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Authority

The provisions of this Chapter 11 issued under section 3 of the CPA 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—The provision of any of the following financial statement services together with the issuance of a report expressing or disclaiming an opinion or other assurance on the information:

- (i) An audit or other engagement performed in accordance with Statements on Auditing Standards.
- (ii) A review or compilation of a financial statement performed in accordance with SSARS.
- (iii) An engagement performed in accordance with SSAE.

(iv) An audit or other engagement performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

(v) Other engagement performed in accordance with attestation standards established by an organization granted authority by statute or regulation to establish attestation standards, such as the AICPA or the PCAOB.

Board—The State Board of Accountancy of the Commonwealth.

CPA—Certified public accountant.

CPE—Continuing professional education.

CPE program sponsor—An individual or entity that assumes responsibility for presenting a CPE program that is structured as a group study program, interactive individual study program or noninteractive individual study program.

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—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.

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 study program—A CPE program that is 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 CPE program that is 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 participant regarding the learning process.

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 or who does not otherwise hold a current license.

NASBA—National Association of State Boards of Accountancy.

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

Noninteractive individual study program—A CPE program that is designed to permit a participant to learn a given subject without interaction with an instructor or interactive learning methodologies and requires the participant to achieve a 70% minimum grade on a written examination or workbook.

PCAOB—Public Company Accounting Oversight Board.

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 services—Services performed by a certified public accountant, public accountant 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:

- (i) Attest activity.
- (ii) Other professional services involving the use of accounting skills, including 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—Statements on Standards for Attestation Engagements.

SSARS—Statements 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.

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(a)(10)—(12), 6 and 8.2 of the CPA Law (63 P.S. §§ 9.3(a)(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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364409) to (364410) and (378837) to (378838).

§ 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	\$100
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	\$145
Biennial renewal of approval of program sponsor	\$150

Authority

The provisions of this § 11.4 amended under sections 3(a)(6) and (10)—(12), 6 and 9.2(d)(2) of the CPA Law (63 P.S. §§ 9.3(a)(6) and (10)—(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; amended November 20, 2009, effective November 21, 2009, 39 Pa.B. 6656; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial page (364413).

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

(a) *Requirements for temporary practice.* 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:

- (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.* 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.

Authority

The provisions of this § 11.5 issued under section 13(b) of the CPA Law (63 P.S. § 9.13(b)); amended under sections 3(a)(10)—(12) and (b), 6 and 9.2(d)(2) of the CPA Law (63 P.S. §§ 9.3(a)(10)—(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364413) to (364414).

Cross References

This section cited in 49 Pa. Code § 11.7 (relating to use of the designation “public accountant” and the abbreviation “PA”); and 49 Pa. Code § 11.8 (relating to use of the designation “certified public accountant” and the abbreviation “CPA” in the practice of public accounting).

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.
 - (4) An individual or firm practicing under substantial equivalency in accordance with § 11.5(e) (relating to temporary practice in this Commonwealth; practice under substantial equivalency).
- (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 or the user is practicing under substantial equivalency in accordance with § 11.5(e).
- (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 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5049. Immediately preceding text appears at serial page (364415).

§ 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 a 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.

(4) An individual or firm practicing under substantial equivalency in accordance with § 11.5(e) (relating to temporary practice in this Commonwealth; practice under substantial equivalency).

(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 or the user is practicing under substantial equivalency in accordance with § 11.5(e).

(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 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364415) to (364416).

§ 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) The CPA examination will be administered during an examination window that consists of the first 2 months of each quarter of every year. 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) 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) Notwithstanding the requirements of subsections (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.

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 CPA Law (63 P.S. § 9.3); amended under section 812(b) and (e) of The Administrative Code of 1929 (71 P.S. § 279.3a(b) and (e)); and sections 3(a)(3) and (10)—(12) and 6 of the CPA Law (63 P.S. §§ 9.3(a)(3) and (10)—(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364419) to (364421).

§ 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 CPA 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(a)(10)—(12) of the CPA Law (63 P. S. § 9.3(a)(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(a)(10)—(12) of the CPA Law (63 P. S. § 9.3(a)(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(a)(10)—(12) of the CPA Law (63 P. S. § 9.3(a)(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).

§ 11.23a. Competence to supervise attest services.

(a) 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. This CPE must comply with the standards of §§ 11.61—11.64, 11.67, 11.68, 11.68a, 11.69a, 11.71, 11.71a and 11.72 and may be used to satisfy the requirements of §§ 11.62(a)—(c) and 11.63(a)(1) (relating to CPE requirement for issuance of license; waiver or extension; and CPE subject areas; relevance to professional competence).

(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).

Authority

The provisions of this § 11.23a issued under section 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(12)).

Source

The provisions of this § 11.23a adopted September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940.

Cross References

This section cited in 49 Pa. Code § 11.63 (relating to CPE subject areas; relevance to professional competence).

§ 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); and 49 Pa. Code § 11.23a (relating to competence to supervise attest services).

§ 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.* Except as provided in subsection (b), a candidate for CPA certification shall have completed at least 1,600 hours 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. The 1,600 hours of qualifying experience shall be 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 not-for-profit 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 must consist 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).

Authority

The provisions of this § 11.55 amended under section 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364430) to (364432).

Cross References

This section cited in 49 Pa. Code § 11.56 (relating to verification of experience); and 49 Pa. Code § 11.57 (relating to education requirements for CPA certification).

§ 11.56. Verification of experience.

(a) To receive credit for experience under § 11.55 (relating to experience requirements for CPA certification), a candidate for CPA certification shall have the experience 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.

(3) Is directly or indirectly responsible for evaluating the candidate's work.

(b) 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 and the types and hours of experience acquired, along with information demonstrating that the individual satisfies the requirements of subsection (a).

(c) An individual who submits a verified statement shall be responsible for its accuracy. 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.

Authority

The provisions of this § 11.56 amended under section 3(a)(10)–(12) of the CPA Law (63 P.S. § 9.3(a)(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; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial page (364432).

Cross References

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

EDUCATION**§ 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).

Authority

The provisions of this § 11.57 issued under section 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(12)).

Source

The provisions of this § 11.57 adopted September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940.

Cross References

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

CONTINUING PROFESSIONAL EDUCATION

§ 11.61. Scope.

Sections 11.62—11.64, 11.67, 11.68, 11.68a, 11.69a, 11.71 and 11.71a apply, as appropriate, to the following:

- (1) An individual who needs CPE to obtain or maintain a license to practice public accounting.
- (2) An individual that serves or desires to serve as a CPE program sponsor.
- (3) An entity that serves or desires to serve as a CPE program sponsor.

Authority

The provisions of this § 11.61 amended under sections 3(a)(10) and 8.2 of the CPA Law (63 P. S. §§ 9.3(a)(10) and 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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (328674).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services).

§ 11.62. CPE requirement for issuance of license; waiver or extension.

(a) A regular or reciprocal applicant for an initial license shall have completed 80 CPE hours, in the subject areas in § 11.63 (relating to CPE subject areas; relevance to professional competence), during the 2-year period preceding the filing date of the application. This requirement does not apply to an applicant who passed the CPA examination during the same biennial renewal period in which the application was filed.

(b) An applicant for renewal of a current license shall have completed 80 CPE hours, in the subject areas in § 11.63, during the 2-year period preceding the start of the next license period. An applicant shall have completed a minimum of 20 CPE hours during each year of the 2-year period.

(c) An applicant for reactivation of an expired or inactive license shall have completed 80 CPE hours, in the subject areas in § 11.63, during the 2-year period preceding the filing date of the application. This requirement does not apply to an applicant who is reactivating a license within the same biennial renewal period in which it was placed on inactive status.

(d) The Board may, upon application, waive in whole or in part a CPE requirement upon a showing of individual hardship, such as for reasons of health, military service or other good cause. The Board, upon application, may extend the time period for completing CPE upon a showing that the failure to timely comply was due to reasonable cause.

Authority

The provisions of this § 11.62 issued under sections 3(a)(10) and (12) and 8.2(b) and (d) of the CPA Law (63 P. S. §§ 9.3(a)(10) and (12) and 9.8b(b) and (d)); amended under section 3(a)(10) of the CPA Law (63 P. S. § 9.3(a)(10)).

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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (342099).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.63 (relating to CPE subject areas; relevance to professional competence); 49 Pa. Code § 11.67 (relating to reporting of CPE hours); 49 Pa. Code

§ 11.68a (relating to disciplinary action for failure to comply with CPE requirements); and 49 Pa. Code § 43b.10a (relating to schedule of civil penalties—accountants).

§ 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 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.
- (7) Professional ethics—minimum of 4 CPE hours (effective as a condition of obtaining a license for the 2014-15 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.

Authority

The provisions of this § 11.63 amended under sections 3(a)(10)—(12) and 8.2 of the CPA Law (63 P.S. §§ 9.3(a)(10)—(12) and 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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial page (364434).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.62 (relating to CPE requirement for issuance of license; waiver or extension); 49 Pa. Code § 11.67 (relating to reporting of CPE hours); 49 Pa. Code § 11.68a (relating to disciplinary action for failure to comply with CPE requirements); 49 Pa. Code § 11.71 (relating to responsibilities of CPE program sponsor); and 49 Pa. Code § 43b.10a (relating to schedule of civil penalties—accountants).

§ 11.64. Sources of CPE hours.

The following are the acceptable sources of CPE hours:

- (1) *Group study programs offered by approved CPE program sponsors under § 11.69a (relating to approval of CPE program sponsor).*
 - (i) Except as provided in subparagraph (ii), a participant will receive 1 CPE hour for each 50 minutes of participation.
 - (ii) A participant in a credit course offered by an accredited college or university will receive 15 CPE hours for each semester credit hour earned and 10 CPE hours for each quarter credit hour earned.
 - (iii) A participant will not receive CPE credit for less than 50 minutes of participation.

(2) *Individual study programs offered by approved CPE program sponsors under § 11.69a.*

(i) A participant in a noninteractive individual study program will receive 1 CPE hour for each 100 minutes of participation. A participant will not receive CPE credit for less than 100 minutes of participation.

(ii) A participant in an interactive individual study program will receive 1 CPE hour for each 50 minutes of participation. A participant will not receive CPE credit for less than 50 minutes of participation.

(iii) An individual study program is considered complete on the date the program sponsor issues a certificate of completion.

(iv) A participant will not receive more than 40 CPE hours in individual study programs during a reporting period. A participant will not receive more than 40 CPE hours for authorship of publications and individual study combined during the period.

(3) *Service as an instructor during group study programs offered by approved CPE program sponsors under § 11.69a.*

(i) An instructor will receive 3 CPE hours for each 50 minutes of instruction in a group study program which may include up to 2 hours of preparation time. An instructor will not receive CPE credit for less than 50 minutes of instruction.

(ii) An instructor will not receive CPE credit for repeating instruction in a group study program for which the instructor has previously claimed credit unless there was a substantial change in the subject matter.

(iii) An instructor may receive up to 40 CPE hours as an instructor during each reporting period.

(iv) Entry-level accounting courses are excluded from eligibility for CPE credit for service as an instructor.

(4) *Authorship of articles, books and other publications relevant to maintaining professional competence.*

(i) An individual who authors an article, book or other publication that is relevant to maintaining the professional competence of a CPA or public accountant will receive 1 CPE hour for each 50 minutes of research and writing, up to 20 hours, unless the individual can demonstrate to the Board that the complexity of the subject matter merits the awarding of additional CPE hours. An individual will not receive CPE credit for less than 50 minutes of research and writing.

(ii) An individual will not receive more than 40 CPE hours for authorship of all publications combined during a reporting period. An individual will not receive more than 40 CPE hours for authorship of publications and individual study combined during the period.

(iii) CPE hours will be awarded for the year in which publication occurs.

(iv) An individual seeking to obtain credit for authoring publications shall apply to the Board on forms supplied by the Board and submit the documentation necessary to establish entitlement to CPE credit, including a

certification that the work is that of the individual and that the individual actually spent the time claimed for research and writing in support of the activity. An individual may not renew a license in reliance upon CPE credit for authoring publications until the credit has been approved by the Board.

Authority

The provisions of this § 11.64 amended under sections 3(a)(10), 6 and 8.2 of the CPA Law (63 P. S. §§ 9.3(a)(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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial pages (342100) and (328677) to (328678).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.67 (relating to reporting of CPE hours); 49 Pa. Code § 11.68a (relating to disciplinary action for failure to comply with CPE requirements); and 49 Pa. Code § 11.69a (relating to approval of CPE program sponsor).

§ 11.65. [Reserved].

Authority

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

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; reserved November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (328678).

§ 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 CPE hours.

(a) An applicant for an initial license who is required under § 11.62(a) (relating to CPE requirement for issuance of license; waiver or extension) to complete CPE during the 2-year period preceding the filing date of the application shall submit a summary report of CPE hours on a form provided by the Board together with the CPE documentation required under § 11.68 (relating to documentation of CPE hours).

(b) An applicant for renewal of a current license or for reactivation of an expired or inactive license shall certify on the application that the applicant has completed the requirements in § 11.62 and §§ 11.63 and 11.64 (relating to CPE subject areas; relevance to professional competence; and sources of CPE hours).

In the event a licensee is later selected by the Board for an audit of CPE hours, the licensee shall submit a summary report of CPE hours on a form provided by the Board together with the CPE documentation required under § 11.68.

Authority

The provisions of this § 11.67 amended under sections 3(a)(10) and 8.2 of the CPA Law (63 P. S. §§ 9.3(a)(10) and 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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial pages (328678) and (342101).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.68a (relating to disciplinary action for failure to comply with CPE requirements); and 49 Pa. Code § 43b.10a (relating to schedule of civil penalties—accountants).

§ 11.68. Documentation of CPE hours.

- (a) The following are acceptable forms of documentation of CPE hours:
- (1) A certificate of completion issued by the CPE program sponsor. A consolidated certificate of completion for multiple CPE programs is acceptable as long as it includes the information in subparagraphs (i)—(vii). The certificate must set forth the following:
 - (i) The CPE program sponsor's name.
 - (ii) The CPE program sponsor's approval number issued by the Board, NASBA or another state's accountancy regulatory body, as applicable.
 - (iii) The title of the program.
 - (iv) The location of the program, if a group study program, or a statement indicating whether the program is an interactive or noninteractive individual study program.
 - (v) The recommended CPE hours and relevant CPE subject area (for example, accounting and attest, taxation or professional ethics).
 - (vi) The name of the participant.
 - (vii) The name and signature of the CPE program sponsor's representative.
 - (2) A certified academic transcript from an accredited college or university if the CPE hours claimed are in a course taken for credit at the college or university.
 - (3) If a certificate of completion from the CPE program sponsor is not available for a group study program, a participant may submit an attendance verification form, signed by the participant and containing the information in paragraph (1)(i)—(vi) together with copies of the program materials.
 - (4) A signed statement from the CPE program sponsor's representative, containing the information in paragraph (1)(i)—(vi), that verifies the participant's service as an instructor.

(5) A copy of each article, book or other publication for which an individual claims CPE hours as an author.

(b) An individual shall retain the documentation in subsection (a) for 5 years after the date of completion of each CPE program or the date of publication of each article, book or publication authored.

Authority

The provisions of this § 11.68 amended under sections 3(a)(10) and 8.2 of the CPA Law (63 P. S. §§ 9.3(a)(10) and 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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (342101).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.67 (relating to reporting of CPE hours); 49 Pa. Code § 11.68a (relating to disciplinary action for failure to comply with CPE requirements); and 49 Pa. Code § 11.71 (relating to responsibilities of CPE program sponsor).

§ 11.68a. Disciplinary action for failure to comply with CPE requirements.

(a) Unless granted an extension or waiver by the Board under § 11.62(d) (relating to CPE requirement for issuance of license; waiver or extension), and except as provided in subsection (b), a licensee who fails to comply with §§ 11.62—11.64, 11.67 and 11.68 will be subject to disciplinary action in the case of a first offense under § 43b.10a (relating to schedule of civil penalties—accountants) or in the case of a second or subsequent offense under section 9.1(a)(4) and (10) of the act (63 P. S. § 9.9a(a)(4) and (10)).

(b) A licensee who knowingly provides false information on an application about compliance with CPE requirements will be subject to disciplinary action under section 9.1(a)(1)(iii) of the act.

(c) A licensee who is disciplined for failure to comply with CPE requirements shall make up a deficiency in CPE hours and submit documentation of the fact to the Board within 6 months after imposition of the disciplinary sanction. A licensee who fails to submit documentation of make-up CPE hours by the prescribed deadline will undergo suspension of the licensee's license and underlying certificate of CPA or public accountant registration until the documentation is submitted.

Authority

The provisions of this § 11.68a issued under section 3(a)(10) of the CPA Law (63 P. S. § 9.3(a)(10)).

Source

The provisions of this § 11.68a adopted November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267.

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); and 49 Pa. Code § 11.61 (relating to scope).

§ 11.69. [Reserved].**Authority**

The provisions of this § 11.69 amended under sections 3(a)(10) and 8.2 of the CPA Law (act) (63 P. S. §§ 9.3(a)(10) and 9.8b); reserved under section 3(a)(10) of the act (63 P. S. § 9.3(a)(10)).

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; reserved November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (342102).

§ 11.69a. Approval of CPE program sponsor.

(a) *Approval requirement.* Except as provided in subsection (b), any individual or entity desiring to offer a program for CPE credit under this chapter shall apply to the Board for approval as a CPE program sponsor.

(b) *Exemption from approval process.* The following are deemed approved CPE program sponsors and are not required to submit applications for approval to the Board:

(1) An individual or entity that is a member in good standing of NASBA's National Registry of CPE Program Sponsors.

(2) An individual or entity that is approved as a CPE program sponsor by the accountancy regulatory body of a state that permits the practice of public accounting under principles of substantial equivalency.

(3) A college or university accredited by a Nationally recognized accrediting agency recognized by the United States Department of Education when offered as part of its approved curriculum.

(c) *Contents of application for approval.* An application for approval as a CPE program sponsor shall contain the following information:

(1) The name and address of the CPE program sponsor.

(2) The sources of CPE hours as specified in § 11.64 (relating to sources of CPE hours).

(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.* An application will be reviewed by the Board's CPE 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 the 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 CPE program sponsor approval number.

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

Authority

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

Source

The provisions of this § 11.69a adopted January 12, 2001, effective January 13, 2001, 31 Pa.B. 151; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial pages (342102) and (328681).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); 49 Pa. Code § 11.64 (relating to sources of CPE hours); 49 Pa. Code § 11.71 (relating to responsibilities of CPE program sponsor); 49 Pa. Code § 11.71a (relating to offsite review of CPE program sponsor); and 49 Pa. Code § 11.72 (relating to withdrawal of approval of CPE 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 CPE program sponsor.

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

(1) *Program level of difficulty.* A CPE 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 CPE program sponsor shall clearly identify what prerequisites are suggested for enrollment. If a prerequisite is not necessary, a statement to that effect shall be made. Prerequisites shall 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 CPE program sponsor shall ensure that the programs are developed by individuals qualified in the subject matter and in instructional design. This subsection is not intended to require that any individual CPE 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 CPE 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 ramifications of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

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

(6) *Selection and review of instructors.* A CPE program sponsor shall select and assign qualified instructors for the CPE program. A CPE program sponsor shall evaluate the performance of 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 CPE 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 physical facilities, a CPE program sponsor has an obligation to pay seri-

ous attention to both of these factors. The maximum number of participants for a case-oriented discussion program, for example, shall be 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 shall be made available to encourage communication with a small group.

(8) *Program evaluation.* A CPE 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 CPE 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 and oral feedback to the instructor or CPE program sponsor. Instructors shall be informed of their performance, and the CPE program sponsor shall systematically review the evaluation process to ensure its effectiveness.

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

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

(11) *Certificate of completion.* A CPE program sponsor shall provide a certificate of completion to each participant who satisfactorily completes a program. A certificate of completion must contain the information in § 11.68(a)(1) (relating to documentation of CPE hours).

(12) *Promotional materials.* A CPE program sponsor shall identify the subject area of a program under § 11.63 (relating to CPE subject areas; relevance to professional competence) in the program's promotional materials.

Authority

The provisions of this § 11.71 amended under sections 3(a)(10), 6 and 8.2 of the CPA Law (63 P. S. §§ 9.3(a)(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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial pages (328682) to (328684).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 11.72 (relating to withdrawal of approval of CPE program sponsor).

§ 11.71a. Offsite review of CPE program sponsor.

A CPE program sponsor shall be subject to an offsite review of its CPE 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 CPE program sponsor under this chapter, including:

- (1) The information in § 11.69a(c) (relating to approval of CPE 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(a)(10) and 6 of the CPA Law (63 P. S. §§ 9.3(a)(10) and 9.6).

Source

The provisions of this § 11.71a adopted January 12, 2001, effective January 13, 2001, 31 Pa.B. 151; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (328684).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); 49 Pa. Code § 11.61 (relating to scope); and 49 Pa. Code § 11.72 (relating to withdrawal of approval of CPE program sponsor).

§ 11.72. Withdrawal of approval of CPE 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 CPE program sponsor that the Board finds guilty of:

- (1) Having acquired the Board's approval by misrepresentation.
- (2) Failing to comply with § 11.69a or § 11.71 (relating to approval of CPE program sponsor; and responsibilities of CPE program sponsor).
- (3) Refusing to provide information requested by the Board pursuant to an offsite review under § 11.71a (relating to offsite review of CPE program sponsor).
- (4) Indicating in any manner that it has been approved as a CPE program sponsor prior to a CPE program sponsor approval number having been issued to it.

(b) The Board's withdrawal of a CPE program sponsor's approval will not affect the CPE 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(a)(10) and 6 of the CPA Law (63 P. S. §§ 9.3(a)(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; amended November 30, 2012, effective December 1, 2012, 42 Pa.B. 7267. Immediately preceding text appears at serial page (328685).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services).

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 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).

Peer reviewer—An individual who conducts an engagement or system review. The term includes an individual who serves as captain of 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.

Authority

The provisions of this § 11.81 issued under section 8.9(c) of the CPA Law (63 P.S. § 9.8i(c)); amended under section 3(a)(10)—(12) of the CPA Law (63 P.S. § 9.3(a)(10)—(12)).

Source

The provisions of this § 11.81 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364444) to (364445).

§ 11.82. 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 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 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.

(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 offices in this Commonwealth 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.
- (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.

Authority

The provisions of this § 11.82 issued under section 8.9(c) of the CPA Law (63 P.S. § 9.8i(c)); amended under section 3(a)(10)—(12) under the CPA Law (63 P.S. § 9.3(a)(10)—(12)).

Source

The provisions of this § 11.82 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6194; amended September 22, 2017, effective January 1, 2018, 47 Pa.B. 5940. Immediately preceding text appears at serial pages (364445) to (364446).

Cross References

This section cited in 49 Pa. Code § 11.23a (relating to competence to supervise attest services); and 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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