

# PROPOSED RULEMAKING

## BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

[ 49 PA. CODE CH. 43b ]

### Schedule of Civil Penalties—Accountants

The Acting Commissioner of Professional and Occupational Affairs (Commissioner) proposes to amend § 43b.10a (relating to schedule of civil penalties—accountants) to read as set forth in Annex A.

#### *Effective Date*

This proposed rulemaking will be effective upon final-form publication in the *Pennsylvania Bulletin*.

#### *Statutory Authority*

Section 5(a) of the act of July 2, 1993 (P. L. 345, No. 48) (Act 48) (63 P. S. § 2205(a)) authorizes the Commissioner, after consultation with licensing boards in the Bureau of Professional and Occupational Affairs (Bureau), to promulgate a schedule of civil penalties for violations of the acts or regulations of the licensing boards.

#### *Background and Need for the Proposed Rulemaking*

Act 48 authorizes agents of the Bureau to issue citations and impose civil penalties under schedules adopted by the Commissioner in consultation with the Bureau's boards and commissions. Act 48 citations streamline the disciplinary process by eliminating the need for formal orders to show cause, answers, adjudications and orders, and consent agreements. An individual who receives an Act 48 citation retains his due process right to a hearing prior to the imposition of judgment. The use of Act 48 citations has increased steadily since 1996, when the program was first implemented, and they have become an important part of the Bureau's enforcement efforts. Section 5(b)(4) of Act 48 authorizes the State Board of Accountancy (Board), as a licensing board within the Bureau, to levy a civil penalty of not more than \$10,000 on any licensee or unlicensed person who violates a provision of the CPA Law (act) (63 P. S. §§ 9.1—9.16b) or regulations of the Board. However, section 5(a) of Act 48 limits the civil penalty levied by citation to no more than \$1,000 per violation.

Under authority of Act 48, the Commissioner published a schedule of civil penalties in § 43b.10 for certain violations of the act and the regulations of the Board at 28 Pa.B. 5883 (November 28, 1998). The final-form rulemaking published at 31 Pa.B. 1227 (March 3, 2001) rescinded § 43b.10 and adopted § 43b.10a. The schedule of civil penalties in § 43b.10a was amended at 42 Pa.B. 7275 (December 1, 2012). The Board is separately publishing a proposed rulemaking (16A-5513) to amend certain of its substantive regulations regarding continuing education violations for which civil penalties are included in the schedule. See the proposed rulemaking published at 45 Pa.B. 2878 (June 13, 2015). The Commissioner has determined, based upon the Board's proposed rulemaking,

that the Act 48 schedule of civil penalties for violations of the regulations require corresponding amendments.

#### *Description of the Proposed Rulemaking*

Current § 11.63(a)(1) (relating to CPE subject areas; relevance to professional competence) requires each licensee to complete at least 16 hours of acceptable continuing professional education (CPE) in accounting and attest subjects during each 2-year reporting period. The current Act 48 schedule provides that a first offense violation of failing to complete this required CPE will expose a licensee to citation with a civil penalty of \$300 for a deficiency of 1 to 4 hours, \$400 for a deficiency of 4 to 8 hours, \$500 for a deficiency of 9 to 12 hours and \$600 for a deficiency of 13 to 16 hours. The Board is proposing to amend § 11.63(a)(1) to increase the required amount of CPE for those who are required to complete CPE in this area to 24 hours. Accordingly, the Commissioner proposes to amend the schedule to provide a civil penalty of \$50 per hour deficient, not to exceed \$1,000. A second or subsequent offense will continue to result in formal action.

Current § 11.63(a)(6) requires each licensee to complete at least 8 hours of acceptable CPE in tax subjects during each reporting period. The current schedule also includes a civil penalty for a first offense violation of this provision. However, the Board is proposing to delete this required minimum to be completed in tax subjects. Accordingly, the Commissioner proposes to delete this item from the schedule.

#### *Fiscal Impact and Paperwork Requirements*

The proposed rulemaking would not have a fiscal impact on, or create additional paperwork for, the regulated community, the general public, the Commonwealth or political subdivisions.

#### *Sunset Date*

The Commissioner and the Board continuously monitor the effectiveness of the regulations. Therefore, a sunset date has not been assigned.

#### *Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on May 29, 2015, the Commissioner submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Professional Licensure Committee and the Senate Consumer Protection and Professional Licensure Committee. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Commissioner, the General Assembly and the Governor of comments, recommendations or objections raised.

*Public Comment*

Interested persons are invited to submit written comments, recommendations or objections regarding this proposed rulemaking to the Regulatory Unit Counsel, Department of State, P. O. Box 69523, Harrisburg, PA 17106-9523, RA-STRegulatoryCounsel@pa.gov within 30 days following publication of this proposed rulemaking in

the *Pennsylvania Bulletin*. Reference No. 16A-5514 (schedule of civil penalties—accountants), when submitting comments.

IAN J. HARLOW,  
*Acting Commissioner*

**Fiscal Note:** 16A-5514. No fiscal impact; (8) recommends adoption.

**Annex A**

**TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS**

**PART I. DEPARTMENT OF STATE**

**Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS**

**CHAPTER 43b. COMMISSIONER OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS**

**SCHEDULE OF CIVIL PENALTIES, GUIDELINES FOR IMPOSITION OF CIVIL PENALTIES AND PROCEDURES FOR APPEAL**

**§ 43b.10a. Schedule of civil penalties—accountants.**

**STATE BOARD OF ACCOUNTANCY**

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*Violation under  
49 Pa. Code Chapter 11*

Section 11.62(b)	Failure to complete 20 hours of acceptable continuing professional education during each year of reporting period	1st offense—\$300 2nd or subsequent offense—formal action
Section 11.63(a)(1)	Failure to complete [ 16 ] 24 hours of acceptable continuing professional education in accounting and attest subjects during reporting period, if required	1st offense—[ 1-4 hour deficiency—\$300; 4-8 hour deficiency—\$400; 9-12 hour deficiency—\$500; 13-16 hour deficiency—\$600 <sup>2</sup> ] \$50 per hour deficient, not to exceed \$1,000 <sup>2</sup>  2nd or subsequent offense—formal action
[ Section 11.63(a)(6)	<b>Failure to complete 8 hours of acceptable continuing professional education in tax subjects during reporting period</b>	<b>1st offense—\$300<sup>2</sup> 2nd or subsequent offense—formal action ]</b>
Section 11.63(a)(7)	Failure to complete 4 hours of acceptable continuing professional education in professional ethics during reporting period	1st offense—\$300 <sup>2</sup> 2nd or subsequent offense—formal action
Section 11.67(b)	Failure to timely submit documentation of continuing professional education during Board audit (assumes no other continuing education violation)	1st offense—\$500 2nd or subsequent offense—formal action

<sup>1</sup> The first offense provision does not apply to a situation involving multiple occurrences or a pattern or practice of misconduct.

<sup>2</sup> When there are violations of both 63 P. S. § 9.8b(b) and 49 Pa. Code § 11.63(a)(1)[ , (6) ] or (7) (relating to CPE subject areas; relevance to professional competence), a combined civil penalty will not be assessed for both sets of violations. The highest civil penalty will be assessed whether for the violation of 63 P. S. § 9.8b(b) or 49 Pa. Code § 11.63(a)(1)[ , (6) ] or (7).

# PHILADELPHIA PARKING AUTHORITY

[ 52 PA. CODE CH. 1017 ]

## Modern Taxicab Standards

The Philadelphia Parking Authority (Authority), on February 24, 2015, adopted a proposed rulemaking order regarding taxicab vehicle standards.

*Proposed Rulemaking Order; Philadelphia Taxicab and Taxicab Vehicle Standards; Doc. No. 126-11*

### Proposed Rulemaking Order

*By the Authority:*

The Authority is the sole regulator<sup>1</sup> of all taxicab and limousine service in Philadelphia.<sup>2</sup> The purpose of the proposed rulemaking is to improve the quality and capability of taxicabs in Philadelphia. The proposed rulemaking will require all vehicles proposed for medallion taxicab service after a designated date, to be wheelchair accessible and otherwise comply with the Authority's wheelchair accessible regulations, including those related to vehicle age and mileage requirements. Similar requirements will apply to partial-rights taxicabs. The Authority seeks comments from all interested parties on the proposed regulation, which are found at Annex A to this Order.

#### A. Background and discussion.

The Authority continues to experience an unwillingness on the part of taxicab owners in Philadelphia to, voluntarily, upgrade and improve the quality of taxicabs.<sup>3</sup> The riding public continues to endure service in the oldest and most worn vehicles that a taxicab owner can legally get on the road. While the condition of taxicabs has improved significantly since the Authority's regulatory functions began and a minimum of 2 annual "wheels off" inspections began in 2005, the condition of these vehicles remains unacceptable. This situation persists despite the Authority's repeated references to the purpose of the medallion program, which was to improve the level of service provided to the public.

Some certificated limousine carriers have modified their business models in an attempt to service some of the passengers in search of a better, but still affordable means of quick transportation in Philadelphia. Illegal service providers have also been drawn to the obvious dearth in affordable quality common carrier transportation in Philadelphia. Some of these illegal services employ the use of voiceless electronic communication to summon and seamlessly pay for that transportation. Not surprisingly, the public has responded favorably to cleaner and better vehicles, more friendly drivers and the hassle-free use of credit cards.

An obvious lesson is to be learned here. Taxicab owners must make significant investments in the equipment and people they use to provide taxicab service. Taxicab drivers need to understand that if they do not provide friendly, courteous and clean service to the public, the public will continue to look elsewhere.

Based on past performance, or lack thereof, the Authority has no expectation that the taxicab industry will

<sup>1</sup> The act of July 16, 2004 (P. L. 758, No. 94), 53 Pa.C.S. §§ 5701 et seq., as amended (the "act")

<sup>2</sup> The Authority may promulgate taxicab and limousine regulations. 53 Pa.C.S. §§ 5722 and 5742.

<sup>3</sup> See 53 Pa.C.S. § 5712(a).

voluntarily work to save itself. As the regulator of taxicabs in Philadelphia and with the knowledge that high quality, clean, safe, insured, and monitored taxicab service in clearly marked vehicles remains an important part of the City's economy, we are duty bound to cause change, unilaterally. The Authority will act on its own when possible, seek active participation of the riding public and the regulated industries at all times and may seek additional authorization from the Legislature to bring about the level of taxicab service demanded by today's customers.

The proposed regulation will require a marked increase in the quality and capability of taxicabs in Philadelphia. Beginning 30 days after the effective date of the final-form regulation, all vehicles brought into service as taxicabs in Philadelphia for the first time will be required to be late models with less than 500 miles on the odometer. Additionally, all medallion taxicabs and 25 percent of each carrier's fleet of partial-rights taxicabs will be required to be wheelchair accessible. We understand that this is a significant increase to the quality of taxicab service and the cost to place a taxicab into service. However, we note that the improvements will likely be imposed over a series of years as taxicabs that are legally permitted to be in service the day before the effective date of this section may not need to be removed from service for up to 8 years. Finally, without rapid, significant and obvious improvement, the long term viability of taxicab service is in jeopardy.

#### B. The regulation.

We propose amending the below referenced section to provide heightened taxicab service standards in terms of both the quality and capabilities of the vehicles used to provide that service:

##### § 1017.4. Age and mileage limitations.

The proposed regulation will amend subsection (a) and (b) in order to incorporate the changes to age and mileage parameters provided for in the new subsection (d). Subsection (c) is amended to place a cap on the potential number of "antique" vehicles used as taxicabs. We understand that some people may enjoy the nostalgic use of an older taxicab, but the problems that Philadelphia has experienced with old taxicabs, merits some limitation on this potential use. It also does not go without notice that while the Authority has regulated taxicabs in Philadelphia for more than a decade, not a single request for this exemption has been made.

The new subsection (d) is added to require, 30 days after publication of the final-form regulation, all vehicles brought into service as taxicabs in Philadelphia for the first time to be late models with less than 500 miles, incorporating the requirements of Section 1017.8(c) (relating to wheelchair accessible vehicle taxicab specifications). Additionally, all medallion taxicabs and 25 percent of each carrier's fleet of partial-rights taxicabs will be required to be wheelchair accessible as provided in Section 1017.8. It is important to understand that this requirement will not result in the immediate transition to a fleet of new taxicabs in Philadelphia that will largely be wheelchair accessible on the effective date. Taxicab owners replace aging or damaged vehicles on a regular basis. This regulation will require the owners to replace those retiring vehicles with vehicles that comply with these new standards. For example, if a taxicab is placed into service on the day before the effective date, it will not have to comply with these standards until it is replaced, which

could be as many as 8 years in the future. The current regulatory and statutory cap on the age of a taxicab is 8 years.<sup>4</sup>

#### *Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on May 28, 2015, the Authority submitted a copy of this proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Urban Affairs Committee and the Senate Consumer Protection and Professional Licensure Committee. In addition to submitting the proposed rulemaking, the Commission provided IRRC and will provide the Committees with a copy of a detailed Regulatory Analysis Form. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Authority, the General Assembly and the Governor of comments, recommendations or objections raised.

#### *Conclusion*

The Authority, therefore, formally commences its rulemaking process to promulgate this regulation to become part of 52 Pa. Code Part II in a manner consistent with Annex A to this Order. The Authority seeks comments from all interested parties on this proposed body of regulations, which are found at Annex A to this Order. The Authority hereby advises that all comments submitted in response to this Order will be posted, without redaction of name, address, or other personal information or comment provided, on the website of the Independent Regulatory Review Commission, which may be reached at (717) 783-5417.

Accordingly, under sections 13 and 17 of the Act (53 Pa.C.S. §§ 5722 and 5742); section 5505(d)(17), (23) and (24) of the Parking Authorities Act (act of June 19, 2001) (P. L. 287, No. 22) (53 Pa.C.S. § 5505(d)(17), (23) and (24)); sections 201 and 202 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201 and 1202), and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2 and 7.5; section 204(b) of the Commonwealth Attorneys Act (71 P. S. § 732.204(b)); section 745.5 of the Regulatory Review Act (71 P. S. § 745.5); and section 612 of The Administrative Code of 1929 (71 P. S. § 232), and the regulations promulgated at 4 Pa. Code §§ 7.231—7.234 the Authority proposes adoption of the regulations set forth in Annex A;

*Therefore,*

*It Is Ordered That:*

1. A proposed rulemaking be opened to consider the regulation set forth in Annex A.
2. The Executive Director shall submit this proposed rulemaking Order and Annex A to the Office of Attorney General for review as to form and legality.
3. The Executive Director shall submit this proposed rulemaking Order and Annex A for review and comments to the Independent Regulatory Review Commission and the Legislative Standing Committees.

4. The Executive Director shall do all such other things necessary to advance this regulation through the appropriate promulgations process in an expeditious manner.

5. The Secretary of the Board shall certify this proposed rulemaking Order and Annex A and that the Executive Director shall deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.

6. An original and 15 copies of any written comments referencing the docket number of the proposed regulation be submitted within 30 days of publication in the *Pennsylvania Bulletin* to the Philadelphia Parking Authority, Attn: General Counsel, 701 Market Street, Suite 5400, Philadelphia, PA 19106.

7. A copy of this proposed rulemaking Order and Annex A shall be served on the City of the First Class Taxicab and Limousine Advisory Committee and a copy shall be posted on the Authority's website at [www.philapark.org/tld](http://www.philapark.org/tld).

8. The contact person for this proposed rulemaking is James R. Ney, Director, Taxicab and Limousine Division, (215) 683-9417.

VINCENT J. FENERTY, Jr.,  
*Executive Director*

**Fiscal Note:** 126-11. No fiscal impact; (8) recommends adoption.

#### **Annex A**

#### **TITLE 52. PUBLIC UTILITIES**

#### **PART II. PHILADELPHIA PARKING AUTHORITY**

#### **Subpart B. TAXICABS**

#### **CHAPTER 1017. VEHICLE AND EQUIPMENT REQUIREMENTS**

#### **Subchapter A. GENERAL PROVISIONS**

#### **§ 1017.4. Age and mileage limitations.**

(a) *Retirement age and mileage.*

(1) Except as provided in [ **subsection (c)** ] **subsections (c) and (d)**, a taxicab will not be eligible for inspection as provided in § 1017.31 (relating to biannual inspections by Authority) upon reaching an age of 8 years old, as calculated under § 1017.3(a) (relating to age and mileage [ **computations** ] **computation**). For example, the last day on which a 2006 model year vehicle may be operated in taxicab service is the day before the taxicab's first scheduled biannual inspection after December 31, 2014.

(2) Except as provided in [ **subsection (c)** ] **subsections (c) and (d)**, a taxicab will not be eligible for inspection as provided in § 1017.31 upon reaching 250,000 cumulative miles on the vehicle's odometer.

(b) *Entry mileage.* Except as provided in [ **subsection (c)** ] **subsections (c) and (d)**, a vehicle will not be eligible for inspection as provided in § 1017.2 (relating to preservice inspection) if it has 135,000 or more cumulative miles on the vehicle's odometer.

(c) *Antique vehicles.* The Director may authorize the operation of antique vehicles as taxicabs upon review of a petition for waiver as provided in § 1005.23 (relating to petitions for issuance, amendment, repeal or waiver of Authority regulations). **The number of antique ve-**

<sup>4</sup> 53 Pa.C.S. § 5714(a)(4).

hicles in operation in a fiscal year may not exceed 2% of the vehicles comprising the taxicab utility group.

(d) *Modern taxicabs. Beginning \_\_\_\_\_, (Editor's Note: The blank refers to a date 30 days after the effective date of adoption of this proposed rulemaking) the following taxicab vehicle standards apply:*

(1) Every medallion taxicab must comply with § 1017.8 (relating to wheelchair accessible vehicle taxicab specifications) as a condition of eligibility for inspection as provided in § 1017.2.

(2) Every partial-rights taxicab must comply with the age and mileage requirements of § 1017.8(c) as a condition of eligibility for inspection as provided in § 1017.2.

(3) At least 25% of each partial rights certificate holder's taxicab fleet must comply with all of the wheelchair accessible vehicle requirements of § 1017.8 as a condition of eligibility for inspection as provided in § 1017.2.

[Pa.B. Doc. No. 15-1111. Filed for public inspection June 12, 2015, 9:00 a.m.]

## STATE BOARD OF ACCOUNTANCY

[ 49 PA. CODE CH. 11 ]

### Act 73 and Act 15 Amendments

The State Board of Accountancy (Board) proposes to amend §§ 11.1, 11.4, 11.5, 11.7, 11.8, 11.16, 11.55, 11.56, 11.63, 11.81 and 11.82 and to add §§ 11.23a and 11.57 (relating to competence to supervise attest services; and education requirements for CPA certification) to read as set forth in Annex A.

#### *Effective Date*

The proposed amendments would become effective upon final-form publication in the *Pennsylvania Bulletin*.

#### *Statutory Authority*

Section 3(a)(12) of the CPA Law (act) (63 P. S. § 9.3(a)(12)) authorizes the Board to promulgate and enforce regulations as necessary and proper to carry into effect the provisions of the act.

#### *Background and Need for the Proposed Rulemaking*

The act of July 9, 2008 (P. L. 954, No. 73) (Act 73) amended the act in a number of significant ways. Act 73 provided for practice in this Commonwealth under substantial equivalence by persons licensed in other states. Act 73 also provided new education and experience standards for licensure. In addition, Act 73 increased from \$1,000 to \$10,000 the maximum civil penalty that the Board could levy in a disciplinary action and authorized the Board to assess the costs of investigation and made other technical revisions to the language of the act. See the proposed rulemaking published at 45 Pa.B. 2874 (June 13, 2015). Because the Board's existing regulations prohibit unlicensed practice without mention of substantial equivalency and address what experience and education is acceptable, the Board concluded that it should amend its regulations to implement Act 73.

The act of June 19, 2013 (P. L. 46, No. 15) (Act 15) also amended the act. Previously, a candidate was required to have at least 1 year of experience that, among other things, included at least 400 hours of experience in attest activity in public accounting, as an internal auditor meeting certain standards, or as an auditor with a unit of the Federal, state or local government. Act 15 replaced this with a requirement that the candidate's year of experience include "providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, which were gained through employment in government, industry, academia or public practice." Additionally, a candidate had been required to have the experience "verified by an individual with a current license to practice public accounting as a certified public accountant or public accountant in this Commonwealth or another state." Act 15 amended this provision to require only that the experience be "verified by" a qualified individual. Because the Board's existing regulations address what experience is acceptable and set standards for the supervisor of that experience, the Board concluded that it should amend its regulations to implement Act 15.

#### *Description of the Proposed Rulemaking*

The Board proposes to amend § 11.1 (relating to definitions) to add definitions of "certificate," "certified public accountant," "commission," "compilation," "statements on auditing standards" and "substantial equivalency" and amend the definitions of "client" and "professional services" to match those amended or added to the act by Act 73.

Because Act 73 amended the act to permit practice without a Pennsylvania license and certificate under principles of substantial equivalency, the Board proposes to amend § 11.5 (relating to temporary practice in this Commonwealth; practice under substantial equivalency) to add subsection (e) to specifically recognize this practice. Because § 11.5(a) and (c) authorize temporary practice only upon meeting certain requirements and obtaining a temporary practice permit and require full licensure for temporary practice if not meeting the requirements for a temporary practice permit, respectively, the Board proposes to amend each of these provisions to provide reference to the exception of proposed § 11.5(e). Current § 11.7 (relating to use of the designation "public accountant" and the abbreviation "PA") authorizes holders of a license to practice public accounting to use those titles in subsection (a) and prohibits others from doing so in subsection (b). Current § 11.8 (relating to use of the designation "certified public accountant" and the abbreviation "CPA" in the practice of public accounting) authorizes holders of a license and certificate to practice public accounting to use those titles in subsection (a) and prohibits others from doing so in subsection (b). The Board proposes to amend §§ 11.7(a) and (b) and 11.8(a) and (b) to provide as an exception those practicing under substantial equivalency as provided in proposed § 11.5(e).

Section 11.55(a) (relating to experience requirements for CPA certification) currently provides the experience standards—depending upon the candidate's education—based upon former section 4.1 of the act (63 P. S. § 9.4a). However, Act 73 repealed section 4.1 of the act and added section 4.2 of the act (63 P. S. § 9.4b). Accordingly, the Board proposes to delete § 11.55(a)(1)–(5) and amend § 11.55(a) to recite the experience requirements of section 4.2(d) of the act, as later amended by Act 15 (1 year of experience completed within 60 months preceding application that included providing certain relevant services in

certain types of employment, among other standards). Additionally, the Board would construe the requirement of 1 year of experience to be based upon at least 1,600 hours of experience acquired over a period of at least 12 months. Section 11.55(b) currently sets forth standards for required experience in attest activity. However, because the Act 15 amendments removed a requirement that the candidate have experience in attest, the Board proposes to delete current § 11.55(b). Section 11.55(c) currently addresses nonattest activity that may satisfy the experience requirements. The Board proposes to: rename this subsection as “acceptable areas of qualified experience”; provide that, as recited in section 4.2(d)(3) of the act, the experience must be of a caliber satisfactory to the Board; and identify attest activity as the first acceptable area of experience. The Board would further amend subsection (c) to add business valuations, teaching experience and other areas of experience acceptable to the Board. Teaching experience would be limited to teaching accounting, auditing, taxation and tax related courses (but not business law, finance, computer applications, personnel management, economics or statistics) for credit at an accredited college or university, including at least two different courses above introductory level, and would equate 24 semester credits or equivalent over a period of between 12 and 36 months as 1 year of experience.

In enacting the new requirements of section 4.2 of the act, Act 73 also provided in section 4.2(e) of the act alternative provisions for persons who previously passed portions of the CPA examination. The Board proposes to add subsection (b) to provide these exceptions.

Section 11.55(d) addresses nonqualifying experience, and paragraphs (2) and (3) exclude experience acquired while self-employed or as a partner in a partnership, respectively. These were originally excluded due to concerns that a self-employed person or a partner could not truly be “supervised” by another. Because supervision is no longer required and the requirements of § 11.56 (relating to verification of experience) will assure sufficient responsibility for the work product and professional independence, the Board proposes to delete these disqualifications. That being said, the Board proposes to replace the exclusion for industrial engineering with marketing and move bookkeeping from paragraph (4) to renumbered paragraph (3) with paraprofessional work. Further, the Board proposes to amend § 11.55 to replace references to “supervision” of experience with “verification” of experience.

Previously, section 4.2(d)(4) of the act required that the experience be supervised by an individual with a current license to practice in this Commonwealth or another state, and § 11.56 embodies this requirement. However, Act 15 amended section 4.2(d)(4) of the act to require only that the experience was “verified” by this individual. Accordingly, the Board proposes to amend § 11.56. In addition to replacing “supervise” or “supervision,” the Board proposes to require that the individual making the verification hold a current license “during the entire period of verification.” To ensure that the individual making the verification is actually corroborating the experience and not just signing off on a form, the Board does not propose to amend the requirement of subsection (a)(2) that the individual making the verification either employs the candidate or is employed by the same employer as the candidate. The Board does propose to amend this paragraph to provide that another similar relationship—perhaps independent contractor—may be approved by the Board prior to the period of verification. The Board also proposes to amend the requirement of

paragraph (3) that the individual making the verification must be responsible (either directly or indirectly) for evaluating, rather than personally evaluating, the candidate’s work. The Board further proposes to amend subsection (b) to require that the application with a verified statement of experience include information demonstrating that the individual satisfies the requirements for making the verification of experience. The Board also proposes to amend subsection (c) to delete the requirement that a false or inaccurate verified statement be submitted “knowingly” for the individual submitting the statement to be subject to disciplinary action. Finally, the Board proposes to add subsection (d) to provide that it may reject a verification when the Board questions the independent exercise of judgment by the individual making the verification.

With section 4.2(b)(3) of the act added by Act 73, the Board proposes to add § 11.57. Subsection (a) mimics the three requirements of section 4.2(b)(3) of the act, providing for a baccalaureate degree with at least 150 semester credits and having 24 credits in accounting and related subjects, a baccalaureate degree and 24 credits in accounting and related subjects, or a master’s degree and 24 credits in accounting and related subjects. Section 4.2(c) of the act requires that a candidate who sat for the examination under another education requirement must have the 150-credit baccalaureate degree to become licensed and certified. Subsection (b) repeats this requirement.

Section 11.16(a) (relating to examination completion requirement) currently provides that beginning April 5, 2004, the four-part paper examination will be replaced with a four-part computer based examination that will be administered during quarterly windows each year. Ten years later this explanation is no longer relevant and the Board proposes to delete the unnecessary language. Subsections (c)—(e) that address this phase-in are also no longer relevant. Therefore, the Board proposes to delete subsections (c)—(e), references to those subsections and renumber existing subsection (f) as subsection (c).

Because they are no longer relevant, the Board proposes to amend § 11.4 (relating to fees) to delete the fee for reapproval of a previously approved program sponsor after April 30, 2001, and to delete the reference in the fee for initial approval of a program sponsor to the application being submitted after April 30, 2001.

As a result of the deletion by Act 15 of the requirement that every candidate must have at least 400 hours of experience in attest activity to become licensed, the Board considered the presumed competence of a licensee to engage in attest activity. Because licensees must be able to develop competency, the Board concluded that those licensees merely participating in attest activity need not be required to demonstrate a minimum level of competency; supervision by a competent licensee is sufficient. Accordingly, the Board proposes to add § 11.23a to set these standards. These standards are similar to, and based upon, existing required standards in certain other states. Subsection (a) would prohibit a licensee from supervising attest services and signing or authorizing another to sign an accountant’s report for attest services unless the licensee satisfies the competence requirements of this section. Subsection (b) would set the standard for competence by requiring the licensee to have maintained the level of education, experience and professional conduct required by applicable generally accepted professional standards as described in § 11.27 (relating to auditing standards and other technical standards) and to

either: (1) have at least 400 hours of experience within the previous 5 years in providing attest services and at least 24 hours of continuing professional education (CPE) in accounting, auditing or attest during the immediately preceding 24 months prior to issuing the report; or (2) be a member of or employed by a firm that has met the requirements of § 11.82 (relating to peer review compliance). Subsection (c) would exempt licensees who became licensed before August 18, 2013, when the requirement for 400 hours of experience in attest activity was deleted.

Because competence to supervise attest activity would be affected by completing CPE in accounting and attest, the Board first would amend § 11.63(a)(1) (relating to CPE subject areas; relevance to professional competence) to note that a licensee who supervises attest services and signs an accountant's report for these services may also need to complete additional CPE in accounting and attest. The Board further considered whether every licensee should be required to complete a minimum amount of CPE in this area. A survey of state requirements on behalf of the National Association of State Boards of Accounting revealed that only eight states require every licensed accountant to complete continuing education in accounting and attest and eight other states and Puerto Rico condition the requirement on performing those types of services. The other 34 states and the District of Columbia do not require continuing education. Because so many licensees will not be performing attest services, the Board concluded that it should not require every licensee to complete CPE in accounting and attest. However, it believes that those who do provide these services—even under the supervision of another licensee—shall maintain competence by completing a minimum amount of CPE. Accordingly, the Board proposes to amend § 11.63(a)(1) to require each licensee who participates in attest activity to complete at least 24 CPE hours in accounting and attest during each biennium. Consistent with the idea that licensees know best what types of CPE would be most useful, the Board proposes to delete from § 11.63(a)(6) the requirements that licensees complete at least 8 hours of CPE in taxation during each renewal period. It does not propose to delete the requirement of § 11.63(a)(7) that each licensee must complete at least 4 CPE hours in ethics. In contrast to the practice acts of many other licensing boards in the Bureau of Professional and Occupational Affairs, the act does not prohibit a licensee of the Board from obtaining CPE credit in practice building or office management. Accountants often appropriately advise clients on the topic of practice building and office management. Because these are valid areas of study and application in a licensee's own practice is not a sufficient basis to deny credit, the Board proposes to delete from § 11.63(b) the prohibition against obtaining CPE credit in practice building or office management.

The Board also proposes to amend its regulations concerning peer review. Section 11.81 (relating to definitions) is proposed to be amended to add definitions of "engagement review" and "system review" to match those added to the act by Act 73. Because these terms are no longer used, the Board proposes to delete the definitions of "offsite peer review" and "onsite peer review." The Board would also amend the definition of "peer reviewer" to refer to the new terms "engagement review" and "system review."

Current § 11.82(a) requires that a firm that performs an audit engagement after May 1, 1998, must complete a peer review before the biennial renewal period of May 1, 2002, through April 30, 2004. Because that time has now passed, this provision as written is moot. However,

section 8.9 of the act (63 P. S. § 9.8i) requires a firm (with certain exceptions in subsection (g)) to undergo a peer review as a condition of granting the firm a renewal license. Section 8.9(a) of the act requires the initial or renewal application of a firm that does not qualify for exemption to include a certification that the firm is in compliance with the peer review requirements. Section 8.9(b) of the act permits a firm with fewer than three licensees to have a peer review only every 5 years and those with three or more licensees to have a peer review only every 3 years. It also acknowledges that the Board may require more frequent peer review as a remedial action in the imposition of discipline. It also requires a firm to have its first peer review within 18 months of licensure and, if not previously completed, within 18 months after beginning an engagement to perform attest activity. Accordingly, the Board proposes to amend § 11.82(a) to require, unless exempt under section 8.9(g) of the act, a firm to complete a peer review as required under section 8.9(a), (b) and (d) of the act as a condition of renewal of the firm's license. The Board proposes to amend § 11.82(b) to repeat the requirement of section 8.9(b)(2) of the act that a new firm must complete peer review within 18 months of obtaining licensure and the requirement of section 8.9(b)(2.2) of the act that a firm that has been exempt or otherwise not previously required to complete peer review must complete a peer review within 18 months after commencing the engagement. Because it had not been previously addressed in the regulations, the Board proposes to add § 11.82(e) to repeat the requirement of section 8.9(d)(2) of the act that a firm that performs no audit or examination engagements but does perform one or more review engagements must only undergo an engagement review.

#### *Fiscal Impact and Paperwork Requirements*

The proposed rulemaking will not have a fiscal impact on, or create additional paperwork for, the regulated community, the general public or the Commonwealth and its political subdivisions.

#### *Sunset Date*

The Board continuously monitors the effectiveness of its regulations. Therefore, a sunset date has not been assigned.

#### *Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on May 29, 2015, the Board submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Professional Licensure Committee and the Senate Consumer Protection and Professional Licensure Committee. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Board, the General Assembly and the Governor of comments, recommendations or objections raised.

#### *Public Comment*

Interested persons are invited to submit written comments, recommendations or objections regarding this pro-

posed rulemaking to the Regulatory Unit Counsel, Department of State, P. O. Box 69523, Harrisburg, PA 17106-9523, RA-STRegulatoryCounsel@pa.gov within 30 days of publication of this proposed rulemaking in the Pennsylvania Bulletin. Reference No. 16A-5513 (Act 73 and Act 15 amendments) when submitting comments.

MARTIN C. LEVIN, CPA, Chairperson

Fiscal Note: 16A-5513. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS

PART I. DEPARTMENT OF STATE

Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS

CHAPTER 11. STATE BOARD OF ACCOUNTANCY 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:

\* \* \* \* \*

Candidate—A person sitting for an examination.

Certificate—A certificate as a “certified public accountant” issued under the act or a corresponding right to practice as a certified public accountant issued after examination under the law of another jurisdiction.

Certificate of completion—A document prepared by a CPE program sponsor evidencing a participant’s completion of a group study program, interactive individual study program or noninteractive individual study program.

Certified public accountant—An individual to whom a certificate has been issued.

Client—[ The person or entity which retains a licensee for the performance of professional services. ] A person that agrees orally, in writing or in electronic form with a certified public accountant, public accountant or firm to receive a professional service.

Commission—

(i) Compensation for recommending or referring a product or service to be supplied by another person.

(ii) The term does not include a referral fee.

Compilation—A service performed in accordance with SSARS that presents, in the form of financial statements, information that is the representation of management or the owners without undertaking to express any assurance on the statements.

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.

\* \* \* \* \*

Professional competence—Having requisite knowledge, skills and abilities to provide quality professional service as defined by the technical and ethical standards of the profession.

[ 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. ]

Professional services—Services performed by a certified public accountant, public account or firm as part of the practice of public accounting or services that would be part of the practice of public accounting except that the individual performing the services does not hold out as a certified public accountant or public accountant.

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

\* \* \* \* \*

SSARS—Statement of Standards on Accounting and Review Services.

Statements on auditing standards—The Statements on Auditing Standards of the Auditing Standards Board of the AICPA, or similar professional standard which supersedes these statements.

Substantial equivalency—Either of the following:

(i) The education, examination and experience requirements in the statutes and regulations of another jurisdiction are comparable to or exceed the education, examination and experience requirements in the act.

(ii) A certified public accountant’s education, examination and experience qualifications are comparable to or exceed the education, examination and experience requirements in the act.

§ 11.4. Fees.

Following is the schedule of fees charged by the Board:

\* \* \* \* \*

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 ..... \$150

§ 11.5. Temporary practice in this Commonwealth; practice under substantial equivalency.

(a) Requirements for temporary practice. [ A ] Except as provided in subsection (e), 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:

\* \* \* \* \*

(c) Failure to meet requirements for temporary practice. [ A ] Except as provided in subsection (e), 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.

(e) *Practice under substantial equivalency.* An individual who satisfies the requirements of section 5.2 of the act (63 P.S. § 9.5b) may practice public accounting in this Commonwealth to the extent authorized by section 5.2 of the act without holding a registration, certificate or temporary practice permit from the Board. A firm that satisfies the requirements of section 5.4 of the act (63 P.S. § 9.5d) may practice public accounting in this Commonwealth to the extent authorized by section 5.4 of the act without holding a current license or temporary practice permit from the Board.

**SUPERVISION**

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

(a) [ Only ] Except as provided in § 11.5(e) (relating to temporary practice in this Commonwealth; practice under substantial equivalency), 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:

\* \* \* \* \*

(b) [ An ] Except as provided in § 11.5(e), 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.

\* \* \* \* \*

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

(a) [ Only ] Except as provided in § 11.5(e) (relating to temporary practice in this Commonwealth; practice under substantial equivalency), only the following individuals and entities may use the designa-

tion “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:

\* \* \* \* \*

(b) [ An ] Except as provided in § 11.5(e), 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.

\* \* \* \* \*

**EXAMINATIONS**

**§ 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 CPA 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) ] Unless extended by the Board as provided in subsection (c), 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

<i>Initial Examination Date</i>	<i>Available Examination Windows</i>	<i>Examination Completion Date</i>
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 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).

(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:

***Paper and Pencil Examination***

Auditing (AUD)

Financial Accounting and Reporting (FARE)  
(formerly Accounting Theory)

Accounting and Reporting (ARE) (formerly  
Accounting Practice)

Business Law and Professional Responsibilities  
(LPR) (formerly Business Law)

***Computer-Based Examination***

Auditing and Attestation

Financial Accounting and Reporting

Regulation

Business Environment and Concepts

(f) [ (c) Notwithstanding the requirements of subsections [ (a)—(c) ] (a) and (b), 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.

**RELATIONS WITH CLIENTS AND PUBLIC**

*(Editor's Note: The following section is new and printed in regular type to enhance readability.)*

**§ 11.23a. Competence to supervise attest services.**

(a) Except as provided in subsection (c), a licensee may not supervise attest services and sign or authorize another to sign an accountant's report for attest services unless the licensee satisfies the competence requirements of this section.

(b) To be competent to supervise attest services and sign or authorize another to sign an accountant's report for attest services, a licensee shall:

(1) Meet at least one of the following:

(i) Have at least 400 hours of experience within the previous 5 years in providing attest services gained in government, industry, academia or public practice and at least 24 hours of CPE in the area of accounting, auditing or attest during the 24 months immediately preceding issuance of the report.

(ii) Be a member of or employed by a firm registered with the Board that has met the requirements of § 11.82 (relating to peer review compliance).

(2) Have maintained the level of education, experience and professional conduct required by applicable generally

accepted professional standards as described in § 11.27 (relating to auditing standards and other technical standards).

(c) The requirements of subsection (b) do not apply to a licensee who was licensed by the Board before August 18, 2013.

**EXPERIENCE**

**§ 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). ]

(a) *General requirements.* Except as provided in subsection (b), a candidate for CPA certification shall have completed at least 1 year of qualifying experience during the 60-month period immediately preceding the date of application that included providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills which were gained through employment in government, industry, academia or public practice. Each year of experience must include at least 1,600 hours of qualifying experience acquired over a period of not less than 12 months.

(b) *Exceptions.*

(1) A candidate who sat for the CPA examination before December 31, 2011, but did not pass at least one part of the examination before that date and satisfies the requirements of § 11.57(a)(1) (relating to education requirements for CPA certification) shall have completed at least 1 year of qualifying experience meeting the requirements of subsections (a) and (c) during the 120-month period immediately preceding the date of application.

(2) A candidate who passed at least one part of the CPA examination before December 31, 2011, and satisfies the requirements of § 11.57(a)(2) shall have completed at least 2 years of qualifying experience

meeting the requirements of subsections (a) and (c) during the 120-month period immediately preceding the date of application.

(3) A candidate who passed at least one part of the CPA examination before December 31, 2011, and satisfies the requirements of § 11.57(a)(3) shall have completed at least 1 year of qualifying experience meeting the requirements of subsections (a) and (c) during the 120-month period immediately preceding the date of application.

(c) *Acceptable areas of qualified experience.* A candidate's experience shall be of a caliber satisfactory to the Board and may include one or more of the following areas:

- (1) Attest activity.
- (2) Business valuations.
- (3) Preparation of income and nonprofit tax returns.
- (4) Tax research that is properly documented.
- (5) Representation before a government agency on a tax matter.
- (6) Financial forecasts, analyses and projections.
- (7) Management advisory services that meet AICPA standards.
- (8) Management and supervision of accounting functions and preparing financial statements for profit or nonprofit entities.
- (9) Professional accounting-related work in a public accounting firm.
- (10) Teaching accounting, auditing, taxation and related courses for academic credit at an accredited college or university. Teaching must include at least two different courses above the introductory level. One year of experience consists of no less than 24 semester hours, or the equivalent in quarter hours, taught in a period of not less than 12 months and not more than 36 months. Courses outside the fields of accounting, auditing, taxation and related courses will not be counted toward teaching. Nonqualifying courses include, for example, business law, finance, computer applications, personnel management, economics and statistics.
- (11) Other areas of experience acceptable to the Board.

(d) *Nonqualifying experience.* A candidate will not receive credit for the following types of experience:

- (1) Experience that is not verified in accordance with § 11.56 (relating to verification of experience).
- (2) Experience comprising nonprofessional work, including recruiting, marketing, administration and appraisals.
- (3) Paraprofessional work and bookkeeping that does not comply with subsection (c)(9).

§ 11.56. [ Supervision ] Verification 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** ] have the experience [ **under the supervision of** ] verified by 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 **during the entire period of verification.**

(2) Either employs the candidate or is employed by the same employer as the candidate, **or has another similar relationship approved by the Board prior to the period of verification.** [ **The supervisor may not be a member of a public accounting firm that is independent of the entity that employs the candidate.** ]

(3) Is **directly or indirectly** responsible for [ **and personally evaluates** ] evaluating the candidate's work.

(b) [ **A supervisor** ] **An individual verifying a candidate's experience** 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, **along with information demonstrating that the individual satisfies the requirements of subsection (a).**

(c) [ **A supervisor** ] **An individual** who submits a verified statement shall be responsible for its accuracy. [ **A supervisor who knowingly** ] **An individual** who 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).

(d) **The Board may reject a verification when the Board questions the independent exercise of judgment by the individual making the verification.**

## EDUCATION

(*Editor's Note:* The following section is new and printed in regular type to enhance readability.)

### § 11.57. Education requirements for CPA certification.

(a) *General requirements.* A candidate to sit for the CPA certification examination shall have graduated with any of the following:

(1) A baccalaureate or higher degree from a college or university accredited by a Nationally recognized accrediting agency recognized by the United States Department of Education or approved by the Board and completed a total of 150 semester credits of post-secondary education, including at least 24 semester credits of accounting and auditing, business law, finance or tax subjects of a content satisfactory to the Board, not necessarily as part of the candidate's undergraduate or graduate work, and an additional 12 semester credits in accounting, auditing and tax subjects of a content satisfactory to the Board, not necessarily as part of the candidate's undergraduate or graduate work.

(2) A baccalaureate or higher degree from a college or university accredited by a Nationally recognized accrediting agency recognized by the United States Department of Education or approved by the Board and completed at least 24 semester credits in accounting and auditing, business law, finance or tax subjects of a content satisfactory to the Board, not necessarily as part of the candidate's undergraduate work.

(3) A master's degree or other post-graduate degree from a college or university accredited by a Nationally recognized accrediting agency recognized by the United States Department of Education or approved by the Board and completed at least 24 semester credits in accounting and auditing, business law, finance or tax subjects of a content satisfactory to the Board, not necessarily as part of the candidate's undergraduate or graduate work.

(b) *Issuance of certificate.* Except as provided in § 11.55(b) (relating to experience requirements for CPA certification), the Board will not issue a certificate to a candidate who qualified to sit for the CPA certification examination under subsection (a)(2) or (3) unless the candidate has also satisfied subsection (a)(1).

#### CONTINUING PROFESSIONAL EDUCATION

##### § 11.63. CPE subject areas; relevance to professional competence.

(a) The CPE hours required under § 11.62 (relating to CPE requirement for issuance of license; waiver or extension) must be in the following subject areas and with the following minimum hours as noted:

(1) Accounting and attest—minimum of [ 16 ] 24 CPE hours **if participating in attest activity; otherwise no minimum. A licensee who supervises attest services and signs an accountant's report for attest services may also need to complete additional CPE as provided in § 11.23a (relating to competence to supervise attest services).**

(2) Advisory services—no minimum.

(3) Management—no minimum.

(4) Professional skills development—no minimum.

(5) Specialized knowledge and applications—no minimum.

(6) Taxation—no minimum [ of 8 CPE hours ].

(7) Professional ethics—minimum of 4 CPE hours (effective as a condition of obtaining a license for the 2014-2015 license period and thereafter).

(b) The CPE hours required under § 11.62 must be relevant to maintaining the professional competence of a certified public accountant or public accountant. [ **Practice building and office management are not acceptable CPE subject areas.** ]

#### 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.

*Engagement review*—A peer review process which provides the reviewer with a reasonable basis for expressing limited assurance that:

(i) The financial statements or information and the related accountant's report on the accounting, review and attestation engagements submitted for review conform with the requirements of professional standards in all material respects.

(ii) The reviewed firm's documentation conforms with the requirements of SSARS and SSAE applicable to those engagements in all material respects.

*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 ] engagement or system review. The term includes an individual who serves as captain of [ an onsite peer ] a system 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.

*System review*—A peer review process which provides the reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

(i) The reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards established by the AICPA.

(ii) Is being complied with to provide the firm with reasonable assurance of conforming with professional standards in all material respects.

§ 11.82. [ Effective dates for peer review compliance; proof of compliance or exemption ] Peer review compliance.

(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. ] Unless subject to an exemption under section 8.9(g) of the act (63 P. S. § 9.8i(g)), a firm shall complete a peer review as required under section 8.9(a), (b) and (d) of the act as a condition of renewal of the firm's license.

(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. ] Unless required earlier under section 8.9(j) of the act, a new firm that is required to complete a peer review shall undergo its first peer review within 18 months after it is granted its initial license. A firm that had been exempt from the peer review requirement under section 8.9(g)(2) of the act or had otherwise not previously been required to undergo a peer review but begins an engagement to perform an attest activity other than a compilation shall complete a peer review within 18 months after commencing the engagement.

\* \* \* \* \*

(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:

\* \* \* \* \*

(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.

(e) A firm that performs no audit or examination engagements but does perform one or more review engagements is only required to undergo an engagement review.

[Pa.B. Doc. No. 15-1112. Filed for public inspection June 12, 2015, 9:00 a.m.]

# STATE BOARD OF CHIROPRACTIC

[ 49 PA. CODE CH. 5 ]

## Radiological Procedures Examination

The State Board of Chiropractic (Board) proposes to amend §§ 5.6 and 5.63 (relating to fees; and application for examination) to read as set forth in Annex A.

### Effective Date

This proposed rulemaking will be effective upon final publication in the *Pennsylvania Bulletin*.

### Statutory Authority

This proposed rulemaking is authorized under section 302(3) of the Chiropractic Practice Act (act) (63 P.S. § 625.302(3)).

### Background and Need for the Proposed Rulemaking

Section 522(a) of the act (63 P.S. § 625.522(a)) prohibits auxiliary personnel from performing radiologic procedures on the premises of a chiropractor unless the person: (1) is under the direct supervision of a chiropractor who is on the premises; and (2) has passed an examination approved by the Board and administered by a third-party testing service. To implement this statutory provision, the Board adopted Subchapter F (relating to performance of radiological procedures by auxiliary personnel). Under § 5.62 (relating to auxiliary personnel who may perform radiological procedures), the Board provides that auxiliary personnel who have passed an examination in radiological procedures approved by the Board, the State Board of Medicine or the State Board of Osteopathic Medicine, or an examination in radiography of the American Registry of Radiologic Technologists or the American Chiropractic Registry of Radiologic Technologists (ACRRT) may apply ionizing radiation to patients for diagnostic purposes on the premises of a licensed chiropractor. In § 5.63, the Board provides that auxiliary personnel applying for the examination must apply to the Board on Board forms and pay the fee set by the Board. The fee for the radiological procedures examination is specified in § 5.6.

Under the Department's current agreement with ACRRT, a candidate for the examination is expected to apply directly to the testing service and pay directly to the testing service the fee set by that testing service. This practice is standard for examinations required by the Bureau of Professional and Occupational Affairs that are developed and administered by National organizations. Consistent with this practice, in 1997 the Board amended § 5.6 to delete the fee for the National Board Examination of the National Board of Chiropractic Examiners (NBCE) (the examination required to be licensed to practice chiropractic) and amended § 5.15 (relating to licensure examinations) to require that candidates for licensure to practice chiropractic apply directly to the NBCE and pay the NBCE the required fee to sit for its examination. Upon recent notice from ACRRT of its current fee, the Board realized that its regulations for the radiological procedures examination had not been similarly updated.

### Description of the Proposed Rulemaking

The proposed rulemaking would amend § 5.6 to delete the fee for the radiological procedures examination. It would also amend § 5.63 to delete reference to the application forms and to require auxiliary personnel to submit applications and pay the fee directly to the testing service rather than applying to the Board.

### Fiscal Impact and Paperwork Requirements

This proposed rulemaking will not have adverse fiscal impact on the Commonwealth or its political subdivisions. This proposed rulemaking will not impose additional paperwork requirements upon the Commonwealth, political subdivisions or the private sector.

### Sunset Date

The Board continuously monitors the effectiveness of its regulations. Therefore, a sunset date has not been assigned.

*Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on May 29, 2015, the Board submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Professional Licensure Committee and the Senate Consumer Protection and Professional Licensure Committee. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Board, the General Assembly and the Governor of comments, recommendations or objections raised.

*Public Comment*

Interested persons are invited to submit written comments, suggestions or objections regarding this proposed rulemaking to the Regulatory Unit Counsel, Department of State, P. O. Box 69523, Harrisburg, PA 17106-952, RA-STRegulatoryCounsel@pa.gov within 30 days following publication of this proposed rulemaking in the *Pennsylvania Bulletin*. Reference No. 16A-4324 (radiological procedures examination) when submitting comments.

KATHLEEN G. McCONNELL, DC,  
*Chairperson*

**Fiscal Note:** 16A-4324. No fiscal impact; (8) recommends adoption.

**Annex A**

**TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS**

**PART I. DEPARTMENT OF STATE**

**Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS**

**CHAPTER 5. STATE BOARD OF CHIROPRACTIC**

**Subchapter A. GENERAL PROVISIONS**

**§ 5.6. Fees.**

The Board will charge the following fees:

\* \* \* \* \*

Application for continuing education course approval ..... \$30

[ Radiological procedures examination..... \$58 ]

License restoration..... \$25

**Subchapter F. PERFORMANCE OF RADIOLOGICAL PROCEDURES BY AUXILIARY PERSONNEL**

**§ 5.63. Application for examination.**

[ Applications by auxiliary personnel for the examination in radiological procedures approved by the Board shall be made on forms provided by the Board and shall be submitted to the Administrative Office of the Board, Bureau of Professional and Occupational Affairs, Post Office Box 2649, Harrisburg, Pennsylvania 17105-2649, with the required fee. ]

Applications by auxiliary personnel for the examination in radiological procedures approved by the Board shall be submitted directly to the testing service, with the required fee set by the testing service.

[Pa.B. Doc. No. 15-1113. Filed for public inspection June 12, 2015, 9:00 a.m.]