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**Authority**

The provisions of this Chapter 11 issued under section 3 of the C.P.A. Law (63 P. S. § 9.3), unless otherwise noted.

**Source**

The provisions of this Chapter 11 adopted September 1, 1963, unless otherwise noted.

**Cross References**

This chapter cited in 12 Pa. Code § 123.6 (relating to procedures).

**GENERAL PROVISIONS****§ 11.1. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*AICPA*—American Institute of Certified Public Accountants.

*Act*—The CPA Law (63 P. S. §§ 9.1—9.16b).

*Attest activity*—An examination, audit, review, compilation or other agreed-upon procedure with respect to financial information, together with the issuance of a report expressing or disclaiming an opinion or other assurance on the information.

*Board*—The State Board of Accountancy of the Commonwealth.

*CPA*—Certified public accountant.

*Candidate*—A person sitting for an examination.

*Certificate of completion*—A document prepared by the program sponsor which indicates that a licensee completed a continuing education program, the credit hours earned and the date and name of the program.

*Client*—The person or entity which retains a licensee for the performance of professional services.

*Contingent fee*—A fee established for the performance of a service under an arrangement in which no fee will be charged unless a specified finding or result

is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of the service.

*Continuing education program*—A group, self-study or correspondence program for which continuing education credit is given.

*Credit hour*—A unit of continuing education representing 50 minutes of participation.

*Engagement*—An undertaking by a licensee embodied in an agreement between the licensee and the client which defines the scope and terms of the services.

*Enterprise*—A person or entity, whether organized for profit or not, with respect to which a licensee performs professional services.

*Financial statement*—

(i) A statement and footnotes related to the statement that purport to show financial position which relates to a point in time or changes in financial position which relate to a period of time.

(ii) The term includes statements which use a cash or other incomplete basis of accounting.

(iii) The term also includes balance sheets, statements of income, statements of retained earnings, statements of changes in financial position and statements of changes in owner's equity.

(iv) The term does not include incidental financial data included in management advisory services reports to support recommendations to a client, tax returns or supporting schedules.

*Firm*—A qualified association that is a licensee.

*GAAP*—Generally Accepted Accounting Principles.

*GAAS*—Generally Accepted Auditing Standards.

*GAGAS*—Generally Accepted Government Auditing Standards.

*Group program*—An educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants.

*Inactive status*—

(i) Status of a CPA or public accountant who has returned his license to practice public accounting to the Board and who has requested in writing that the Board place his name on the inactive roll.

(ii) The term does not apply to the status of a CPA or public accountant whose license to practice public accounting has expired for failure to comply with requirements for biennial renewal of licensure.

*Instructional design*—A teaching plan that considers the organization and interaction of program materials as well as the method of presentation such as lecture, seminar, workshop or program instruction.

*Interactive individual study program*—A continuing education program designed to use interactive learning methodologies that simulate a classroom learning process by employing software, other courseware or administrative

systems that provide significant ongoing interactive feedback to the learner regarding the learning process which issues a certificate of completion.

*Licensee*—

(i) An individual who is certified by or registered with the Board and holds a current license to practice under section 8.2 of the act (63 P. S. § 9.8b) or a qualified association that holds a current license to practice under section 8.8 of the act (63 P. S. § 9.8h).

(ii) The term does not include an individual who is on inactive status under section 8.2(a.1) of the act (63 P. S. § 9.8b(a.1)) or who does not otherwise hold a current license.

*New candidate*—A candidate who is taking the examination in this Commonwealth for the first time.

*Noninteractive individual study program*—A continuing education program designed to permit a participant to learn a given subject without interaction with an instructor or interactive learning methodologies which issues a certificate of completion upon the participant's achieving a 70% minimum grade on a written examination or workbook.

*PCAOB*—Public Company Accounting Oversight Board.

*Professional service*—A service performed or offered to be performed by a licensee for a client in the course of the practice of public accounting.

*Professor*—An instructor who teaches courses in continuing education subject areas at an accredited university or college.

*Program sponsor*—A party who has assumed the responsibility for presenting continuing education programs.

*Public accounting*—Offering to perform or performing for a client or potential client:

(i) Attest activity.

(ii) Other professional services involving the use of accounting skills, including, but not limited to, management advisory or consulting services, business valuations, financial planning, preparation of tax returns or furnishing of advice on tax matters by a person holding out as a CPA, public accountant or firm.

*Public communication*—A communication made in identical form to multiple persons as to the world at large, such as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card or directory.

*Qualified association*—An association as defined in 15 Pa.C.S. § 102 (relating to definitions) that is incorporated or organized under the laws of the Commonwealth or any other state or foreign jurisdiction if the organic law under which the association is incorporated or organized does not afford the shareholders, partners, members or other owners of equity interest in the association or the officers, employees or agents of the association greater immunity than is

available to the shareholders, officers, employees or agents of a professional corporation under 15 Pa.C.S. § 2925 (relating to professional relationship retained).

*SEC*—Securities and Exchange Commission.

*SSAE*—Statement on Standards for Attestation Engagements.

*SSARS*—Statement of Standards on Accounting and Review Services.

#### Authority

The provisions of this § 11.1 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3 of The CPA Law (63 P. S. § 9.3); amended under sections 3(10) and (12), 6 and 8.2 of the C.P.A. Law (63 P. S. §§ 9.3(10)—(12), 9.6 and 9.8b).

#### Source

The provisions of this § 11.1 adopted September 1, 1963; amended September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended May 21, 1982, effective May 22, 1982, 12 Pa.B. 1643; amended May 7, 1993, effective May 8, 1993, 23 Pa.B. 2231; amended December 23, 1994, effective December 24, 1994, 24 Pa.B. 6418; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (323401) to (323402) and (303383).

### § 11.2. [Reserved].

#### Source

The provisions of this § 11.2 adopted September 1, 1963; reserved August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354. Immediately preceding text appears at serial page (50837).

### § 11.3. Applicability of general rules.

Under 1 Pa. Code § 31.1 (relating to scope of part), 1 Pa. Code Part II (relating to general rules of administrative practice and procedure) is applicable to the activities of and proceedings before the Board.

#### Source

The provisions of this § 11.3 adopted February 13, 1976, effective February 14, 1976, 6 Pa.B. 325.

### § 11.4. Fees.

Following is the schedule of fees charged by the Board:

Certification and initial licensure of certified public accountant . . . . .	\$65
Initial licensure of public accounting firm . . . . .	\$45
Temporary practice permit . . . . .	\$25
Biennial renewal of license of certified public accountant, public accountant or public accounting firm . . . . .	\$45
Reinstatement of inactive or expired license. . . . .	\$35
Certification of scores . . . . .	\$25

Verification of certification, registration or licensure . . . . .	\$15
Initial approval of program sponsor or reapproval of previously approved program sponsor when application is submitted after April 30, 2001. . . . .	\$145
Reapproval of previously approved program sponsor when application is submitted by April 30, 2001. . . . .	\$120
Biennial renewal of approval of program sponsor beginning January 1, 2004. . . . .	\$120

**Authority**

The provisions of this § 11.4 amended under sections 3(a)(6), (10) and (12), 6 and 9.2(d)(2) of the CPA Law (63 P. S. §§ 9.3(a)(6), (10) and (12), 9.6 and 9.9b(d)(2)).

**Source**

The provisions of this § 11.4 adopted July 13, 1979, effective September 6, 1979, 9 Pa.B. 3000; amended June 22, 1990, effective June 23, 1990, 20 Pa.B. 3494; amended December 8, 2000, effective December 9, 2000, 30 Pa.B. 6344; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151; corrected February 23, 2001, effective January 13, 2001, 31 Pa.B. 1154; amended April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (274946).

**§ 11.5. Temporary practice in this Commonwealth.**

(a) *Requirements for temporary practice.* A CPA, or qualified association composed of CPAs, of another state may temporarily practice public accounting in this Commonwealth, if the CPA or qualified association:

- (1) Holds a current license or registration to practice public accounting in the other state.
- (2) Concurrently practices public accounting in the other state.
- (3) Obtains from the Board a temporary practice permit prior to performing the temporary work.

(b) *Temporary practice permit.* The temporary practice permit:

- (1) Allows the permitholder to work for not more than 500 hours in this Commonwealth during a 12-month period, except that this 500 hour limitation does not apply if the permitholder is working only on a single, nonrecurring engagement.
- (2) Is valid for not more than 12 months.
- (3) Is renewable if the permit was not granted for a single, nonrecurring engagement in excess of 500 hours.

(c) *Failure to meet requirements for temporary practice.* A CPA or qualified association of CPAs of another state that desires to practice public accounting in this Commonwealth but does not qualify for a temporary practice permit shall comply, as appropriate, with sections 5, 8.2 and 8.8 of the act (63 P. S. §§ 9.5, 9.8b and 9.8h).

(d) *Exemption from requirement of temporary practice permit.* Subsection (a) does not apply to a CPA or qualified association of CPAs of another state that, while not holding out as a CPA, public accountant or licensee, offers and renders in this Commonwealth bookkeeping and similar technical services or other services involving the use of accounting skills, including the preparation of tax returns and the preparation of financial information without issuing a report or other communication that expresses an opinion or assurance on the statements.

**Authority**

The provisions of this § 11.5 issued under section 13(b) of the C.P.A. Law (63 P.S. § 9.13(b)); amended under sections 3(a)(11) and (12) and (b), 6 and 9.2(d)(2) of The CPA Law (63 P.S. §§ 9.3(a)(11) and (12) and (b), 9.6 and 9.9b(d)(2)).

**Source**

The provisions of this § 11.5 adopted February 24, 1989, effective February 25, 1989, 19 Pa.B. 780; amended December 8, 2000, effective December 9, 2000, 30 Pa.B. 6344; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (303384) and (271669).

**SUPERVISION**

**§ 11.6. [Reserved].**

**Source**

The provisions of this § 11.6 adopted November 30, 1990, effective December 1, 1990, 20 Pa.B. 5934; reserved July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (271670).

**§ 11.7. Use of the designation “public accountant” and the abbreviation “PA.”**

(a) Only the following individuals and entities may use the designation “public accountant,” the abbreviation “PA,” or any other title, designation, words, letters or abbreviation tending to indicate that the user is a public accountant or is composed of public accountants:

- (1) An individual who holds a public accountant registration and a current license from the Board.
- (2) An individual who holds a certificate of certified public accountant from the Board or who has received written notification from the Board that he is qualified to receive a certificate of certified public accountant.
- (3) A qualified association that holds a current license from the Board.

(b) An individual or qualified association engaged in the practice of public accounting may not use the designation “public accountant,” the abbreviation “PA” or any other title, designation, words, letters or abbreviation tending to indicate that the user is a public accountant or composed of public accountants unless the user holds a current license from the Board.

(c) The following are examples of unlawful use under this section:

(1) An individual who is registered by the Board as a public accountant but who does not hold a current license uses a business card bearing the designation “public accountant.” *Explanation:* The individual shall obtain a current license to use the designation “public accountant.”

(2) An individual who is certified by the Board as a CPA but who does not hold a current license signs tax returns that he prepares for clients as “John Doe, PA.” *Explanation:* The individual shall obtain a current license to use the abbreviation “PA” because the preparation of tax returns while using such an abbreviation constitutes the practice of public accounting.

(d) An individual or entity that violates this section shall be subject to disciplinary action, as appropriate, under sections 9.1, 12, 14 and 16 of the act (63 P. S. §§ 9.9a, 9.9c, 9.14 and 9.16).

#### Authority

The provisions in this § 11.7 amended under section (a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

#### Source

The provisions of this § 11.7 adopted November 30, 1990, effective December 1, 1990, 20 Pa.B. 5934; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (271670) to (271671).

### **§ 11.8. Use of the designation “certified public accountant” and the abbreviation “CPA” in the practice of public accounting.**

(a) Only the following individuals and entities may use the designation “certified public accountant,” the abbreviation “CPA” or any other designation, title, words, letters or abbreviation tending to indicate that the user is a CPA or composed of CPAs, while engaged in the practice of public accounting:

(1) An individual who holds a certificate of certified public accountant and current license from the Board.

(2) An individual who holds a public accountant registration and current license from the Board and who has received written notification from the Board that he is qualified to receive a certificate of certified public accountant.

(3) A qualified association that holds a current license from the Board.

(b) An individual or qualified association engaged in the practice of public accounting may not use the designation “certified public accountant,” the abbreviation “CPA” or any other title, designation, words, letters or abbreviation tending to indicate that the user is a CPA or composed of CPAs unless the user holds a current license from the Board.

(c) The following are examples of unlawful use under this section:

(1) An individual who is certified by the Board as a CPA but who does not hold a current license offers to establish a bookkeeping system for a potential client and tells the potential client that he is a “certified public accountant.”

*Explanation:* The individual shall obtain a current license to use the designation “certified public accountant” because offering to perform a service related to accounting while using the designation constitutes the practice of public accounting.

(2) An unlicensed partnership comprised of two individuals—“Smith” and “Brown”—who possess certificates of certified public accountant and current licenses from the Board offers to perform tax preparation services for clients under the business name “Smith & Brown, CPAs.” *Explanation:* The partnership, being a qualified association, shall obtain a current license to use the designation “CPAs” because offering to prepare tax returns while using the designation constitutes the practice of public accounting.

(d) An individual or entity that violates this section shall be subject to disciplinary action, as appropriate, under sections 9.1, 12, 14 and 16 of the act (63 P. S. §§ 9.9a, 9.9c, 9.14 and 9.16).

#### Authority

The provisions of this § 11.8 amended under section 9.3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

#### Source

The provisions of this § 11.8 adopted November 30, 1990, effective December 1, 1990, 20 Pa.B. 5934; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (206105) to (206106).

### **§ 11.9. Use of the designation “certified public accountant” and the abbreviation “CPA” solely as mark of achievement by individual without current license.**

(a) An individual who holds a certificate of certified public accountant but does not maintain a current license to practice public accounting, or an individual who has received notification from the Board that he is qualified to receive a certificate of certified public accountant, may use the designation “certified public accountant” and the abbreviation “CPA” solely as a mark of achievement subject to the following conditions:

(1) The certificate of certified public accountant has not been suspended or revoked.

(2) The individual has notified the Board in writing that he wishes to be placed on inactive status.

(3) The individual does not practice or offer to practice public accounting and is not a member or employee of a public accounting firm.

(4) The individual does not hold himself out to be in the practice of public accounting when performing or offering to perform accounting, bookkeeping, tax or accounting-related matters.

(5) The individual does not use the designation “certified public accountant” or the abbreviation “CPA” in advertising, including listings and advertisements in phone directories, newspapers, magazines, electronic media and indoor and outdoor signs.

(6) The individual does not display the certificate of certified public accountant in a manner that suggests he is authorized to practice public accounting.

(7) The individual's use of the designation "certified public accountant" and the abbreviation "CPA" under this section is limited to business cards, letterhead or other stationery, and resumes or curriculum vitae, subject to the following conditions:

(i) The word "inactive" must appear immediately adjacent to the designation or abbreviation.

(ii) Business cards, letterhead and other stationery must include the name of the individual's employer and the individual's job title or, if the individual is self-employed, the nature of the individual's business.

(b) The following are examples of unlawful use under this section:

(1) The holder of a certificate of certified public accountant whose license is on inactive status has a sign in the window of his home that bears his name and the abbreviation "CPA." *Explanation:* The sign is an offer to practice public accounting, which requires possession of a current license.

(2) The holder of a certificate of certified public accountant whose license is on inactive status and who is employed in private industry uses a business card that bears his name, the abbreviation "CPA," his employer's name and his job title. The individual shows the business card to an acquaintance and offers to set up an accounting procedure. *Explanation:* The offer is an offer to practice public accounting, which requires possession of a current license.

(c) An individual or entity that violates this section shall be subject to disciplinary action, as appropriate, under sections 9.1, 12, 14 and 16 of the act (63 P. S. §§ 9.9a, 9.9c, 9.14 and 9.16).

#### Authority

The provisions of this § 11.9 section 9.3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

#### Source

The provisions of this § 11.9 adopted November 30, 1990, effective December 1, 1990, 20 Pa.B. 5934; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (206106) and (303385).

## EXAMINATIONS

### § 11.11. [Reserved].

#### Source

The provisions of this § 11.11 adopted December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended March 16, 1990, effective March 17, 1990, 20 Pa.B. 1498; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (206107).

**§ 11.12. [Reserved].****Source**

The provisions of this § 11.12 adopted September 1, 1963; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial pages (206107) to (206108).

**§ 11.13. [Reserved].****Source**

The provisions of this § 11.13 adopted September 1, 1963; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (206108).

**§ 11.14. [Reserved].****Source**

The provisions of this § 11.14 adopted September 1, 1963; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended May 21, 1982, effective May 22, 1982, 12 Pa.B. 1643; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (206108).

**§ 11.15. [Reserved].****Source**

The provisions of this § 11.15 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial pages (206108) and (271673).

**§ 11.16. Examination completion requirement.**

(a) Effective April 5, 2004, the four-part, paper-and-pencil CPA examination will be replaced with a four-part, computer-based CPA examination. The examination will be administered during an examination window that consists of the first 2 months of each quarter of every year beginning April 5, 2004. An examination candidate may take the four parts of the examination individually or in combination, and in any order. A candidate may take each unpassed part of the examination once during each examination window. A candidate will receive conditional credit for passing each part of the examination, without regard to the scores on the parts not passed.

(b) Except as provided in subsections (c) and (d), an examination candidate shall pass all parts of the examination during a rolling 18-month period that begins on the date the candidate first passes one part of the examination. If the candidate does not pass all parts of the examination within the 18-month period, conditional credit for any part passed outside the 18-month period will expire, and the candidate shall retake that part of the examination.

(c) An examination candidate who, as of April 5, 2004, had received conditional credit for passing at least two parts of the examination since November 1999 shall pass the remaining parts of the examination within 5 years from the date the candidate initially took the examination.

(1) The candidate shall be permitted to take the remaining parts of the examination during the following number of examination windows, depending on when the candidate initially took the examination:

<i>Initial Examination Date</i>	<i>Available Examination Windows</i>	<i>Examination Completion Date</i>
November 3-4, 1999	1	November 4, 2004
May 3-4, 2000	2	May 4, 2005
November 1-2, 2000	3	November 2, 2005
May 2-3, 2001	4	May 3, 2006
November 7-8, 2001	5	November 8, 2006
May 8-9, 2002	6	May 9, 2007
November 6-7, 2002	7	November 7, 2007
May 7-8, 2003	8	May 8, 2008
November 5-6, 2003	9	November 6, 2008

(2) The candidate may take a part of the examination during any examination window between April 5, 2004, and the appropriate completion deadline.

(3) If the candidate does not pass the remaining parts of the examination by the appropriate completion deadline, or after exhausting the remaining examination opportunities, whichever occurs first, conditional credit for the parts of the examination passed before April 5, 2004, will expire, and the candidate shall thereafter be subject to the requirements of subsection (b). In that case, the candidate will retain conditional credit for any part of the examination passed after April 5, 2004, that is timely to the requirements of subsection (b).

(d) An examination candidate who initially took the examination prior to November 1990 and who, as of April 5, 2004, had received conditional credit for passing at least one part of the examination shall pass the remaining parts of the examination within 18 months from the date the candidate next takes the examination on or after April 5, 2004. If the candidate does not pass the remaining parts of the examination within the 18-month period, conditional credit for the parts of the examination passed before April 5, 2004, will expire, and the candidate shall thereafter be subject to the requirements of subsection (b). In that case, the can-

didate will retain conditional credit for any part of the examination passed after April 5, 2004, that is timely to the requirements of subsection (b).

(e) For purposes of subsections (c) and (d), an examination candidate with conditional credit under the paper-and-pencil examination will receive conditional credit under the computer-based examination based on the following equivalency between the four parts of the two examinations:

<i>Paper and Pencil Examination</i>	<i>Computer-Based Examination</i>
Auditing (AUD)	Auditing and Attestation
Financial Accounting and Reporting (FARE) (formerly Accounting Theory)	Financial Accounting and Reporting
Accounting and Reporting (ARE) (formerly Accounting Practice)	Regulation
Business Law and Professional Responsibilities (LPR) (formerly Business Law)	Business Environment and Concepts

(f) Notwithstanding the requirements of subsections (a)—(c), the Board may extend the term of a candidate's conditional credit upon the candidate's showing that the conditional credit expired by reason of circumstances beyond the candidate's control.

#### **Authority**

The provisions of this § 11.16 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3 of the C.P.A. Law (63 P. S. § 9.3); amended under section 812(b) and (e) of The Administrative Code of 1929 (71 P. S. § 279.3a); and sections 3(a)(3) and (12) and 6 of the C.P.A. Law (63 P. S. §§ 9.3(a)(3) and (12) and 9.6).

#### **Source**

The provisions of this § 11.16 adopted May 2, 1980, effective May 3, 1980, 10 Pa.B. 1776; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended November 9, 1990, effective November 10, 1990, and apply retroactively to November 1, 1990, 20 Pa.B. 5634; amended April 22, 1994, effective April 23, 1994, 24 Pa.B. 2081; amended April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (271673).

#### **§ 11.17. [Reserved].**

#### **Source**

The provisions of this § 11.17 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended April 29, 1983, effective April 30, 1983, 13 Pa.B. 1438; amended December 18, 1987, effective December 19, 1987, 17 Pa.B. 5252; amended March 16, 1990, effective March 17, 1990, 20 Pa.B. 1498; amended April 22, 1994, effective April 3, 1994, 24 Pa.B. 2081; amended December 22, 1995, effective December 23, 1995, and apply to examination fees charged on and after September 1,

1995, 25 Pa.B. 5957; amended December 8, 2000, effective December 9, 2000, 30 Pa.B. 6342; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (271674).

### § 11.18. Character references for examination.

An initial candidate for the CPA examination shall have three individuals, including one certified public accountant, sign the examination application as character references. The individuals selected as character references shall be residents of this Commonwealth who have known the candidate for at least 3 years and who are not related to the candidate. The candidate may submit with the examination application other individuals as character references if the candidate, for good cause shown, is unable to obtain the signatures of individuals who satisfy the requirements of this section.

#### Authority

The provisions of this § 11.18 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(a)(10)—(12) of the C.P.A. Law (63 P. S. § 9.3(a)(10)—(12)).

#### Source

The provisions of this § 11.18 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial pages (271674) and (261695).

### § 11.19. [Reserved].

#### Source

The provisions of this § 11.19 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; reserved April 2, 2004, effective April 3, 2004, 34 Pa.B. 1768. Immediately preceding text appears at serial page (261695).

## RELATIONS WITH CLIENTS AND PUBLIC

### § 11.21. Independence.

A licensee may not perform an attest activity for an enterprise in a manner to imply that he is acting as an independent public accountant with respect thereto unless he is independent with respect to the enterprise. Independence will be considered impaired when the licensee has not complied with the independence rules and requirements of a recognized public or private standard-setting body as applicable under the circumstances. Examples of standard-setting bodies include the AICPA, PCAOB, SEC, General Accounting Office and Department of Labor.

#### Authority

The provisions of this § 11.21 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.21 adopted September 1, 1963; amended December 11, 1970, December 12, 1970, 1 Pa.B. 636; amended December 31, 1970, effective January 2, 1971, 1 Pa.B. 771; amended February 5, 1971, effective February 6, 1971, 1 Pa.B. 914; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (303389) to (303390).

**§ 11.22. Integrity and objectivity.**

A licensee may not in the performance of professional services knowingly misrepresent facts, nor subordinate his judgment to others; in tax practice, however, a licensee may resolve doubt in favor of his client as long as there is reasonable support for his position.

**Authority**

The provisions of this § 11.22 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3 (10)—(12)).

**Source**

The provisions of this § 11.22 adopted September 1, 1963; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354. Immediately preceding text appears at serial pages (9617) to (9618).

**Notes of Decisions***Laches*

Although the equitable defense of estoppel by laches is available against the Commonwealth in an administrative disciplinary proceeding by a licensing board, a 6 year delay between the occurrence and in bringing disciplinary action did not evidence lack of due diligence by the Board. *Weinberg v. State Board of Examiners of Public Accountants*, 501 A.2d 239 (Pa. 1985).

**§ 11.23. Competence.**

A licensee may not undertake any engagement for the performance of professional services which he cannot reasonably expect to complete with due professional competence including compliance, when applicable, with §§ 11.27 and 11.28 (relating to auditing standards and other technical standards; and accounting principles).

**Authority**

The provisions of this § 11.23 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3 (10)—(12)).

**Source**

The provisions of this § 11.23 adopted September 1, 1963; amended December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354. Immediately preceding text appears at serial pages (9618) to (9619).

**§ 11.24. Commissions and referral fees.**

(a) *General.* A licensee engaged in public practice is permitted to receive commissions and accept or pay referral fees subject to the requirements in section 12(p) of the act (63 P. S. § 9.12(p)) and this section.

(b) *Notification to Board.* A licensee who receives or intends to receive commissions shall report this fact on the application for biennial renewal of the license.

(c) *Cooperation with peer reviewer.* A licensee who receives commissions and who is subject to peer review under section 8.9 of the act (63 P. S. § 9.8i) shall furnish peer reviewers with compensation records for purposes of verifying compliance with section 12(p)(1) of the act.

(d) *Related licensure/registration.* Prior to receiving commissions, a licensee shall acquire and maintain in good standing any license or registration required by another governmental or private standard-setting body for the purpose of receiving commissions. Examples of bodies that may regulate the receipt of commissions are:

- (1) The Pennsylvania Securities Commission (sale of securities).
- (2) The National Association of Securities Dealers (sale of securities).
- (3) The Insurance Department (sale of insurance).
- (4) The State Real Estate Commission (sale of real estate).

(e) *Disclosure to client.* A licensee who receives a commission or who accepts or pays a referral fee shall make the disclosures required by section 12(p)(4) of the act in an engagement or representation letter that is signed by the client.

(f) *Workpapers.* A licensee who receives a commission shall maintain workpapers that document discussions regarding the client's investment needs, the investment strategies considered, and the basis for the investment strategy recommended by the licensee.

**Authority**

The provisions of this § 11.24 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of the CPA Law (63 P. S. § 9.3 (10)—(12)); amended under section 3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

**Source**

The provisions of this § 11.24 adopted December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial page (261697).

**§ 11.25. Contingent fees.**

A licensee who seeks to collect a contingent fee shall comply with the rules of the AICPA, PCAOB, SEC and other recognized public or private standard-setting bodies as applicable to the professional services being performed.

**Authority**

The provisions of this § 11.25 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3 (10)—(12)).

**Source**

The provisions of this § 11.25 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended December 23, 1994, effective December 24, 1994, 24 Pa.B. 6420; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (272588).

**§ 11.26. Incompatible occupations.**

A licensee may not concurrently engage in the practice of public accounting and in another business or occupation which impairs his independence or objectivity in rendering professional services.

**Authority**

The provisions of this § 11.26 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3 (10)—(12)).

**Source**

The provisions of this § 11.26 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354.

**§ 11.27. Auditing standards and other technical standards.**

(a) *Auditing standards.* A licensee may not permit his name to be associated with financial statements to imply that he is acting as an independent public accountant with respect to the financial statements unless he has complied with applicable GAAS. Statements on auditing standards issued by the AICPA or other pronouncements having similar generally recognized authority are considered to be interpretations of GAAS. A licensee shall justify any departures from the standards.

(b) *Other technical standards.* A licensee shall comply with other technical standards promulgated by bodies of the AICPA, PCAOB or other recognized authorities designated to establish the standards. A licensee shall justify any departures from the standards.

**Authority**

The provisions of this § 11.27 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.27 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (272589) and (206115).

**Notes of Decisions**

Although the equitable defense of estoppel by laches is available against the Commonwealth in an administrative disciplinary proceeding by a licensing board, a 6 year delay between the occurrence and in bringing disciplinary action did not evidence lack of due diligence by the Board. *Weinberg v. State Board of Examiners of Public Accountants*, 501 A.2d 239 (1985).

**Cross References**

This section cited in 49 Pa. Code § 11.23 (relating to competence).

**§ 11.28. Accounting principles.**

A licensee may not express an opinion that financial statements are presented in conformity with GAAP if the financial statements contain any departure from GAAP that has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements would otherwise be misleading. In that case, the report of the licensee must describe the departure, the approximate effects thereof if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this section, GAAP are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.

**Authority**

The provisions of this § 11.28 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.28 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (206115).

**Cross References**

This section cited in 49 Pa. Code § 11.23 (relating to competence).

**§ 11.29. Forecasts.**

A licensee may not in the performance of professional services permit his name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast.

**Authority**

The provisions of this § 11.29 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.29 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354.

**§ 11.30. Confidential client information.**

Except to the extent provided by section 11.1 of the act (63 P. S. § 9.11a), a licensee may not disclose confidential information pertaining to a client obtained in the course of performing professional services unless the client consents to the disclosure.

**Authority**

The provisions of this § 11.30 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.30 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (206116).

**§ 11.31. Records.**

A licensee who is requested by a client or former client to furnish a document to which the client or former client is entitled under section 11 of the act (63 P. S. § 9.11) shall comply with the request within a reasonable period of time.

**Authority**

The provisions of this § 11.31 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.31 adopted September 1, 1963; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (206116) to (206117).

**§ 11.32. Acting through others.**

A licensee may not permit others to carry out on his behalf, either with or without compensation, acts which, if carried out by the licensee, would place him in violation of this chapter or of the act.

**Authority**

The provisions of this § 11.32 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.32 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354.

**§ 11.33. Advertising.**

A licensee may not use or participate in the use of a form of public communication having reference to his professional services which contains a false, fraudulent, misleading or deceptive statement or claim. A false, fraudulent, misleading, or deceptive statement or claim includes but is not limited to a statement or claim which:

- (1) Contains a misrepresentation of fact.
- (2) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts.
- (3) Is intended or likely to create false or unjustified expectations of favorable results.
- (4) Implies educational or professional attainments or licensing recognition not supported in fact.
- (5) States or implies that the licensee has received formal recognition as a specialist in an aspect of the practice of public accountancy if this is not the case.
- (6) Represents that professional services can or will be competently performed for a stated fee when this is not the case or makes representations with respect to fees for professional services that do not disclose variables affecting the fees that will in fact be charged or when such representations would prompt an ordinarily prudent person to believe that such variable charges would be included.
- (7) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

**Authority**

The provisions of this § 11.33 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.33 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354.

**Cross References**

This section cited in 49 Pa. Code § 11.34 (relating to solicitation).

**§ 11.34. Solicitation.**

A licensee may not, by any direct personal communication, solicit an engagement to perform professional services:

- (1) If the communication would violate § 11.33 (relating to advertising) if it were public communication.
- (2) By the use of coercion, duress, compulsion, intimidation, threats, overreaching or vexatious or harassing conduct.

**Authority**

The provisions of this § 11.34 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.34 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354.

**§ 11.35. Form of practice.**

A licensee may practice public accounting as a sole practitioner or firm, or as an employee of a sole practitioner or a member or employee of a firm, subject to the requirements of the act.

**Authority**

The provisions of this § 11.35 issued under section 506 of The Administrative Code of 1929 (71 P. S. § 186); and section 3(10)—(12) act of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.35 adopted August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (206118).

**§ 11.36. Form of business name; disclosure.**

(a) A licensee that is a firm or sole practitioner may use a fictitious name as a business name.

(b) A sole practitioner who uses a business name bearing the words “and company,” “and associates” or a variation of those words shall disclose in writing to a client that he is a sole practitioner before renewing an engagement agreement with the client and shall disclose in writing to a potential client that he is a sole practitioner before entering into an engagement agreement with the potential client.

**Authority**

The provisions of this § 11.36 issued under section 3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.36 adopted July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055.

**LIABILITY****§ 11.41. [Reserved].****Source**

The provisions of this § 11.41 adopted December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; amended August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354; amended December 31, 1970, effective January 2, 1971, 1 Pa.B. 771; amended February 5, 1971, effective February 6, 1971, 1 Pa.B. 914; reserved September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended March 21, 1986, effective September 15, 1973, 16 Pa.B. 956; amended April 22, 1988, effective April 23, 1988, 18 Pa.B. 1923; reserved July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (206118) to (206119).

**PUBLIC ACCOUNTANT EXAMINATIONS****§ 11.51. [Reserved].****Source**

The provisions of this § 11.51 adopted December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; reserved August 15, 1980, effective August 16, 1980, 10 Pa.B. 3354. Immediately preceding text appears at serial page (44717).

**§ 11.52. [Reserved].****Source**

The provisions of this § 11.52 adopted December 11, 1970, effective December 12, 1970, 1 Pa.B. 636; reserved August 15, 1980 effective August 16, 1980, 10 Pa.B. 3354. Immediately preceding text appears at serial pages (44717) to (44718).

**EXPERIENCE****§ 11.53. [Reserved].****Source**

The provisions of this § 11.53 adopted May 7, 1993, effective May 8, 1993, 23 Pa.B. 2231; reserved July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (206120).

**§ 11.54. [Reserved].****Source**

The provisions of this § 11.54 adopted May 7, 1993, effective May 8, 1993, 23 Pa.B. 2231; reserved July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (206120).

**§ 11.55. Experience requirements for CPA certification.**(a) *General requirements.*

(1) A candidate for CPA certification who qualified for the CPA examination based on possession of a bachelor's degree and completion of 24 semester credits in relevant subjects shall have acquired 3,200 hours of qualifying experience, including a minimum of 800 hours of attest activity, over a period of not less than 24 months.

(2) A candidate for CPA certification who qualified for the CPA examination based on possession of a master's degree or other postgraduate degree and completion of 24 semester credits in relevant subjects shall have acquired 1,600 hours of qualifying experience, including a minimum 400 hours of attest activity, over a period of not less than 12 months.

(3) A candidate for CPA certification who qualified for the CPA examination based on possession of a bachelor's degree or higher degree and completion of 150 semester credits of postsecondary education including 36 semester credits in relevant subjects shall have acquired 1,600 hours of qualifying experience, including a minimum 400 hours of attest activity, over a period of not less than 12 months.

(4) A candidate who initially sat for the CPA examination after January 1, 2000, shall have acquired the qualifying experience required under paragraphs (1)—(3) within 120 months preceding the date of application for CPA certification. A candidate who initially sat for the CPA examination before January 1, 2000, is not subject to any time limitation regarding the acquisition of qualifying experience.

(5) A candidate may not receive credit for more than 1,600 hours of qualifying experience in a 12-month period. A candidate may acquire all hours of qualifying experience in attest activity.

(b) *Attest activity.* A candidate's attest activity must be in one or more of the following areas:

## (1) Candidates employed in public accounting:

(i) Audits of financial statements in accordance with GAAS, GAGAS or PCAOB.

(ii) Reviews of financial statements in accordance with SSARS.

(iii) Compilations of financial statements with complete disclosure in accordance with SSARS.

(iv) Attestation engagements in accordance with SSAE.

(v) Other auditing in accordance with accepted standards that leads to an expression of a written opinion including:

(A) Reviews regarding internal control.

(B) Operational audits.

(C) Compliance audits.

(D) Expressing an opinion on financial forecasts and projections.

- (vi) Training sessions on the attest function completed before January 1, 2008.
- (2) Candidates employed in private industry:
  - (i) Performance of an independent internal audit function.
  - (ii) Compliance audits of government contracts performed on behalf of a government agency that result in the issuance of an opinion or report.
  - (iii) Training sessions on the attest function completed before January 1, 2008.
- (3) Candidates employed in Federal, State or local government:
  - (i) Performance of an independent internal audit function.
  - (ii) Audits performed on behalf of a government audit agency that results in the issuance of an opinion or report.
  - (iii) Training sessions on the attest function completed before January 1, 2008.
- (c) *Nonattest activity*. A candidate's nonattest activity must be in one or more of the following areas:
  - (1) Preparation of income and nonprofit tax returns.
  - (2) Tax research that is properly documented.
  - (3) Representation before a government agency on a tax matter.
  - (4) Financial forecasts, analyses and projections.
  - (5) Management advisory services that meet AICPA standards.
  - (6) Management and supervision of accounting functions and preparing financial statements for profit or not-for-profit entities.
  - (7) Professional accounting-related work in a public accounting firm.
- (d) *Nonqualifying experience*. A candidate will not receive credit for the following types of experience:
  - (1) Experience that was supervised by an individual who did not meet the requirements of § 11.56 (relating to supervision of experience; verification) at the time the experience was obtained.
  - (2) Experience acquired while self-employed.
  - (3) Experience acquired as a partner in a partnership.
  - (4) Experience comprising nonprofessional work, including recruiting, industrial engineering, administration, bookkeeping and appraisals.
  - (5) Paraprofessional work that does not comply with subsection (c)(7).

#### Authority

The provisions of this § 11.55 amended under section 3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

#### Source

The provisions of this § 11.55 adopted May 7, 1993, effective May 8, 1995, 23 Pa.B. 2231; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial pages (206120) and (272591).

**§ 11.56. Supervision of experience; verification.**

(a) To receive credit for experience under § 11.55 (relating to experience requirements for CPA certification), a candidate for CPA certification shall acquire the experience under the supervision of an individual who meets the following conditions at the time the experience is acquired:

(1) Holds a current license to practice as a CPA or public accountant in this Commonwealth or another jurisdiction.

(2) Either employs the candidate or is employed by the same employer as the candidate. The supervisor may not be a member of a public accounting firm that is independent of the entity that employs the candidate.

(3) Is responsible for and personally evaluates the candidate's work.

(b) A supervisor shall submit a verified statement regarding the candidate's experience on a form provided by the Board, specifying the dates of supervision and the types and hours of experience acquired.

(c) A supervisor who submits a verified statement shall be responsible for its accuracy. A supervisor who knowingly submits a false or inaccurate verified statement or who refuses to submit a verified statement when qualified experience has been acquired shall be subject to disciplinary action under section 9.1 of the act (63 P. S. § 9.9a).

**Authority**

The provisions of this § 11.56 amended under section 3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(10)—(12)).

**Source**

The provisions of this § 11.56 adopted May 7, 1993, effective May 8, 1993, 23 Pa.B. 2231; amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (272591).

**Cross References**

This section cited in 49 Pa. Code § 11.55 (relating to experience requirements for CPA certification).

**CONTINUING PROFESSIONAL EDUCATION****§ 11.61. Scope.**

Applicants for a biennial permit to engage in public practice under section 8.2 of the act (63 P. S. § 9.8b) shall comply with this section and §§ 11.62—11.65 and 11.67—11.69 and 11.71.

**Authority**

The provisions of this § 11.61 amended under section 8.2 of the C.P.A. Law (63 P. S. § 9.8b).

**Source**

The provisions of this § 11.61 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial page (181238).

**§ 11.62. Credit-hour requirements.**

(a) To renew a license, an applicant shall complete, during the preceding biennial period, 80 credit hours of continuing education.

(1) The 80 credit hours shall include at least 16 credit hours of accounting and auditing subjects and 8 credit hours of tax subjects.

(2) A minimum of 20 credit hours shall be taken each year.

(3) The minimum measurement of continuing education credit is a whole credit hour.

(4) Preparation time will not be credited except as permitted in § 11.64(7)(i) (relating to sources of continuing education credit).

(b) The Board may upon application modify the continuing education requirements on an individual basis under circumstances specified in section 8.2(c) and (d) of the act (63 P. S. § 9.8b(c) and (d)).

(c) Failure to meet biennial continuing education requirements may subject the holder of a current license to disciplinary action under section 9.1 of the act (63 P. S. § 9.9a(10)).

(d) An applicant, upon successful completion of the uniform C.P.A. Examination, shall be exempt from the requirements of subsection (a) for only the biennial period during which the applicant successfully completed the examination.

**Authority**

The provisions of this § 11.62 issued under sections 3(10) and (12) and 8.2(b) and (d) of the C.P.A. Law (63 P. S. §§ 9.3(10) and (12) and 9.8b(b) and (d)).

**Source**

The provisions of this § 11.62 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended February 22, 1985, effective February 23, 1985, 15 Pa.B. 671; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial page (154087).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 43b.10a (relating to schedule of civil penalties—accountants).

**§ 11.63. Continuing education subject areas.**

The following subject areas are acceptable for continuing education:

- (1) Accounting and auditing.
- (2) Advisory services.
- (3) Management.
- (4) Professional skills development.
- (5) Specialized knowledge and applications.
- (6) Taxation.

**Authority**

The provisions of this § 11.63 amended under section 8.2 of the C.P.A. Law (63 P. S. § 9.8b).

**Source**

The provisions of this § 11.63 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial page (154088).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.64 (relating to continuing education programs and other sources of continuing education credit); 49 Pa. Code § 11.65 (relating to criteria for continuing education programs); and 49 Pa. Code § 11.71 (relating to responsibilities of program sponsors).

**§ 11.64. Sources of continuing education credit.**

The following continuing education programs will be given 1 credit hour of continuing education credit for each 50-minutes of participation if they are in the subject areas in § 11.63 (relating to continuing education subject areas) and, beginning May 1, 2001, they are offered by approved program sponsors under § 11.69a (relating to approval of program sponsors):

- (1) *Continuing education programs of National or State accounting organizations.*
- (2) *University or college courses.*
  - (i) *Credit courses.* Applicants will receive 15 credit hours of continuing education credit for each semester credit hour earned and 10 credit hours for each quarter credit hour earned.
  - (ii) *Noncredit courses.* Applicants will be given 1 credit hour of continuing education credit for each 50 minutes of in-class participation.
- (3) *In-house educational programs.*
- (4) *Individual study programs.*
  - (i) Noninteractive individual study programs shall be given credit based upon 1/2 the average completion time calculated by the sponsor. The Board will make a final determination based upon the recommendation of the program sponsor.
  - (ii) Interactive individual study programs will be given 1 credit hour of continuing education credit for each 50 minutes of participation.
  - (iii) Credit for individual study programs will only be given in the renewal period in which the certificate of completion is dated.
  - (iv) Maximum continuing education credit per biennium will be 50% of the biennial requirement.
- (5) *Programs offered by other qualified organizations.* The number of credits will be based upon the nature of the program being offered and which of the categories in paragraphs (1)—(4) it most closely fits.
- (6) *Committee meetings.* Credit will be given if the meeting is structured as a continuing education program.

(7) *Service as a lecturer, discussion leader, speaker or professor.* Continuing education credit will be awarded for each 50-minute period if the discussion is one which meets the continuing subject area requirements of § 11.63.

(i) Two additional credit hours will be awarded as preparation time for each credit hour of instruction.

(ii) Credit will not be awarded for subsequent sessions unless in a subsequent session the subject matter has substantially changed.

(iii) The maximum continuing education credit will be 50% of the biennial requirement.

(iv) A professor will be awarded credit for teaching undergraduate courses in auditing, intermediate accounting, cost accounting, income taxation and advanced accounting, and all graduate courses to the extent that the course contributes to the student's professional competence and the professor has not previously claimed credit for the courses or unless the professor can demonstrate that there was a substantial change in the subject matter. Entry level accounting courses are excluded from eligibility for continuing professional education credit.

(8) *Publications, articles, books and continuing professional education courses.* Credit may be claimed by the author of the work if the work contributes to the professional competence of a licensee.

(i) Credit will be given for each 50-minute period of preparation time on a self-declaration basis up to 25% of the biennial requirement. A copy of the publication shall be submitted to the Board with the biennial renewal application.

(ii) In exceptional circumstances, an applicant may request additional credit by submitting a copy of the publication to the Board with an explanation of the circumstances which the applicant believes justifies an award of greater credit. Credit hours awarded will be determined by the Board on a case-by-case basis based upon the complexity of subject matter.

(iii) The maximum credit for publications may not exceed 50% of the continuing education requirement for any biennium.

#### **Authority**

The provisions of this § 11.64 amended under sections 3(10), 6 and 8.2 of the CPA Law (63 P. S. §§ 9.3(10), 9.6 and 9.8b).

#### **Source**

The provisions of this § 11.64 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial pages (206123) to (206125).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.62 (relating to credit-hour requirements); and 49 Pa. Code § 11.69a (relating to approval of program).

**§ 11.65. Criteria for continuing education programs.**

To qualify as a continuing education program, a program shall:

- (1) Be a program of learning which contributes directly to the maintenance of professional competence of a certified public accountant or public accountant.
- (2) Be at least 1 credit hour in length.
- (3) Be conducted by a qualified instructor or discussion leader.
- (4) Offer subject matter enumerated in § 11.63 (relating to continuing education subject matter).

**Authority**

The provisions of this § 11.65 amended under sections 3(10) and 6 of the CPA Law (63 P. S. §§ 9.3(10) and 9.6).

**Source**

The provisions of this § 11.65 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial page (206125).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 11.72 (relating to sponsor's failure to comply with continuing education requirements).

**§ 11.66. [Reserved].****Source**

The provisions of this § 11.66 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; reserved December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial page (154092).

**§ 11.67. Reporting of continuing education credit hours.**

(a) An applicant for a license or license renewal shall provide the following information on Board-provided forms:

- (1) The dates attended.
- (2) The credit hours claimed.
- (3) The title of the course.
- (4) The program sponsor.
- (5) A statement certifying that continuing education requirements have been met.

(b) Falsification of information required under subsection (a) may result in disciplinary action.

**Authority**

The provisions of this § 11.67 amended under section 8.2 of the C.P.A. Law (63 P. S. § 9.8b).

**Source**

The provisions of this § 11.67 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial pages (154092) to (154093).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope).

**§ 11.68. Retention of continuing education records.**

(a) Responsibility for documenting the continuing education requirements rests with the applicant, and evidence to support fulfillment of those requirements shall be maintained for 5 years after the completion of educational courses. Documentation consists of:

- (1) Certificate of completion from the program sponsor.
- (2) Course material and attendance verification if no certificate of completion is available.
- (3) A certified transcript of courses taken for credit in an accredited university or college. For noncredit courses taken, a statement of hours of attendance, signed by the instructor.
- (4) Evidence of publication for published articles, books or continuing professional education programs.
- (5) Evidence obtained from the sponsor or university or college of having been an instructor or discussion leader at a program or course.

(b) If there is a dispute concerning whether credit should be granted for a continuing education program, or upon audit, the applicant shall provide a copy of the documentation required in subsection (a). The dispute will be resolved against the applicant if the applicant fails to produce evidence sufficient to document the claim and may result in disciplinary or corrective action being taken by the Board.

**Authority**

The provisions of this § 11.68 amended under section 8.2 of the C.P.A. Law (63 P. S. § 9.8b).

**Source**

The provisions of this § 11.68 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial pages (154093) to (154094).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 43b.10a (relating to schedule of civil penalties—accountants).

**§ 11.69. Continuing education requirements: reciprocity or reentry.**

(a) An individual who holds a valid certificate of certified public accountant issued by another state or a comparable certificate of degree issued by a foreign country and who receives a certificate to practice in this Commonwealth under the appropriate provision of the act will be required to comply with the continuing education requirements applicable to other applicants.

(b) Persons who wish to return to active practice in this Commonwealth by obtaining a current license shall meet the same continuing education requirements applicable to other applicants for the biennial period in which they wish to enter.

**Authority**

The provisions of this § 11.69 amended under section 8.2 of the C.P.A. Law (63 P. S. § 9.8b).

**Source**

The provisions of this § 11.69 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559. Immediately preceding text appears at serial page (154094).

**Cross References**

This section cited in 49 Pa. Code § 11.61 (relating to scope).

**§ 11.69a. Approval of program sponsor.**

(a) *Approval requirement.* Except as provided in subsection (b), any individual or entity desiring to offer a program for continuing education credit under this chapter shall apply to the Board for approval as a program sponsor. The approval of a previously approved program sponsor will expire April 30, 2001, unless the program sponsor submits a qualifying application under subsection (c) that is postmarked by April 30, 2001. The Board will not deny course credit to any licensee who completes a program from a program sponsor that submitted a qualifying application by April 30, 2001, and is awaiting approval of its application.

(b) *Exemption from approval.* An individual or entity that is a member in good standing of the National Association of State Boards of Accountancy's National Registry of Continuing Professional Education Sponsors is deemed an approved program sponsor and is not required to submit an application for approval to the Board.

(c) *Contents of application for approval.* An application for approval shall contain the following information, except that an application from a previously approved program sponsor that is postmarked by April 30, 2001, need only contain the information in paragraphs (1)—(3):

- (1) The name and address of the sponsor.
- (2) The title and source of continuing education credit as specified in § 11.64 (relating to sources of continuing education credit).
- (3) A list of existing or planned program offerings, if known.

- (4) The total number of credit hours requested for each program.
- (5) The attendance certification method.
- (6) The program objectives.
- (7) The admission requirements.
- (8) The program outlines.
- (9) The instruction and evaluation methods.

(d) *Sworn statements.* Statements made in an application shall be sworn to be true and correct to the best of the applicant's knowledge.

(e) *Board review of application for approval.* Except for an application from a previously approved program sponsor that is postmarked by April 30, 2001, an application will be reviewed by the Board's Continuing Education Committee, which will make recommendations to the Board for approval or disapproval. If an application is disapproved, the Board will provide the applicant with written notification of its reasons for disapproval. An applicant may submit a revised application to address the Board's concerns. No Board member will review or vote upon an application in which he has a vested interest.

(f) *Approval number.* Upon approval by the Board, an applicant will be assigned a program sponsor number.

(g) *Biennial renewal of approval.* An approved program sponsor shall renew its approval by January 1 of each even-numbered year, beginning with January 1, 2004. A renewal application shall list the program sponsor's planned program offerings for the upcoming renewal period.

#### Authority

The provisions of this § 11.69a issued under sections 3(10) and 6 of the CPA Law (63 P.S. §§ 9.3(10) and 9.6).

#### Source

The provisions of this § 11.69a adopted January 12, 2001, effective January 13, 2001, 31 Pa.B. 151.

#### Cross References

This section cited in 49 Pa. Code § 11.64 (relating to sources of continuing education credit); 49 Pa. Code § 11.71 (relating to responsibilities of program sponsor); and 49 Pa. Code § 11.72 (relating to withdrawal of approval of program sponsor).

### § 11.70. [Reserved].

#### Source

The provisions of this § 11.70 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; reserved January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial pages (206127) to (206129).

**§ 11.71. Responsibilities of program sponsor.**

In addition to meeting the requirements in § 11.69a (relating to approval of program sponsor), a program sponsor shall comply with the following:

(1) *Program level of difficulty.* A program sponsor shall specify the level of knowledge to be imparted under the program. The levels of knowledge may be expressed in a variety of ways, all of which should be informative to potential participants. For example, a program may be described as having the objective of imparting technical knowledge at levels such as basic, intermediate, advanced or overview, which might be defined as follows:

(i) A basic level program teaches fundamental principles or skills to participants having no prior exposure to the subject area.

(ii) An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications.

(iii) An advanced level program teaches participants to deal with complex situations.

(iv) An overview program enables participants to develop perspective as to how a subject area relates to the broader aspects of accounting or brings participants up-to-date on new developments in the subject area.

(2) *Recommendation of education and experience prerequisites.* A program sponsor shall clearly identify what prerequisites are suggested for enrollment. If no prerequisite is necessary, a statement to that effect should be made. Prerequisites should be specified in precise language so potential participants can readily ascertain whether the program would be beneficial to them or whether the program is above or below their level of knowledge or skill.

(3) *Development of the program.* A program sponsor shall ensure that programs are developed by individuals qualified in the subject matter and in instructional design. This subsection is not intended to require that any individual program sponsor be both technically competent and competent in instructional design. Its purpose is to ensure that both types of competency are represented in the program's development, whether one or more persons are involved in that development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

(4) *Program review.* A program sponsor shall review the course materials annually to ensure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets should be issued when appropriate, and obsolete material should be deleted. Between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor is responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program will not be considered current unless the ramifica-

tions of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

(5) *Disclosure of prospective participants.* A program sponsor shall disclose in advance to prospective participants the objectives, prerequisites, experience level, content, required advanced preparation, teaching method and number of continuing education credits involved in the program.

(6) *Selection and review of instructors.* A program sponsor shall select and assign qualified instructors for the continuing education program. A program sponsor should evaluate the performance of the instructors at the conclusion of each program to determine their suitability for continuing to serve as instructors in the future.

(7) *Number of participants and adequacy of physical facilities.* A program sponsor shall ensure that the number of participants and the physical facilities are consistent with the teaching methods to be utilized. Because the learning environment is affected by the number of participants and by the quality of the physical facilities, a program sponsor has an obligation to pay serious attention to both of these factors. The maximum number of participants for a case-oriented discussion program, for example, should be considerably less than for a lecture program. The seating arrangement is also very important. For discussion presentation, learning is enhanced as seating is arranged so that participants can easily see and converse with each other. If small group sessions are an integral part of the program format, appropriate facilities should be made available to encourage communication with a small group.

(8) *Program evaluation.* A program sponsor shall provide a program evaluation in accordance with the following:

(i) Evaluations shall be solicited from both the participants and instructors. The objective of evaluations is to encourage the program sponsor to strive for increased program effectiveness. Programs should be evaluated to determine whether:

- (A) Objectives have been met.
- (B) Prerequisites were necessary or desirable.
- (C) Facilities were satisfactory.
- (D) Instructors were effective.
- (E) Advanced preparation materials were satisfactory.
- (F) The program content was timely and effective.

(ii) Evaluations may take the form of pretests for advanced preparation, posttests for effectiveness of the program, questionnaires completed at the end of the program or later, oral feedback to the instructor or sponsor, and so forth. Instructors should be informed of their performance, and the program sponsor should systematically review the evaluation process to ensure its effectiveness.

(9) *Attendance records.* A program sponsor shall maintain and retain accurate records of attendance for a 5-year period.

(10) *Course materials.* A program sponsor shall retain a written outline of course materials for a 5-year period.

(11) *Certificate of completion.* A program sponsor shall provide participants with a certificate of completion evidencing satisfactory completion and attendance of the program.

(12) *Promotional materials.* A program sponsor shall identify the subject area—see § 11.63 (relating to continuing education subject areas)—of the program in the promotional materials.

#### Authority

The provisions of this § 11.71 amended under sections 3(10), 6 and 8.2 of the CPA Law (63 P. S. §§ 9.3(10), 9.6 and 9.8b).

#### Source

The provisions of this § 11.71 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended December 30, 1994, effective December 31, 1994, 24 Pa.B. 6559; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial pages (206129) to (206130).

#### Cross References

This section cited in 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 11.72 (relating to sponsor's failure to comply with continuing education requirements).

### § 11.71a. Offsite review of program sponsor.

A program sponsor shall be subject to an offsite review of its continuing education programs to ensure compliance with this chapter. The review will involve an in-depth audit of all course materials, documents and records maintained by the program sponsor under this chapter, including:

- (1) The information in § 11.69a(c) (relating to approval of program sponsor).
- (2) The dates and locations of programs.
- (3) The program schedules (that is, title of subject, instructor, time allotted, excluding breaks and lunches).
- (4) The names, titles and degrees of instructors.

#### Authority

The provisions of this § 11.71a amended under sections 3(10) and 6 of the CPA Law (63 P. S. §§ 9.3(10) and 9.6).

#### Source

The provisions of this § 11.71a adopted January 12, 2001, effective January 13, 2001, 31 Pa.B. 151.

#### Cross References

This section cited in 49 Pa. Code § 11.72 (relating to withdrawal of approval of program sponsor).

**§ 11.72. Withdrawal of approval of program sponsor.**

(a) The Board, following notice and hearing under 2 Pa.C.S. §§ 501—508 (relating to practice and procedure of Commonwealth agencies), may withdraw the approval of a program sponsor that the Board finds guilty of:

(1) Having acquired the Board's approval by misrepresentation.

(2) Failing to comply with §§ 11.65, 11.69a or 11.71 (relating to criteria for continuing education programs; approval of program sponsor and responsibilities of program sponsor).

(3) Refusing to provide information requested by the Board pursuant to an offsite review under § 11.71a (relating to offsite review of program sponsor).

(4) Indicating in any manner that it has been approved as a program sponsor prior to a program sponsor number having been issued to it.

(b) The Board's withdrawal of a program sponsor's approval will not affect the credit hours earned by persons who completed programs of the sponsor prior to the withdrawal of its approval.

**Authority**

The provisions of this § 11.72 amended under sections 3(10) and 6 of the CPA Law (63 P. S. §§ 9.3(10) and 9.6).

**Source**

The provisions of this § 11.72 adopted September 21, 1979, effective September 22, 1979, 9 Pa.B. 3238; amended January 12, 2001, effective January 13, 2001, 31 Pa.B. 151. Immediately preceding text appears at serial page (206130).

**INTERPRETATION****§ 11.73. Interpretation of chapter.**

This chapter may not be construed in a manner that would be in violation of or inconsistent with the act.

**Authority**

The provisions of this § 11.73 amended under section 3(a)(11) and (12) of The CPA Law (63 P. S. § 9.3(a)(11) and (12)).

**Source**

The provisions of this § 11.73 amended July 27, 2007, effective July 28, 2007, 37 Pa.B. 4055. Immediately preceding text appears at serial page (272602).

**PEER REVIEW****§ 11.81. Definitions.**

The following words and terms, when used in this section and §§ 11.82—11.86 (relating to peer review), have the following meanings, unless the content clearly indicates otherwise:

*Administering organization*—An entity that meets the standards specified by the Board for administering a peer review program.

*Audit engagement*—An audit as defined in the AICPA's Statement on Auditing Standards.

*Firm*—A licensee who is a sole practitioner or a licensee that is a qualified association as defined in section 2 of the act (63 P. S. § 9.2).

*Offsite peer review*—An engagement review as defined in the AICPA's Standards for Performing and Reporting on Peer Reviews, including interpretations thereof, excepting a study of the associated working papers.

*Onsite peer review*—A system review as defined in the AICPA's Standards for Performing and Reporting on Peer Review, including interpretations thereof.

*Peer reviewer*—An individual who conducts an onsite or offsite peer review. The term includes an individual who serves as captain of an onsite peer review team.

*Review engagement*—A review as defined in the AICPA's Statement of Standards on Accounting and Review Services.

*Sole practitioner*—A licensed certified public accountant or licensed public accountant who practices public accounting on his own behalf.

#### Authority

The provisions of this § 11.81 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

#### Source

The provisions of this § 11.81 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

### **§ 11.82. Effective dates for peer review compliance; proof of compliance or exemption.**

(a) Unless subject to an exemption under section 8.9(g) of the act (63 P. S. § 9.8i(g)), a firm that performs an audit engagement after May 1, 1998, shall complete an onsite peer review before the license biennium that begins May 1, 2002.

(b) Unless subject to an exemption under section 8.9(g) of the act, a firm that performs a review engagement, but not an audit engagement, after May 1, 1998, shall complete an offsite peer review before the license biennium that begins May 1, 2006.

(c) A nonexempt firm that performs an audit or review engagement shall submit with its application for initial licensure or license renewal a letter from the peer review administering organization that evidences the firm's completion of a peer review.

(d) A firm that performs an audit or review engagement is entitled to an exemption from peer review if any of the three conditions in section 8.9(g) of the

act apply. A firm claiming an exemption shall submit with its application for initial licensure or license renewal information that substantiates its entitlement to an exemption as follows:

(1) *Exemption under section 8.9(g)(1) of the act.* Both of the following:

(i) A letter from an out-of-State peer review administering organization evidencing the firm's completion of a peer review, within 3 years prior to the date of the application, that meets the requirements of the act and this chapter.

(ii) A statement that the firm's internal inspection or monitoring procedures require that the firm's personnel from an out-of-State office to perform an inspection of the firm's Pennsylvania offices at least once every 3 years.

(2) *Exemption under section 8.9(g)(2) of the act.* A notarized statement from the firm that the following conditions have been met:

(i) The firm has not accepted or performed any audit or review engagement during the preceding 2 years.

(ii) The firm does not intend to accept or perform any audit or review engagement during the next 2 years.

(iii) The firm agrees to notify the Board within 30 days of accepting an audit or review engagement and to undergo a peer review within 18 months of commencing the engagement.

(3) *Exemption under section 8.9(g)(3) of the act.* One or more of the following:

(i) A physician's statement that a specified medical condition prevents the firm from completing a timely peer review.

(ii) A statement from the appropriate military authority that military service prevents the firm from completing a timely peer review.

(iii) A notarized statement from the firm setting forth unforeseen exigent circumstances that prevent the firm from completing a timely peer review.

#### Authority

The provisions of this § 11.82 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

#### Source

The provisions of this § 11.82 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

#### Cross References

This section cited in 49 Pa. Code § 11.81 (relating to definitions).

### **§ 11.83. Administering organizations for peer review; firm membership not required.**

(a) The following organizations are deemed qualified to administer peer review programs and do not require prior approval from the Board:

- (1) The Securities and Exchange Commission Practice Section and the Private Companies Practice Section of the AICPA.
- (2) Any organization of licensed certified public accountants or licensed public accountants that participates in the AICPA Peer Review Program.
- (b) An organization of licensed certified public accountants or licensed public accountants that does not qualify as an administering organization under subsection (a) may apply to the Board for approval to serve as an administering organization. In determining whether to grant approval, the Board will consider the following factors:
  - (1) Whether the organization has adequate financial and other resources to administer a peer review program.
  - (2) Whether the organization has the technical competence to administer a peer review program.
  - (3) Whether the organization has a peer review oversight committee that meets the following conditions:
    - (i) Whose members are subject to and have successfully completed peer reviews.
    - (ii) That is capable of retaining qualified peer reviewers, scheduling peer reviews, reviewing the results of peer reviews and recommending appropriate remedial action for firms that do not receive unqualified peer review reports.
- (c) An administering organization may not require a firm to become a member of the administering organization as a precondition for the administering organization to conduct a peer review of the firm.

**Authority**

The provisions of this § 11.83 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

**Source**

The provisions of this § 11.83 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

**Cross References**

This section cited in 49 Pa. Code § 11.81 (relating to definitions).

**§ 11.84. Peer review standards.**

A peer review shall be conducted in accordance with the AICPA's "Standards for Performing and Reporting on Peer Reviews" including interpretations thereof.

**Authority**

The provisions of this § 11.84 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

**Source**

The provisions of this § 11.84 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

**Cross References**

This section cited in 49 Pa. Code § 11.81 (relating to definitions).

**§ 11.85. Qualifications of peer reviewers.**

(a) A peer reviewer shall be a licensed certified public accountant or licensed public accountant, whether a sole practitioner or part of a group practice. Who is enrolled in a peer review program and who possesses the qualifications set forth in the AICPA's "Standards for Performing and Reporting on Peer Reviews" including interpretations thereof.

(b) The administering organization shall ensure that its peer reviewers are qualified under subsection (a).

(c) A peer reviewer shall be independent from, and have no conflict of interest with, the firm being reviewed.

**Authority**

The provisions of this § 11.85 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

**Source**

The provisions of this § 11.85 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

**Cross References**

This section cited in 49 Pa. Code § 11.81 (relating to definitions).

**§ 11.86. Confidentiality of peer review reports.**

(a) Peer review reports and related information shall remain confidential except as provided in section 8.9(e) and (h)(3) of the act (63 P. S. § 9.8i(e) and (h)(3)) and subsection (b).

(b) The Board has the right to inquire of an administering organization whether a peer review report has been accepted.

**Authority**

The provisions of this § 11.86 issued under section 8.9(c) of the CPA Law (63 P. S. § 9.8i(c)).

**Source**

The provisions of this § 11.86 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194.

**Cross References**

This section cited in 49 Pa. Code § 11.81 (relating to definitions).

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