

Completion of CPE is Important!

In accordance with the CPA Law and the Regulations of the State Board of Accountancy ("Board"), the Board has the duty and authority to suspend, revoke or otherwise discipline under the CPA Law and the Board's regulations firms and individuals for statutory or regulatory licensing violations. Although there are a variety of professional situations for which the Board may take formal action, one such circumstance is the failure of a licensee to timely complete acceptable Continuing Professional Education ("CPE") as outlined in Board regulations at Sections 11.62 and 11.63.

All licensees must complete 80 CPE hours for professional licensure, with a minimum of 20 CPE hours each year; and with a minimum of 16 acceptable CPE hours in accounting and attest, 8 acceptable CPE hours in tax and 4 acceptable CPE hours in professional ethics for renewal. A mandatory professional ethics component has been added and is desirable to reinforce the critical importance of discharging professional duties not only with the requisite technical competency, but also with due regard for the principles of honesty and integrity that must be the threshold attributes of anyone credentialed to practice public accounting in this Commonwealth. CPE must be in the subject areas of: accounting and auditing; advisory services; management; professional skills development; specialized knowledge and applications; taxation; and, professional ethics.

A licensee may be subject to disciplinary action under Section 9.1 of the CPA Law if an overall total of 80 acceptable hours are not completed in the biennial reporting period. Under Sections 9.1(a)(4) and 9.1(a)(10) of the CPA Law, a licensee may be censured or reprimanded, or be required to complete additional CPE hours or to undergo other remedial action, or have the CPA certificate and current license to practice public accounting revoked, suspended or otherwise restricted for any violations. Under Section 16(c) of the CPA Law a violating licensee is also subject to being assessed a civil penalty of up to \$10,000 per violation. Further, the Commonwealth may request as part of any disciplinary sanction to recover the costs of investigation in a matter.

In determining a sanction, the Board weighs the seriousness of the violation and any mitigating facts. Section 8.2(b) of the CPA Law requires a licensee to complete CPE as a condition of licensure renewal, and Section 9.2(d) of the CPA Law requires completion of a cycle's worth of CPE during the immediately preceding 24-month period for reactivation. Completion of CPE is required to maintain competence to practice public accounting in our Commonwealth.

A licensee who fails to recognize a deficiency in obtaining the necessary CPE, at the time of application to renew or reactivate licensure, may result in a license being issued for a period in which a licensee is not eligible. The Board considers it essential that any licensee cure the CPE deficiency and the Board will typically assess a civil penalty as a means of impressing upon a licensee and other credentialed professional accountants the importance of strictly adhering to the CPE requirements that are a condition of maintaining current licensure in the Commonwealth of Pennsylvania.

The purpose of CPE is to maintain, improve and expand the skills and knowledge of licensees. The maintenance of a current license is the most basic requirement under the CPA Law and is important for verifying compliance with peer review requirements, as

well as to allow the Commonwealth to maintain a current listing of those individuals authorized to practice public accounting in Pennsylvania.

It is the responsibility and duty of the State Board of Accountancy to follow our statutory and regulatory laws for the protection of our citizen consumers.

Here is some additional clarification of when you need to obtain CPE for your initial license:

If you passed the exam in the years 2014 or 2015 and applied during that period, the CPE reporting period is the two year period that begins on January 1, 2014 and ends on December 31, 2015. However, you would be exempt from obtaining CPE as you passed the exam during that CPE reporting period.

You can apply for your initial CPA license in the years 2014 or 2015 without having to obtain CPE during that two year period (2014-2015).

You may also apply for your CPA Certification from January 1, 2016 through approximately October 1, 2017 without having to obtain CPE because the license issued will have an expiration date of December 31, 2017, which requires CPE be obtained during the same 2014-2015 CPE period.

Any CPA Certification application processed and issued during the "renewal period" which is approximately October 1 of any odd numbered year through December 31 of any odd numbered year will have a license issued that reflects an expiration date pushed to the next period/cycle. For example: any license issued from approximately October 1, 2015 through December 31, 2015 will reflect an expiration date of December 31, 2017.

So, if you apply for your initial CPA Certification after October 1, 2017 through December 31, 2017, the CPE reporting period would be the two year period of January 1, 2016 through December 31, 2017 and therefore you would be required to have the qualified CPE.

You must have completed all required CPE prior to renewing your license. Licenses must be renewed by December 31, 2015. The Board recommends that you renew your license in time to have your new license in hand prior to the expiration date of your current license, December 31, 2015. Please note that you are no longer required to complete the Continuing Professional Education (CPE) reporting form, however, you will be asked to answer certifying questions during the renewal process regarding whether you have met the CPE requirements. CPE compliance will be verified during the Board's audit process following the renewal period.

Any request for a waiver of CPE requirements or extension of time for completion should be submitted at the time the hardship occurs; however, such request must be submitted prior to December 31, 2015 in order to give the Board adequate time to consider the request prior to license renewal.

CPE exemption is based on when you pass the exam - you are only exempt in the two year earning period in which you passed. Earning periods are 01/01/even year through 12/31/odd year.

The current earning period is 2014-2015 to report in 2015 for the initial license for those passing prior to 2012. EXAMPLES: If you passed in 2010-2011 earning period is 2012-2013. If you passed in 2012-2013 earning period is 2014-2015.

Renewal Reminders from the State Board of Accountancy

RENEWAL NOTICES:

Renewal notices will be mailed out to all actively licensed CPA's, PA's, Firms and Program Sponsors approximately two-three months prior to the December 31, 2015 expiration date. Please ensure that your address, email address, phone number are updated and kept updated so that you will receive these important notices from the Board.

RENEWAL FEES:

Certified Public Accountants and Public Accountants - \$100.00

Accountancy Firms - \$100.00

Program Sponsors - \$150.00

ONLINE RENEWALS:

Pay close attention to the instructions when renewing online. Make sure your choices in any drop-down menu have been selected before continuing the renewal process and review all choices to prevent mistakes which could delay your renewal. It is advisable that you do not use your scroll button when making a selection in the drop down menu. You must have your registration code available when renewing your license online. The registration code can be found on the wallet card sized license. When entering your registration code, be sure to properly enter the capital and lower case letters as the registration code is case sensitive.

To renew online you must go to the "MyLicense" website at: www.mylicense.state.pa.us. Online license renewal should be available in October, 2015.

Make sure you update your contact information such as phone number, email as well as address with the Board Office. You are required to notify the Board Office of any change in address within 10 days of changing your address. If the Board Office does not have your updated contact information, we are unable to send important correspondence to you. This information can be updated during the online renewal process.

Program Sponsors are reminded to submit their planned programs they will be providing during the upcoming two-year period at the time of renewal. You can submit that information by email to st-accountancy@pa.gov, fax to 717-705-5540 or mail to: State Board of Accountancy, PO Box 2649, Harrisburg PA 17105-2649.

Peer Review Compliance Procedures

A firm or sole practitioner that performs audit or review engagements is no longer required to submit a copy of a current peer review completion letter at the time of application for license renewal. However, the firm or sole practitioner will be required to certify on the renewal application compliance with the peer review requirement and to furnish (1) the name of the organization that administered its most recent peer review (not the name of the firm that performed the peer review), (2) the date of acceptance of that peer review, and (3) the period covered by the peer review. The Board will verify your information with the peer review administering organization. This information is required whether you are renewing online or by paper renewal.

A firm or sole practitioner that was not previously required to undergo a peer review must notify the Board within 30 days after accepting an audit or review engagement and must undergo a peer review within 18 months after commencing the engagement.

Please note that you may be requested to provide a copy of the peer review congratulatory letter during the peer review audit if the Board is not able to confirm your latest peer review. NOTE: The licensee is responsible for enabling the Pennsylvania State Board of Accountancy to have privileges to view the peer review information with your peer review administering organization.

A request for extension of the peer review deadline must be submitted well in advance of the December 31, 2015 expiration date of your firm or individual license in order to give the Board adequate time to review the request.

A reminder that the complete peer review process is a long process that takes several months, including the time for the peer reviewing administering organization to review the peer reviewer report and for their committee to issue the congratulatory letter. Please keep this in mind when starting your peer review process.

Ethics Requirement Reminder for Renewal

Licenses are reminded that the CPE requirement for renewing your CPA/PA license that will expire December 31, 2015 includes the following:

A total of 80 hours of qualified CPE obtained from approved program sponsors with a minimum of 16 of those 80 hours in accounting and attest courses; a minimum of 8 of those 80 hours in tax courses; a minimum of 4 of those 80 hours in professional ethics courses (professional ethics courses do not have to be state specific, but must be obtained from an approved program sponsor). No more than 40 hours of the 80 total hours can be through a combination of individual study programs and authorship of publications. Additionally, you must obtain a minimum of 20 hours of qualified CPE in each calendar year (2014 and 2015).

CPE programs must be obtained from program sponsor's approved by the Pennsylvania State Board of Accountancy, NASBA, or a CPE program sponsor approved by another state's accountancy regulatory body that permits the practice of public accounting under the principles of substantial equivalency.

License verifications can be done at: www.licensepa.state.pa.us.

Online applications for CPA Certification (initial license) are available at: www.mylicense.state.pa.us. Please read all instructions before applying online and do not submit duplicate online applications. Application fees are non-refundable. Please do not submit an online application with the State Board of Accountancy if you have not taken and passed the CPA Examination.

For CPA Examination requirements and exam application – Contact CPA Examination Services (CPAES) – 1-800-272-3926 (1-800-CPA-EXAM) or go online at: www.nasba.org. Examination applications are submitted online. Please read all instructions before applying online.