventory or other accounts as part of the selective audit procedures. These analyses are considered to be a part of the Certificate Holder's workpapers, even if client personnel at the request of the Certificate Holder have prepared the analyses. Only to the extent these analyses result in changes to the client's records would the Certificate Holder be required to furnish the details from the workpapers in support of the journal entries recording the changes, unless the journal entries themselves contain all necessary details.
3. If an engagement is terminated prior to the completion of work, and the Certificate Holder's work product has neither been issued nor paid for by the client, the work product is solely and exclusively the property of the Certificate Holder.

9.10 ACTING THROUGH OTHERS

Certificate Holders shall not knowingly permit others to carry out on their behalf, either with or without compensation, acts, which, if carried out by the Certificate Holders, would place them in violation of the Rules of Professional Conduct. Similarly, in supervising subordinates, a Certificate Holder shall not accept or condone conduct in violation of the Rules of Professional Conduct.

9.11 SOLICITATION

A Certificate Holder shall not solicit an engagement to perform professional services by any direct personal communication if:

- A. The communication contains false, misleading, or deceptive statements that (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.
- B. The communication creates or uses coercion, duress, compulsion, intimidation, threats, overreaching, vexatious or harassing conduct, or untruthful statements about the professional work product or competence of other Certificate Holders.

9.12 PRACTICE NAMES

- A. A Firm registered by the Board in compliance with Section 12-2-117, C.R.S. may use the name(s) of current, retired or deceased owners, either alone or with other descriptive terms, in its name.
- B. A Certificate Holder or Firm registered by the Board in compliance with Section 12-2-117, C.R.S. may use an assumed or trade name if it is in compliance with Colorado Law, is not misleading, and clearly indicates that the individual or entity is engaged in the Practice of Public Accounting as defined in Chapter 1.
- C. The designation "and company" or "and associates" will not be considered misleading when used in a practice name only when a Certificate Holder or Firm, registered by the Board in compliance with Section 12-2-117, C.R.S., has employees, professional associates, or contractual

relationships with other professionals.

9.13 OFFERING SERVICES VIA THE INTERNET

Any Certificate Holder or Firm licensed or registered by the Colorado Board and offering to or performing Professional Services via the internet shall include the following information on the internet:

1. Name of the Certificate Holder or Firm licensed by the Colorado State Board of Accountancy;
2. Principal place of business
3. Business telephone number; and
4. Colorado certificate number and/or Colorado Firm registration number.

9.14 DISCLOSURE BY CERTIFICATE HOLDERS AND FIRMS

A. A Certificate Holder or Firm, as defined in Chapter 1, shall notify the Board within forty-five 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 CPE 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 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.
 8. 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.

CHAPTER 10 - DECLARATORY ORDERS

SECTION 24-4-105(II), C.R.S

- 10.1** Any person, as defined in Section 12-2-102(3), C.R.S., may petition the Board for a declaratory order to terminate controversies or to remove uncertainties as to the applicability to the petitioner of any statutory provisions or of any rule or order of the Board.
- 10.2** 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.
- 10.3** In determining whether to rule upon a petition filed pursuant to this Chapter, the Board will consider the following matters, among others:
- A. Whether a ruling on the petition will terminate a controversy or remove uncertainties as to the applicability to petitioner of any statutory provision, rule, or order of the Board.
 - B. 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.
 - C. 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 but not involving any petitioner.
 - D. Whether the petition seeks a ruling on a moot or hypothetical question or will result in an advisory ruling or opinion.
 - E. 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, which will terminate the controversy or remove any uncertainty as to the applicability to the petitioner of the statute, rule or order in question.
- 10.4** Any petition filed pursuant to this Chapter shall set forth the following:
- A. The name and address of the petitioner and whether the petitioner holds a certificate issued pursuant to Section 12-2-101, C.R.S. et seq.
 - B. The statute, rule or order to which the petition relates.
 - C. 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.
- 10.5** If the Board determines that it will rule on the petition, the following procedures shall apply:
- A. The Board may rule upon the petition based solely upon the facts presented in the petition. In such a case:
 - 1. Any ruling of the Board will apply only to the extent of the facts presented in the petition and any amendment to the petition.
 - 2. The Board may order the petitioner to file a written brief, memorandum or statement of position.
 - 3. The Board may set the petition, upon due notice to the petitioner, for a non-evidentiary

hearing.

4. The Board may dispose of the petition on the sole basis of the matters set forth in the petition.
5. The Board may request the petitioner to submit additional facts, in writing. In such event, such additional facts will be considered as an amendment to the petition.
6. 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.
7. If the Board rules upon the petition without a hearing, it shall promptly notify the petitioner of its decision.

B. 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 shall have 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.

10.6 The parties to any proceeding pursuant to this Chapter 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 10.4. Any reference to a "petitioner" in this Chapter also refers to any person who has been granted leave to intervene by the Board.

10.7 Any declaratory order or other order disposing of a petition pursuant to this Chapter shall constitute agency action subject to judicial review pursuant to Section 24-4-108, C.R.S.

CHAPTER 11 - PRACTICE PRIVILEGE / MOBILITY

SECTION 12-2-121(2), C.R.S.

11.1 SCOPE OF THE PRACTICE PRIVILEGE

An out-of state individual or Firm who qualifies for the Practice Privilege under Rule 11.2 shall be deemed to have all the privileges of a Certificate Holder or Firm without the need to obtain a Colorado certificate or Firm registration. Such an individual or Firm is subject to the requirements in Section 12-2-121(2)(c), C.R.S., and may use the title "certified public accountant," the abbreviation "CPA," "CPAs," or "CPA Firm," pursuant to Section 12-2-115(4), C.R.S.

11.2 REQUIREMENTS

A. Practice Privilege requirements

1. An individual whose principal place of business is not in this state 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 12-2-108, C.R.S., if:

- a. The individual holds a valid CPA certificate from any U.S. jurisdiction which the NASBA national qualification appraisal service has verified to be substantially equivalent to the CPA licensure requirements of the *AICPA/NASBA Uniform Accountancy Act* (UAA); or
 - b. The individual holds a valid CPA certificate from any U.S. jurisdiction which the NASBA national qualification appraisal service has not verified to be substantially equivalent with the CPA licensure requirements of the UAA, but such individual obtains from the NASBA 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 a valid CPA certificate issued by any other jurisdiction prior to January 1, 2012, shall be exempt from the education requirements in the UAA.
2. Pursuant to Section 12-2-106(5), C.R.S. and notwithstanding any other provision of law, an individual who offers or renders Professional Services, whether in person, or by mail, telephone or electronic means shall be granted Practice Privilege in this jurisdiction. No notice or other submission shall be required of any such individual.
 3. For purposes of this Chapter, "valid CPA certificate" means a current certificate or license allowing an individual to engage in the practice of public accounting in that jurisdiction and to hold himself out as a CPA in the jurisdiction that issued the certificate or license.

B. Firm registration not required

Pursuant to Section 12-2-121(2)(a), C.R.S., any foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company engaging in the practice of accounting in this jurisdiction through a holder of a Practice Privilege shall not be required to register with the Board, notwithstanding Section 12-2-117, C.R.S.

C. Contact information required

Any person authorized to use the title "certified public accountant" or the abbreviation "CPA" shall provide contact information to clients pursuant to Section 12-2-115(2), C.R.S.

11.3 DISCIPLINE FOR HOLDERS OF THE PRACTICE PRIVILEGE

A. Practice Privilege Holders

The Board may revoke, suspend, fine, issue a Letter of Admonition, place on probation, impose other conditions or limitations or deny the Practice Privilege to any Practice Privilege holder for the following grounds:

1. Fraud or deceit in qualifying for the Practice Privilege,
2. Fraud or negligence in the practice of public accounting in Colorado or any other jurisdiction,
3. Fraud in the filing of or failure to file his own income tax returns,
4. Violation of any provision of Article 2 of Title 12, C.R.S applicable to the Practice Privilege, of any final rule or regulation promulgated by the Board applicable to the Practice Privilege or of any valid agency order,
5. Violation of a Rule of Professional Conduct promulgated by the Board under the authority

granted by Article 2 of Title 12, C.R.S.,

6. Conviction of a felony under the laws of any jurisdiction 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,
 7. Conviction of any crime, an element of which is dishonesty or fraud, under the laws of any jurisdiction 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,
 8. Cancellation, revocation, suspension, limitation of the right to practice, any other form of discipline or refusal to renew authority to practice as a CPA in any jurisdiction,
 9. Suspension, revocation or any limitation of the right to practice before any jurisdiction or federal agency for improper conduct or willful violation of the rules or regulations of such jurisdiction or federal agency,
 10. Providing public accounting services to the public without qualifying for the Practice Privilege under Section 12-2-121(2), C.R.S.,
 11. 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 such person is a CPA unless such person holds an Active certificate as a Colorado CPA or qualifies for the Practice Privilege,
 12. An act or omission which fails to meet U.S. GAAP or GAAS,
 13. 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, any of which renders him unfit to practice public accounting,
 14. Failure to retain records of the work performed for each client in Colorado for a period of five years or as required by law.
- B. If an individual Practice Privilege holder's certificate, license or permit to practice as a CPA is limited or subjected to any form of discipline or denial by a federal agency or foreign jurisdiction while he or she is exercising the Practice Privilege in Colorado, or if the Firm's certificate, license, permit or registration is limited or subjected to any form of discipline or denial by another jurisdiction, the Practice Privilege holder shall notify the Board, in a manner prescribed by the Board, of the limitation or discipline by the other jurisdiction within seven business days of the action taken by the other jurisdiction.

Editor's Notes

History

Sections 1.1, 1.2, 1.5 eff. 05/30/2007 and Section 1.7 repealed eff. 05/30/2007.

Sections 3.7(A)(5) and 4.1(E) eff. 07/30/2007.

Chapter 5 and Sections 7.6, 7.14 eff. 07/31/2008.

Chapters 1 and 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.