DEPARTMENT OF REGULATORY AGENCIES

State Board of Accountancy

ACCOUNTANCY RULES AND REGULATIONS

3 CCR 705-1

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

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1.4 BOARD ORGANIZATION AND ADMINISTRATION

This Rule is promulgated pursuant to sections 12-20-204 and 12-100-105(1)(b), C.R.S.

A. ACRONYMS

1. AICE Association of International Credential Evaluators
2. AICPA American Institute of Certified Public Accountants
3. CPA Certified Public Accountant
4. CPE Continuing Professional Education
5. CR&R Colorado Rules and Regulations. Also see Rule 1.4(B)
6. C.R.S. Colorado Revised Statutes
7. FASB Financial Accounting Standards Board
8. GASB Governmental Accounting Standards Board
9. GAAP Generally accepted accounting principles
10. GAAS Generally accepted auditing standards
11. IRS Internal Revenue Service
12. IQAB International Qualifications Appraisal Board
13. MRA Mutual Recognition Agreement
14. NACES National Association of Credential Evaluation Services
15. NASBA The National Association of State Boards of Accountancy
16. NIES NASBA's International Evaluation Services
17. PCAOB Public Company Accounting Oversight Board

18. SEC Securities and Exchange Commission

B. ABBREVIATIONS AND DEFINITIONS

Except as otherwise provided, words and phrases capitalized in these Rules are defined in this Rule 1.4. In addition to the definitions found in section 12-100-103, C.R.S., the following apply:

1. Act

   Title 12, Article 100 of the Colorado Revised Statutes (sections 12-100-101 through 12-100-130, C.R.S.)

2. Active/Valid

   The status of a licensee's certificate, license, or registration, or other authority allowing the licensee to assume or use the CPA designation and to offer or perform any service for which an active certificate of CPA or active or valid registration is required pursuant to sections 12-100-112(3) and 12-100-116(1), C.R.S.

3. AICPA Ethics Examination

   Pursuant to section 12-100-108(1)(b), C.R.S., the professional ethics course and examination means *Professional Ethics:* The American Institute of Certified Public Accountants Comprehensive Course (for Licensure) or a subsequent course of study concerning the subject of professional ethics and the related examination prepared and administered by the AICPA.

4. AICPA Code of Professional Conduct

   The Code of Professional Conduct issued by the AICPA in the "AICPA *Professional Standards*" incorporated herein by reference in Rule 1.4(C).

5. AICPA Professional Standards

   The AICPA *Professional Standards* issued by the AICPA and incorporated herein by reference in Rule 1.4(C).

6. Applicant

   An applicant is an individual who submits an application for an initial, renewal, reinstated, reactivated, retired, or inactive certificate.

7. Baccalaureate Degree

   A degree conferred by an accredited college or university..

8. Candidate

   An individual who submits an application to sit for the examination.

9. Certificate

   A certificate of Certified Public Accountant.

10. Certificate Holder

An individual granted a Colorado certificate pursuant to the requirements in Article 100 of Title 12, C.R.S.

11. Client

An individual or entity that agrees with a licensee to receive any professional service.

12. CPE

Continuing professional education as required and described in section 12-100-115, C.R.S., and Rule 1.10 of these Rules.

13. CPE Reporting Period

A two-year period from January 1 of an even-numbered year through December 31 of an odd-numbered year during which the certificate holder must complete CPE.

14. CR&R

CPE covering sections 12-100-101 through 130 and 13-90-107(1)(f), C.R.S., and the Rules and Policies of the Board as provided in Rule 1.10(H).

15. Ethics CPE

CPE concerning professional ethical behavior in regulatory ethics or behavioral ethics as defined by the fields of study.

16. Examination

The Uniform CPA Examination.

17. Expired

The status of a certificate holder’s certificate or firm’s registration following a failure to renew the certificate or registration by the expiration date.

18. Fields of Study

The *NASBA CPE Fields of Study*, incorporated herein by reference in Rule 1.4(C).

19. Financial Statements

Statements and related disclosures that purport to show an actual or anticipated financial position that relates to a point in time, or results of operations, cash flow, or changes in financial position that relate to a period of time, on the basis of U.S. GAAP or another comprehensive basis of accounting. The term includes specific elements, accounts, or items of such statements, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

20. Firm

A business entity composed of one or more CPAs engaged in the practice of public accounting as a domestic or foreign partnership, professional corporation, or limited liability company; “partnership” means any form of partnership, including a registered limited partnership, limited liability partnership, and limited liability limited partnership.

21. Holding Out

Any activity by an individual or entity that informs or implies or tends to indicate to others an active/valid status as a CPA or Firm. This includes, but is not limited to, any oral or written representation, such as business cards or letterhead, resumes, biographies, the display of a certificate evidencing a CPA designation, or the listing as a CPA or Firm in directories or on the internet. “Activity” includes any continuing representation caused or used by an individual or entity, including but not limited to, any oral or written representation, such as signage, directories, or the Internet.

22. Inactive

The status of a certificate upon transfer of that certificate to the inactive list.

23. Individual

A natural person.

24. Joint Standards

The Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs jointly issued by the AICPA and NASBA.

25. Licensee

An individual or firm authorized to hold out and offer and provide services as a CPA(s) under the Act as a certificate holder, registrant, or through mobility/practice privilege.

26. Mobility/Practice Privilege

The privilege for a CPA or firm to practice accounting in this state pursuant to section 12-100-117(2), C.R.S., and Rule 1.14.

27. Network

An association of two or more entities that includes at least one CPA firm that:

a. Cooperates pursuant to an agreement for the purpose of enhancing the association members’ capabilities to provide professional services; and

b. Shares one or more of the following characteristics:

    (1) Shares the use of a common brand name or shares common initials as part of the firm name;

    (2) Shares common control among the members through ownership, management, or other means;

    (3) Shares profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals, training courses, and other costs immaterial to the members;

(4) Shares a common business strategy that involves ongoing collaboration among the members whereby the members are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;

(5) Shares a significant part of professional resources, including but not limited to: common systems that enable members to exchange information, such as client data, billing, and time records; partners and staff are drawn from a shared pool; or technical departments to consult on technical or industry specific issues, transactions, or events for assurance engagements that the members are required to follow;

(6) Members are required to follow common quality control policies and procedures, and compliance is monitored by the association.

28. Network Firm

A network firm is a firm or other entity that belongs to a network as defined in Rule 1.4(B)(29). This includes any entity (including another firm) that the network firm, by itself or through one or more of its owners, controls (as defined in FASB ASC 810), is controlled by, or is under common control with.

29. Owner

A shareholder of a corporation, a member of a limited liability company, a partner of a partnership, or any other person having an interest in any entity that is functionally equivalent to an owner's interest.

30. Peer Review Oversight Committee

A committee established by the Board to oversee the peer review requirement.

31. Peer Review Program

A sponsoring organization's entire peer review process, including, but not limited to, the standards for administering, performing, and reporting on peer reviews, oversight procedures, training, and related guidance materials.

32. Peer Review Reports

Reports issued by the peer reviewer/reviewing firm in accordance with the Board-approved peer review standards.

33. Peer Review Standards

Board-approved professional standards for administering, performing, and reporting on peer reviews.

34. Peer Reviewer/Reviewing Firm

A licensee responsible for conducting a peer review.

35. Practice of Public Accounting

Performing for a client or offering to perform for a client or potential client, one or more kinds, or any combination of services involving the use of accounting or attestation skills, including, but not limited to, issuance of reports on financial statements, or of one or more types of management advisory or consulting services, or the preparation of tax returns, or the furnishing of tax advice.

36. Practice Privilege/Mobility

The privilege for a CPA or Firm to practice accounting in this state pursuant to section 12-100-117(2), C.R.S., and Rule 1.14.

37. Professional Business

For the purposes of section 12-100-117(2), C.R.S., and these Rules, practicing in this state on “professional business” means that a CPA or foreign equivalent whose principle place of business is located in another state or jurisdiction is providing professional services in this state.

38. Professional Services

Any service performed or offered to be performed by a licensee while holding out.

39. Reactivation

The process by which an inactive or retired status certificate is returned to active status.

40. Registrant

A firm that has been granted registration pursuant to the Act.

41. Reinstatement

The process by which a certificate that has expired is returned to active, inactive, or retired status or by which a firm registration that has expired is returned to active/valid status.

42. Renewal

The process to retain a certificate in active, inactive, or retired status, and to retain a firm registration in active/valid status in accordance with a schedule established by the Division of Professions and Occupations.

43. Report Acceptance Body

A sponsoring organization’s committee responsible for the acceptance of peer review documents.

44. Responsible Party

The firm partner, shareholder, or member designated to notify the Board of changes to the firm pursuant to section 12-100-114(2)(a)(III), C.R.S.

45. Retired

The status of a certificate following the Board's approval of a certificate holder's application to transfer the certificate status to retired.

46. Sponsoring Organization

    A Board-approved professional society or other organization responsible for the facilitation and administration of peer reviews through use of its peer review program and peer review standards.

47. Substantial Equivalency

    A determination by the Board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination, and experience requirements contained in the AICPA/*NASBA Uniform Accountancy Act* (UAA) or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the requirements contained in the UAA.

48. U.S. GAAP

    Generally accepted accounting principles as contained in the AICPA *Professional Standards* incorporated by reference in Rule 1.4(C).

49. U.S. GAAS

    Generally accepted auditing standards as contained in the AICPA *Professional Standards* incorporated by reference in Rule 1.4(C).

C. INCORPORATION BY REFERENCE

The materials listed in this Rule 1.4(C) are incorporated by reference. These Rules do not include later amendments to or editions of the materials incorporated by reference in this Rule 1.4(C). (Note, however, that pursuant to law, licensees will be held to the requirements in those editions that were in effect at the time of the conduct at issue.) If a Rule of the State Board of Accountancy is inconsistent or otherwise differs from the materials incorporated by reference herein, the Rule of the State Board of Accountancy governs. Copies of these materials are available for public inspection during regular business hours at the Board's Office at 1560 Broadway, Suite 1350, Denver, Colorado, 80202 and at the Colorado State Publications Library or at the specific addresses and websites provided below. For information on obtaining or examining these materials, contact the Board's Office at 1560 Broadway, Suite 1350, Denver, Colorado, 80202 or via email at dora_accountancy@state.co.us

1. AICPA Code of Professional Conduct

   The *Code of Professional Conduct* issued by the AICPA in the "AICPA *Professional Standards*," effective December 15, 2014. These materials may also be obtained at AICPA.org or AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110.

2. AICPA Professional Standards

   The AICPA Professional Standards, effective June 15, 2024, issued by the AICPA. These materials may also be obtained at AICPA.org or AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110.

3. Fields of Study

The NASBA CPE Fields of Study, effective January 1, 2024, and available at https://www.nasbaregistry.org/registry-forms--policies/fields-of-study or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

4. Joint Standards

The Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs jointly issued by the AICPA and NASBA, effective January 1, 2024, and available at or at https://www.nasbaregistry.org/the-standards or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

5. Statements of governmental accounting standards

The statements of governmental accounting standards issued as of the effective dates of these Rules and available at www.gasb.org or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

6. FASB Accounting Standards Codification

The FASB Accounting Standards Codification issued as of the effective date of these Rules and available at www.fasb.org or NASBA, 150 Fourth Ave. North, Ste. 700, Nashville, TN, 37219-2417.

7. Government Auditing Standards, December 2011 Revision

The Government Auditing Standards, effective February 1, 2024, issued by the U.S. Governmental Accountability Office and available at www.gao.gov/yellowbook or U.S. Government Publishing Office, 732 North Capitol Street, NW, Washington, DC 20401-0001.

8. Securities and Exchange Commission

   a. *SEC Final Rules*, issued as of the effective date of these Rules, available at www.sec.gov/rules/final.shtml or 100 F Street, NE, Washington, DC 20549.

   b. *SEC Concept Releases*, issued as of the effective date of these Rules, available at www.sec.gov/rules/concept.shtml or 100 F Street, NE, Washington, DC 20549.

   c. *SEC Interpretive Releases*, issued as of the effective date of these Rules, available at www.sec.gov/rules/interp.shtml or 100 F Street, NE, Washington, DC 20549.

   d. *SEC Policy Statements*, issued as of the effective date of these Rules available at www.sec.gov/rules/policy.shtml or 100 F Street, NE, Washington, DC 20549.

9. Circular 230 Tax Professionals – (Rev. 6-2014)

Circular 230, Catalog Number 16586R, published June 12, 2014, available at www.irs.gov/Tax-Professionals/Circular-230-Tax-Professionals or IRS Denver Office, 1999 Broadway, Denver, CO 80202.

10. Part 9904 - Cost Accounting Standards

The standards of the Cost Accounting Standards Board (CASB) codified in Title 48, Chapter 99: Federal Acquisition Regulations System at Part 9904 – Cost Accounting

Standards, available at https://www.govinfo.gov/app/collection/cfr/2024/, or The Office of Management and Budget 725 17th Street, NW Washington, DC 20503.

11. The FASAB Handbook of Accounting Standards and Other Pronouncements, As Amended

    The FASAB Handbook of Accounting Standards and Other Pronouncements, As Amended as of June 30, 2024, available at http://www.fasab.gov/accounting-standards or FASAB, 441 G Street, NW, Suite 1155, Washington, DC 20548.

1.5 EDUCATION REQUIREMENTS FOR EXAMINATION AND CERTIFICATION

This Rule is promulgated pursuant to sections 12-20-204, 12-100-105(1)(b), 12-100-108, 12-100-109, and 12-100-110, C.R.S.

A. GENERAL INFORMATION

1. Conversion of quarter hours to semester hours. For purposes of these Rules, four quarter hours equals three semester hours.

2. Transcripts. The applicant's claim to college or university credits for eligibility for examination and certification must be confirmed by an official transcript of credit forwarded by the institution to the Board's office or its designee. However, the Board may accept an official transcript from the applicant if the transcript is provided in an official envelope sealed by the granting institution.

3. The Board will not issue a certificate to an applicant who has not satisfied the requirements of Rule 1.5(E).

4. The Board or its designee will not consider or review an incomplete application.

5. Any application that is not complete within one year of the receipt date will expire and be destroyed. The applicant must submit a new application along with all required information and fees.

6. “College or university” for purposes of these Rules means an institution of higher education that:

    a. Requires a high school diploma or equivalent as a condition of entry;

    b. Delivers postsecondary education; and

    c. Offers a degree that would be recognized by, or coursework that would be accepted for transfer by, an Accredited Baccalaureate Granting College as defined in Rule 1.5(B).

B. COLLEGE OR UNIVERSITY ACCREDITATION

1. “Accredited Baccalaureate Granting College” for the purposes of these Rules means a college or university: (1) that is deemed accredited under sections 12-100-103(1) and 12-100-108(1), C.R.S., that offers a Baccalaureate Degree or higher degree.

2. Baccalaureate Degree. The Board may deem a Baccalaureate Degree or higher degree obtained from a non-accredited college or university as conferred by an Accredited Baccalaureate Granting College if the applicant demonstrates that the degree would be unconditionally accepted into a graduate program at an Accredited Baccalaureate Granting College.

3. Coursework. The Board may deem coursework obtained from a non-accredited college or university as obtained from an Accredited Baccalaureate Granting College if the applicant demonstrates that the coursework would be acceptable for credit towards a Baccalaureate Degree or higher degree at an Accredited Baccalaureate Granting College.

4. The Board may require that an applicant submit the transcript to a generally recognized academic credential evaluation service for assistance in evaluating whether:

   a. A degree would be unconditionally accepted into a graduate program at an Accredited Baccalaureate Granting College;

   b. Coursework obtained from a non-accredited college or university would be acceptable for credit towards a Baccalaureate Degree or higher degree at an Accredited Baccalaureate Granting College;

   c. An accounting program satisfies the requirements for program approval under section 12-100-110, C.R.S.;

   d. Coursework is, or is equivalent to, a concentration in accounting;

   e. A degree conferred by a non-accredited college or university meets the definition of Baccalaureate Degree; and

   f. The education otherwise satisfies the requirements of the Act and these Rules.

5. The Board will not accept an evaluation described in paragraph (4) of this Rule 1.5(B) unless it is prepared by NIES or an evaluation service that is a member of NACES, AICE, or another similar organization approved by the Board, or any other entity approved by the Board. The Board is not required to accept the results of an evaluation from any source.

C. APPROVED ACCOUNTING PROGRAM

1. An accounting program at an Accredited Baccalaureate Granting College is deemed approved by the Board.

2. The Board may deem an accounting program at any college or university as approved for the purposes of a specific application if the applicant demonstrates that an Accredited Baccalaureate Granting College would accept coursework or a degree obtained from the college or university for credit towards a Baccalaureate Degree or higher degree, or into a graduate program.

D. EDUCATION REQUIREMENTS FOR EXAMINATION

A person who has a Baccalaureate Degree or higher degree who has obtained not less than 120 credit hours of higher education, and who has fulfilled the requirements described in this Rule 1.5(D), has met the education requirements necessary to sit for the examination.

Notwithstanding the above, a person who does not have a Baccalaureate Degree has met the education requirements necessary to sit for the examination, if the individual has obtained not less than 120 credit hours of higher education and fulfilled the requirements described in this Rule 1.5(D), and demonstrates that they are currently enrolled in a degree program at a college or university that: (1) requires a minimum 150 hours for graduation; and (2) does not offer a Baccalaureate Degree, but instead confers a Masters or higher degree, or offers a Baccalaureate Degree upon completion of a combined degree program.

1. An applicant must have completed at least twenty-seven semester hours of non-duplicative accounting coursework at the undergraduate or graduate level with awarded or acceptable for credit from an accredited college or university. The transcripts must indicate an accounting program code or the applicant must otherwise demonstrate that the coursework was in accounting. The twenty-seven semester hours must include the following:

    a. No more than six hours of introductory accounting courses, such as principles of accounting, accounting and tax software courses, payroll accounting, and other basic accounting courses as determined by the Board.

    b. Twenty-one semester hours of accounting courses, excluding introductory accounting courses as described paragraph (a) of this Rule 1.5(D)(1), covering subject areas such as:

        (1) Accounting Ethics

        (2) Accounting Information Systems

        (3) Accounting Research and Analysis

        (4) Accounting Theory

        (5) Auditing and Attestation Services

        (6) Financial Accounting and Reporting of Business Organizations

        (7) Financial Accounting and Reporting for Government and Not-for-Profit Entities

(8) Financial Statement Analysis

(9) Fraud Examination

(10) Internal Controls and Risk Assessment

(11) Managerial or Cost Accounting

(12) Taxation

(13) Tax Research and Analysis

(14) Forensic accounting

(15) Tax auditing

(16) Other areas as approved by the Board as documented in the Board’s policies.

b. The twenty-one semester hours must include a three semester hour, or more, auditing course concentrating on U.S. GAAS. “Concentrating on U.S. GAAS” means that any course content referencing non-U.S. standards is incidental to the course.

c. No more than three (3) semester hours of internship may count towards the twenty-seven hour requirement as described in this Rule 1.5(D)(1).

2. An applicant must successfully complete at least twenty-one semester hours of non-duplicative coursework in business administration at the undergraduate or graduate level that addresses subject areas such as:

a. Behavior of Organizations, Groups, and Persons

b. Business or Accounting Communications

c. Business Ethics

d. Business Law

e. Computer Information Systems

f. Economics

g. Finance

h. Legal and Social Environment of Business

i. Management

j. Marketing

k. Quantitative Applications in Business

l. Statistics

m. Other areas as approved by the Board

3. Of the twenty-one semester hours described in this Rule 1.5(D)(2), no more than three (3) semester hours may be internship hours.

4. All coursework must address subject areas as provided in paragraph (2) of this Rule 1.5(D), but the coursework need not be taken within the business or accounting department.

6. The courses required in this Rule 1.5(D) must be taken at an Accredited Baccalaureate Granting College or: (1) such a college must accept the courses by including them in its official transcript or demonstrate to the Board that it would accept the courses for credit towards graduation; (2) the courses must be acceptable for transfer to such a college pursuant to a transfer articulation agreement approved or accepted by the Colorado Department of Higher Education or what the Board determines to be an equivalent regulatory agency of another jurisdiction; or (3) the Board may accept the findings of an academic credential evaluation provided pursuant to Rule 1.5(B).

E. EDUCATION REQUIREMENTS FOR CERTIFICATION

An individual who has a Baccalaureate Degree or higher degree and who has fulfilled the requirements described in this Rule 1.5(E) has met the education requirements necessary for certification.

1. An Applicant must have successfully completed a total of 150 semester hours of non-duplicative coursework at the undergraduate or graduate level.

2. The Applicant must have completed at least thirty-three semester hours of nonduplicative accounting coursework at the undergraduate or graduate level with awarded or acceptable for credit from an accredited college or university. The transcripts must indicate an accounting program code or the applicant must otherwise demonstrate that the coursework was in accounting. The thirty-three semester hours must include the following:

   a. No more than six semester hours of introductory accounting courses, such as principles of accounting, accounting and tax software courses, payroll accounting, and other basic accounting courses as determined by the Board.

   b. The twenty-seven semester hours of accounting courses excluding introductory accounting courses as described in paragraph (b) of this Rule 1.5(E)(2) and covering the subject areas described in Rule 1.5(D)(1)(a);

   c. Of the twenty-seven semester hours required in paragraph (b), a three semester hour course concentrating on U.S. GAAS, must be included. “Concentrating on

U.S. GAAS" means that any course content referencing non-U.S. standards is incidental to the course.

3. The applicant must have successfully completed at least twenty-seven semester hours of non- duplicative coursework in business administration at the undergraduate or graduate level, which must include:

   a. Of the twenty-seven semester hours, no more than nine semester hours can be in any single subject area. But semester hours in excess of the nine-hour maximum may count toward the total 150 semester hour requirement.

   b. All coursework must address subject areas as provided in Rule 1.5(D)(2), but the coursework need not be taken within the business or accounting department.

4. The courses required in this Rule 1.5(E) must be taken at an Accredited Baccalaureate Granting College or: (1) such a college must accept the courses by including them in its official transcript or demonstrate to the Board that it would accept the courses for credit towards graduation; (2) the courses must be acceptable for transfer to such a college pursuant to a transfer articulation agreement approved or accepted by the Colorado Department of Higher Education or what the Board determines to be an equivalent regulatory agency of another jurisdiction; or (3) the Board may accept the findings of an academic credential evaluation provided pursuant to Rule 1.5(B).

1.6 EXAMINATION GENERAL REQUIREMENTS AND PROHIBITED CONDUCT

This Rule is promulgated pursuant to sections 12-20-204, 12-100-105(1)(b), and 12-100-109, C.R.S.

A. APPLICATIONS

Application to sit for the examination shall be made in a manner prescribed by the Board or its designee. An application is deemed complete at the time all required information and fees are received. The Board or its designee will not consider or review an incomplete application. Any application that is not complete within one year of the receipt date will expire and be destroyed. The applicant must submit a new application along with all required information and fees.

B. EXAMINATION ELIGIBILITY

A candidate may be eligible to sit for the examination after satisfying the education requirements as provided in Rule 1.5(D).

C. OFFICIAL TRANSCRIPTS

A candidate must supply an official transcript to the Board or its designee when applying to sit for the examination. An additional official transcript may be required at the time the candidate applies for certification. These official transcripts must be sent from the granting college or university directly to the Board or its designee. However, the Board may accept an official transcript from the candidate if the transcript is provided in an official envelope sealed by the granting college or university.

D. WITHDRAWALS

1. A candidate may withdraw from the examination by filing a written request with the Board's designee. If a request is filed less than thirty days prior to the examination date, the examination fee will be forfeited unless the failure to timely file the request was due to:

a. The health condition of the candidate or a member of his immediate family substantiated by a physician's statement;

b. The death of a member of the candidate's immediate family substantiated by a death certificate;

c. The candidate entered military service and is unable to sit for the examination; or

d. For other good cause deemed adequate by the Board.

2. For the purposes of this Rule 1.6(D), “immediate family” means directly related family members, including grandparents, parents, spouse, sibling, child, or grandchild, including “step” relationships.

E. CANDIDATE CONDUCT DURING EXAMINATION

1. A candidate shall conduct himself in a manner that does not violate the standards of test administration. Violations of test administration standards include, but are not limited to:

a. Making a false, fraudulent, or materially misleading statement or a material omission on, or in connection with, any application for evaluation and examination to become a CPA of this state. The withdrawal of any application does not deprive the Board of its authority to take action against the applicant;

b. Failing to comply with written guidelines of conduct to be adhered to by candidates during the examination or oral guidance by a testing center administrator at any examination location; and

c. Cheating, subverting, or attempting to cheat or subvert, or aiding, abetting, or conspiring to cheat on the examination;

d. Cheating, subverting, or attempting to cheat or subvert, or aiding, abetting, or conspiring to cheat on the examination includes, but is not limited to, engaging in, soliciting, attempting, or procuring any of the following:

(1) Any form of communication between the candidate and anyone, other than a proctor or examination administrator, while the examination is in progress;

(2) Any form of communication between the candidate and anyone at any time concerning the content of the examination including, but not limited to, any examination question or answer, unless the examination has been publicly released by the preparer of the examination;

(3) Taking by another of all or any part of the examination for the candidate;

(4) Possession or use at any time during the examination or while the candidate is in the examination testing center of any device, material, document, or other thing that is not expressly authorized for use by examinees during the examination including, but not limited to, notes, crib sheets, books, and electronic devices; or

(5) Using or referring at any time after the commencement of the examination and prior to the conclusion of the examination, including all breaks during the examination, to any person, device, material, document, or other thing that is not expressly authorized for use by candidates.

2. A violation of this Rule 1.6(E) is cause for sanctions including disqualification. Sanctions may range from entering a failing grade on all parts of the examination in which cheating occurred, suspension, or total prohibition from sitting for future examinations, other conditions or limitations, or any combination of these sanctions.

3. Any candidate observed violating this Rule 1.6(E) or who otherwise disrupts the examination may be immediately removed from the testing center.

4. The voluntary departure or removal from an examination does not deprive the Board of its authority to take action against the candidate.

5. Any candidate suspected of violating this Rule 1.6(E) or who may have been observed violating this Rule 1.6(E) may be requested to remain for a reasonable period of time following an examination session and may be questioned by test center officials. Test center officials must report any alleged violation of this Rule 1.6(E) to the Board.

6. If more than one candidate is knowingly involved in a connected violation of this Rule 1.6(E), all persons involved are subject to sanctions, although not necessarily of the same severity.

7. Other jurisdictions to which a candidate may apply for the examination will be notified of the sanction imposed by the Board.

8. If, upon a full investigation, the Board has objective and reasonable grounds to believe and finds that the candidate has violated the provisions of this Rule 1.6(E), it may impose the sanctions described in paragraph (2) of this Rule 1.6(E). The Board shall incorporate the findings in its order. For purposes of this paragraph (8), “full investigation” means a reasonable ascertainment of the underlying facts on which the Board’s action is based.

9. The candidate, within sixty days after the date of service of the order, may request a hearing before the Board as provided in section 24-4-105, C.R.S., on the issue of whether the candidate committed a violation of this Rule 1.6(E). The action of the Board after any hearing shall be subject to judicial review as provided in section 24-4-106, C.R.S.

10. This Rule 1.6(E) does not limit the Board’s authority to impose penalties or take any other action authorized under the Act.

F. CONDITIONING REQUIREMENTS

1. Granting of Credit

   a. Candidates are allowed to sit for each section of the examination individually and in any order.

   b. Candidates retain credit for any section(s) passed for thirty (30) months, without having to attain a minimum score on failed sections and without regard to whether they have taken other sections.

c. Candidates must pass all four sections of the examination within a “rolling” thirty (30)-month period that begins on the date of the notification letter (i.e. candidate score summary) documenting a passing grade of the first section.

d. In the event all four sections of the examination are not passed within the rolling thirty (30)-month period, credit for any section(s) passed outside the thirty (30)-month period will expire and the section(s) must be retaken.

e. Written requests for exceptions to the requirements set forth above may be granted at the discretion of the Board for individual hardship or other good cause demonstrated in a timely manner.

G. NOTICE TO SCHEDULE (NTS)

1. After a candidate has been determined eligible to take any section of the examination and the candidate has paid the required fee, the Board’s designee will send the candidate an NTS authorizing the candidate to take the section or sections of the examination.

2. The candidate has six months from the date of the NTS to take the examination section for which the candidate is eligible.

3. A candidate who fails to take the approved examination section within six months must reapply to the Board’s designee for establishment of new eligibility.

1.7 EXPERIENCE REQUIREMENTS FOR CERTIFICATION

The following requirements apply to applicants who seek to qualify for certification pursuant to sections 12-100-107 and 12-100-108, C.R.S.

A. GENERAL EXPERIENCE AND VERIFICATION REQUIREMENTS

1. An applicant has satisfied the experience requirement necessary to be issued a certificate upon completion of 1,800 qualifying work hours verified by one or more verifiers as defined in Rule 1.7(A)(5).

    a. The work hours must be obtained within the five years immediately preceding the date the application is received by the Board or its designee.

    b. The work hours may include any combination of full-time and part-time work. Academic internship hours may be included for both experience and under Rule 1.5 for education credit.

    c. Except as provided in Rule 1.7(A)(4), the work hours must be obtained while employed by one or more employers.

    d. The work hours must be obtained over a period of not less than one year and not more than three years.

2. The work experience must involve the application of appropriate technical and behavioral standards, such as the AICPA Code of Professional Conduct and other standards contained in the AICPA *Professional Standards*, U.S. GAAP, U.S. GAAS, *Statements on Standards for Attestation Engagements* (SSAE), *Statements on Standards for Accounting and Review Services* (SSARS), *Statements on Standards for Tax Services* (SSTS),

Statements on Standards for Management Consulting Services, or other such standards as determined by the Board.

3. "Qualifying work hour(s)" means hours spent primarily applying the standards described in Rule 1.7(A)(2). Holidays, vacations, and family/employee sick leave shall not be included as qualifying work hours. Clerical experience does not count toward qualifying work hours. Clerical experience includes, but is not limited to, mere data entry, mere mathematical calculations, mere account analysis of information already recorded, and merely recording information in the general ledger.

4. Comparable work experience not specifically addressed by these Rules may be considered by the Board on a case-by-case basis, but must include application of the standards described in Rule 1.7(A)(2).

5. "Verifier" means a CPA who is, for the entire period verified, actively licensed in any State or a country that is part of the Mutual Recognition Agreement as set forth in Rule 1.8(F). The verifier cannot be subordinate to or otherwise under the supervision or control of the applicant. The verifier must attest to having direct and continuous knowledge of the work done by the applicant and to having performed contemporaneous periodic review and evaluation of the Applicant's work. The Board in its discretion may grant exceptions to the requirements in this subsection for good cause.

6. The applicant must submit a certificate of experience from all relevant employers including details of the work experience and verification in a manner prescribed by the Board or its designee. Certificates of experience for part-time work must contain a record of the actual hours the applicant has worked for each week of part-time employment. The certificate of experience and all additional details must be signed by the verifier.

7. The Board may request and review information regarding the work experience submitted, including, but not limited to, evidence of experience with the standards described in Rule 1.7(A)(2), work papers, reports, syllabi, course materials, and/or time records. The Board may also interview applicants, verifiers, and any other person who might possess relevant information.

B. PUBLIC ACCOUNTING

Qualifying public accounting experience, for purposes of this Rule, consists of performing services for a client or potential client, including, but not limited to, any combination of services involving the use of accounting or attestation skills, the issuance of reports on financial statements, management advisory or consulting services, preparing tax returns, or furnishing advice on tax matters. Such work consists of employment by a CPA or Firm performing services primarily involving the application of the standards described in Rule 1.7(A)(2).

C. INDUSTRY

Qualifying industry experience consists of performing services, including for an employer, primarily involving the application of the standards described in Rule 1.7(A)(2). Such services may include, but are not limited to, internal audit, installation of internal control systems, preparing Financial Statements, management advisory or consulting services, preparing tax returns, or furnishing advice on tax matters.

D. GOVERNMENT

Qualifying government experience consists of employment by a federal, state, or local government entity. Such work consists of employment performing services primarily involving the application of the standards described in Rule 1.7(A)(2). Such services may include, but are not limited to, internal or external audit, installation of internal control systems, preparing Financial Statements, management advisory or consulting services, or regulatory reporting on financial matters.

E. ACADEMIA

1. Qualifying academic experience consists of teaching in the accounting discipline for academic credit at a regionally accredited college or university. The teaching must include at least two different accounting courses taught above the introductory level involving the standards described in Rule 1.7(A)(2). One year of experience consists of teaching no less than twelve semester hours or the equivalent in quarter hours. Courses outside the field of accounting do not count toward the experience requirement. Such non-qualifying courses include, but are not limited to, business law, finance, computer applications, personnel management, marketing, economics, and statistics.

2. In addition to a certificate of experience, the applicant must submit with the application a letter from each institution where the qualifying hours were taught, signed by the dean or department head at that institution. The letter must include: (a) the number of credit hours that the applicant taught for the relevant years; and (b) the name and academic level, course description, and syllabus for each course taught. The verifier must be the department chair or a faculty member, who shall also be a CPA as described in Rule 1.7(A)(5).

1.8 REQUIREMENTS FOR CERTIFICATION

This Rule is promulgated pursuant to sections 12-20-204, 12-100-105(1)(b), 12-100-108, and 12-100-111, C.R.S.

A. GENERAL PROVISIONS

1. An applicant must complete and submit an application with applicable fees as prescribed by the Board or its designee.

2. Education, training, or experience gained in military service as outlined in section 12-20-202(4), C.R.S., will be accepted towards satisfying the requirements for certification upon presentation of evidence deemed satisfactory to the Board that the education, training, or experience meets the standards otherwise applicable at the time of receipt of the application. The applicant must provide timely and complete evidence for review and consideration. The Board will consider the evidence on a case-by-case basis.

3. Individuals granted a certificate who issue attest or compilation reports must enroll in a peer review program within thirty days following the date the Board grants the initial certificate, pursuant to Rule 1.11 of these Rules.

4. A certificate holder may engage in the practice of public accounting as a sole proprietor.

5. A certificate holder (including a sole proprietor) must register any form of partnership, professional corporation, or limited liability company as provided in Rule 1.15 before he can hold out or engage through that legal entity in any activity for which an active or valid certificate or registration is required under section 12-100-116(1), C.R.S.

6. Upon issuance, certificates and certificate holders are subject to the certificate maintenance, Continuing Professional Education, and other requirements described in Rules 1.9 and 1.10 and all of these Rules.

B. GENERAL CERTIFICATION REQUIREMENTS

1. An applicant has met the requirements necessary for certification if he has:

   a. Met the minimum education requirements as described in Rule 1.5;

   b. Taken and passed the Uniform CPA Examination;

   c. Taken the AICPA Ethics course and passed the AICPA Ethics Examination with a score of ninety percent or better within two years immediately preceding the application receipt date; and

   d. Met the experience requirements described in Rule 1.7.

2. The applicant must complete two hours of CR&R within six months after the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial certificate will satisfy this requirement.

   a. CR&R completed within the six months immediately preceding the date the Board grants the initial certificate will satisfy this requirement. CR&R that is not completed within the six months preceding or after that date will not satisfy this requirement, but it may count towards general CPE credit, if it otherwise satisfies the requirements of Rule 1.9(G).

   b. CR&R courses completed under this requirement may satisfy the CR&R requirement under paragraph (2)(b) of Rule 1.9(G).

   c. CR&R completed pursuant to this subsection (B)(2) of this Rule may be counted toward general CPE requirements.

C. EXAMINATION MORE THAN 10 YEARS PRIOR TO THE CERTIFICATION APPLICATION DATE

If an applicant applies for licensure with examination scores obtained more than ten years prior to the application receipt date, in addition to satisfying the requirements of Rule 1.8(B), the applicant must complete eighty hours of CPE within the two years immediately preceding the application receipt date. No education in personal development, as defined by the fields of study, may be counted toward the eighty hours.

D. VERIFICATION OF EXAM SCORES FOR CERTIFICATION

If examination scores cannot be verified through the Board's records or the records of the Board's designee, the Board may require the applicant to qualify and sit for the examination again prior to applying for licensure.

E. RECIPROCITY REQUIREMENTS

1. The Board may issue a certificate to an applicant who holds an active certificate or license issued by another state or the federal government, or who holds a military occupational specialty, as defined in section 24-4-201, C.R.S., provided the applicant:

   a. Possessed the requirements necessary for issuance of a certificate in Colorado on the date that the applicant's certificate or license was issued by the other state, the applicant meets the Substantial Equivalency requirements defined in Rule 1.4, or the applicant submits proof that he or she has held for at least one year a current and valid certificate or license in another jurisdiction with a scope of practice that is substantially similar to the scope of practice as specified in Article 100 of Title 12, C.R.S.;

b. Provides verification that he holds an active certificate or license issued by another state; and

c. Attests to having completed *Professional Ethics:* The American Institute of Certified Public Accountants Comprehensive Course (for Licensure) or subsequently named course and all CPE required by the other state as of the application receipt date.

2. The applicant must complete two hours of CR&R within six months following the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial Certification will satisfy this requirement.

3. An applicant who holds a certificate or license issued by another state or the federal government based upon passage of the examination but who does not hold a certificate or license to practice is not eligible for reciprocity through that certificate or license.

4. The Board may rely on NASBA, the AICPA, and other professional bodies deemed acceptable to the Board in determining whether an applicant meets the requirements of this Rule 1.8(E).

F. INTERNATIONAL APPLICANTS - MUTUAL RECOGNITION AGREEMENT (MRA)

1. The Board recognizes the IQAB, a joint body of NASBA and the AICPA, which is charged with:

a. Evaluating the professional credentialing process of CPAs, or their equivalents, from other countries; and

b. Negotiating principles of reciprocity agreements with the appropriate professional and governmental organizations of other countries seeking recognition as having requirements substantially equivalent to the requirements for the U.S. CPA certificate.

2. The Board may issue a certificate to an individual holding an active certificate or designation from an organization that has entered into a MRA with the IQAB, provided that the applicant has:

a. Passed the International Qualifications Examination (IQEX) or the Examination;

b. Has one year of work experience in accordance with the requirements of Rule 1.7; and

c. Completed the AICPA Ethics course and passed the AICPA Ethics Examination with a score of ninety percent or better within two years immediately preceding the application receipt date.

3. The applicant must complete two hours of CR&R within six months following the date the Board grants the initial certificate. CR&R completed within the six months immediately preceding the date the Board grants the initial certification will satisfy this requirement.

G. INTERNATIONAL APPLICANTS – NO MUTUAL RECOGNITION AGREEMENT (MRA)

1. If the applicant holds a certificate or designation from an organization that has not entered into a MRA with the IQAB, the Board may issue a certificate, provided that:

   a. The applicant meets the requirements in Rule 1.8(B); and

   b. The Board may require that the applicant provide an education evaluation pursuant to Rule 1.5(B)(4).

1.9 CERTIFICATE REQUIREMENTS, DISCIPLINE, MAINTENANCE, AND STATUS CHANGES

This Rule is promulgated pursuant to sections 12-20-202, 12-20-204, 12-100-105(1)(b), and 12-100-112, C.R.S., and sets forth the general rules regarding a certificate, including CPE requirements, and how a certificate holder may renew, reactivate, or reinstate a certificate, and obtain a retired or inactive status certificate. For specific CPE requirements also see Rule 1.10. A certificate holder is responsible for completing the renewal process when and as required if he wants to maintain his certificate in an active, retired, or inactive status.

A. GENERAL INFORMATION

1. No individual can hold out as defined in Rule 1.4 unless that individual holds an active certificate issued pursuant to the Act or under the laws of any other state, except that:

   a. An individual whose license or certificate is in an inactive status in this or another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation followed or preceded by the term “inactive”; or

   b. An individual whose license or certificate is in a retired status in this or another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation immediately followed or preceded by the term “retired,” and

   c. While practicing in this state under section 12-100-117(2), C.R.S., and Rule 1.14 (Practice Privilege/Mobility), an individual who holds an active CPA license or certificate issued pursuant to the laws of another state may use or assume the title or designation “certified public accountant” or “CPA” or similar designation and an individual holding equivalent authority in a non-U.S. jurisdiction may use or assume the equivalent designation authorized in his non-U.S. jurisdiction.

2. No individual, while holding out as defined in Rule 1.4, can perform for any client, employer, or other person, one or more kinds, or any combination of services involving the use of accounting or attestation skills, including, but not limited to, issuance of reports on financial statements, or of one or more types of management advisory or consulting services, or the preparation of tax returns, or the furnishing of tax advice unless that individual: (1) holds an active certificate issued pursuant to the Act, or (2) is authorized to provide such services pursuant to Rule 1.14 (Practice Privilege/Mobility).

3. A certificate holder offering or rendering services or using his CPA title in another state is subject to disciplinary action in this state for conduct in another state if that conduct violates the Act or these Rules or the laws or rules of that state.

4. Every certificate holder holding an active status certificate must complete CPE. CPE accrues at a rate of ten hours for every full quarter during which the certificate holder holds an active status certificate. The CPE must be completed on or before December 31 of the year ending the CPE reporting period in which the CPE obligation is incurred. Failure to complete accrued CPE on or before December 31 of the year ending the CPE

reporting period in which the CPE obligation is incurred is cause for discipline up to and including revocation. A change to expired, inactive, or retired status does not eliminate the obligation to complete accrued CPE before applying for reactivation or reinstatement.

5. Falsely attesting or otherwise providing false information to the Board may violate sections 18-8-501(2)(a)(I), and 18-8-503, C.R.S., and is also grounds for discipline by the Board up to and including denial, suspension, or revocation of a certificate.

B. NOTICES

1. Certificate Holder Address and Name Changes

   a. Certificate holders shall inform the Board of any name, assumed or trade name, address, telephone, or email change within thirty days of the change. The Board will not change a certificate holder's information without explicit notification provided in a manner prescribed by the Board. Individuals and firms must provide separate notices under this Rule. Information provided to the Board in a firm renewal or initial application and firm changes reported pursuant to Rule 1.15(C) do not fulfill the individual notice requirements under this Rule 1.9(B).

   b. The Board requires one of the following forms of documentation to change a certificate holder’s name or correct a social security number or individual taxpayer identification number:

      (1) Marriage license;

      (2) Divorce decree;

      (3) Court order;

      (4) Documentation from the Internal Revenue Service verifying the licensee’s valid individual taxpayer identification number; or

      (5) A driver’s license or social security card with a second form of identification may be acceptable at the discretion of the Division of Professions and Occupations.

   c. Board communications are sent to the last address furnished to the Board. Failure to respond to a Board communication within thirty days, as provided in section 12-100-121, C.R.S., is grounds for discipline up to and including revocation. Failure to notify the Board of a change of address does not relieve a certificate holder of the obligation to respond to a Board communication.

2. Renewal Notices to Certificate Holders.

   a. The Board may send notices for renewal of certificates according to a schedule established and in a manner approved by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to the last address furnished to the Board.

   b. There is a sixty-day grace period from the expiration date of the certificate within which to pay the renewal fee, plus a late fee. A certificate holder will not be disciplined for holding out or practicing public accounting with an expired certificate during the grace period.

c. Failure to receive a renewal notice does not relieve the certificate holder of the obligation to renew a certificate.

C. NAMES

1. A certificate holder engaged in the practice of public accounting must not hold out, perform, or offer to perform professional services using a name that has not been provided to the Board.

2. A certificate holder shall not use an assumed or trade name unless:

   a. The assumed or trade name is filed with the Colorado Secretary of State pursuant to section 7-71-101, C.R.S.;

   b. The assumed or trade name has been provided to the Board in a manner prescribed by the Board; and

   c. The assumed or trade name otherwise complies with these Rules.

3. The name under which a certificate holder holds out or engages in the practice of public accounting must not be misleading.

4. A name is considered misleading if the name:

   a. Implies the existence of a corporation by the use of words or abbreviations such as “Corporation,” “Incorporated,” “P.C.,” “Corp.,” or “Inc.,” if the CPA is not incorporated or is not a professional corporation.

   b. Implies the existence of a partnership by the use of a designation such as “Smith & Jones,” “C.P.A.s,” “Partnership,” “Ltd.,” “LP”, “LLP”, or “LLLP” if the CPA is not such an entity.

   c. Implies the existence of a limited liability company by the use of abbreviations such as “Ltd.,” “L.L.C.,” “LLC,” or “LC” if the CPA is not such an entity.

   d. Implies that the CPA is associated with or employs another person by the use of terms such as “& Company,” “& Associates,” or “Group” if, in addition to the CPA, there is not at least one other owner or person employed by, professionally associated, or contractually related on a regular and continuous basis with the CPA.

   e. Implies the existence of more than one CPA by the use of terms such as “CPAs,” or “Certified Public Accountants” if no more than one CPA is an Owner or is employed by, or professionally associated, or contractually related on a regular and continuous basis with the CPA.

   f. Includes the name of a person who is neither a CPA in any State nor a CPA or legal equivalent in a foreign country if “CPA” is included in the name.

   g. Indicates or implies an association with persons who are not associated with the CPA, except that a CPA who is a member of a network may include the brand name or initials of the Network provided that the name does not otherwise violate this Rule 1.9(C).

h. Contains any representation that would likely cause a reasonable person to be misled or confused about the CPA’s legal entity type, e.g., corporation, partnership, limited liability company, or sole proprietorship, or about ownership.

i. Contains any representation that would likely cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities.

j. Claims or implies the ability to influence a regulatory body or official.

k. Includes the name of any CPA or Firm whose certificate, license, or registration has been revoked or disciplined whereby the CPA or Firm is prohibited from practicing public accounting or prohibited from using the title CPA or holding out if the name includes the designation “CPAs” or any other language or device tending to indicate the disciplined CPA or firm possesses an active certificate, license, or registration.

l. Contains other representations or implications that in reasonable probability would cause a reasonable person to misunderstand or be deceived.

5. A name must not be formulated in such a manner that the initials or parts of the name form a term, phrase, or imply an association that is misleading.

D. OFFERING SERVICES VIA THE INTERNET

Any certificate holder offering or performing professional services via the Internet must include the following information on the Internet site:

1. Name of the certificate holder;

2. Mailing and physical address of the principal location where the certificate holder offers and/or provides professional services;

3. Business telephone number; and

4. Colorado certificate number.

E. DISCLOSURE - LICENSEES

1. A licensee must notify the Board within thirty days of any of the following events relating to the licensee:

a. Imposition of Discipline by:

(1) The SEC, PCAOB, or IRS.

(2) Another state board of accountancy for any cause other than failure to pay a professional license fee by the due date.

(3) Any other federal or state agency or any professional association or entity regarding the licensee’s conduct while rendering professional services.

(4) Any federal or state taxing, insurance, or securities regulatory authority.

(5) Any non-U.S. authority or credentialing body that regulates the practice of accountancy.

b. Notice of disciplinary charges filed by the SEC, PCAOB, IRS, or another state board of accountancy, or a federal or state agency concerning the practice of public accounting or a non-U.S. authority or credentialing body that regulates the practice of public accounting.

c. Initiation of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.

d. Judgment, settlement, or resolution of a civil proceeding or an alternative dispute resolution proceeding by a governmental entity relating to an audit report for a public or non-public company.

e. Initiation of an administrative proceeding or disciplinary proceeding by any federal, state, or non-U.S. agency, board, or administrative or licensing authority, or any professional association or entity regarding an audit report for a public or non-public company.

f. Any decision, judgment, settlement, or resolution of an administrative proceeding or disciplinary proceeding by any federal, state, or non-U.S. agency, board, or administrative or licensing authority, or any professional association or entity regarding an audit report for a public or non-public company.

g. Any judgment, award, or settlement of a civil action or arbitration proceeding of $150,000 or more in which the licensee was a party if the action or proceeding included any allegation of negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of public accounting or during employment.

h. A criminal charge against or a conviction of the licensee, deferred prosecution, or a plea of guilty or *nolo contendere* to a crime by the licensee if:

(1) The crime is a felony under the laws of any state, or of the United States, or of any territory or insular possession of the United States, or the District of Columbia or any non-U.S. jurisdiction; or

(2) An element of the crime is dishonesty or fraud.

i. Occurrence of any matter that must be reported by the licensee to the PCAOB pursuant to the Sarbanes-Oxley Act of 2002, 15 U.S.C. sec. 7201 et seq., and PCAOB Rules and forms adopted pursuant thereto.

2. The notice to the Board shall include the following information regarding the reportable event:

a. If the reportable event is a disciplinary proceeding, alternative dispute resolution proceeding, administrative proceeding, or civil action by any entity referenced in Rule 1.9(E)(1)(a), the name of the entity, its jurisdiction, the case name, the docket or proceeding or case number by which it is designated, a description of the matter, or a copy of the document initiating the action or proceeding and, if the matter has been adjudicated or settled, a copy of the consent decree, order, or decision.

b. If the reportable event is a criminal conviction or plea, the court, its jurisdiction, the case name, the case number, and a description of the matter or a copy of the indictment or charges, and, if the matter has been adjudicated, a copy of the judgment of conviction.

c. If the reportable event concerns a civil action or arbitration proceeding, the court or arbiter, the jurisdiction, the case name, the case number, a description of the matter, or a copy of the complaint, and a copy of the verdict, the court or arbitration decision, or, if settled, the court's order of dismissal.

3. The reporting licensee may submit a written explanatory statement to be included in the Board's records.

4. Documents provided to the Board shall be closed to public inspection if federal or state statute, rule, or regulation so provides.

5. This Rule shall apply to any reportable event that occurs on or after the Rule's effective date.

F. APPLICATION FOR BOARD ACTION

A certificate holder or a person wishing the Board to take any action regarding the status of a certificate shall apply in a manner prescribed by the Board, except as otherwise provided under Rule 1.9(H)(1) (transfer to inactive status).

G. ACTIVE CERTIFICATE

An active certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., in order to maintain the certificate in active status.

1. CPE hours completed prior to certification, but within the CPE reporting period, may be eligible for CPE credit upon Renewal.

2. A certificate holder, including the holder of an initial certificate, must complete ten hours of CPE for each full quarter in which the certificate holder is actively licensed during a CPE reporting period.

   a. No more than twenty percent of CPE can be in Personal Development, as defined by the Fields of Study.

   b. Four hours of CPE must be in Ethics, of which two hours may be in CR&R.

   c. No more than fifty percent of CPE can be in any combination of teaching or publishing an article or book.

3. As a condition of renewal, certificate holders shall attest that they have complied with the requirements of this Rule 1.9(G).

4. The Board cannot renew the certificate of a certificate holder who issues attest or compilation reports unless he attests to having undergone a peer review as provided in Rule 1.11.

5. As a condition of renewal, a certificate holder shall attest that he has complied with the requirements of Rule 1.12(K).

H. INACTIVE STATUS CERTIFICATE

An inactive certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-201, C.R.S., to maintain the certificate in inactive status.

1. Transfer of a Certificate to Inactive Status

   To transfer a certificate to inactive status, a certificate holder must submit notice in a manner prescribed by the Board or provide written notice by first class mail to the Board.

2. Conditions of an Inactive Certificate

   a. Inactive certificate holders are not required to comply with CPE requirements for the period during which the certificate is inactive.

   b. Inactive status must be indicated by the word “Inactive” (e.g., Inactive CPA or Inactive Certified Public Accountant) if the certificate holder uses the CPA designation in any manner.

   c. A certificate holder with a certificate in inactive status cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.

3. A certificate holder may transfer a certificate to inactive status whether or not he has complied with his current CPE requirements. However, transferring a certificate to inactive status does not relieve the certificate holder of the obligation to complete any CPE accrued but not completed as of the date he transferred the certificate to inactive status. The certificate holder may be subject to discipline for failure to timely complete such CPE and he must complete that CPE prior to returning the certificate to active status (i.e., to reactivate the certificate) as provided in Rule 1.9(K).

4. A certificate may be reactivated to active status as provided in Rule 1.9(K).

I. RETIRED STATUS CERTIFICATE

A retired certificate expires and must be renewed according to the schedule established by the Division of Professions and Occupations pursuant to section 12-20-202, C.R.S., to maintain the certificate in retired status.

1. A certificate holder may transfer a certificate from active, inactive, or expired status to retired status. To transfer a certificate to retired status, the certificate holder must:

   a. Submit an application in a manner prescribed by the Board;

   b. Be at least fifty-five years old; and

   c. Have held an active certificate in good standing issued by any State for a total of at least fifteen years and must have held an active Colorado certificate for at least two of those years.

2. Conditions of a Retired Certificate

a. A retired certificate holder is not required to comply with CPE requirements for the period during which the certificate is in retired status.

b. Retired status must be indicated by the word “Retired” (e.g., Retired CPA or Retired Certified Public Accountant) if the certificate holder uses the CPA designation in any manner.

c. A retired certificate holder cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.

3. A certificate in retired status may be reactivated to active status pursuant to Rule 1.9(K).

J. EXPIRED STATUS CERTIFICATE

1. A certificate that is not renewed on or before the expiration date will expire; however, there is a sixty-day “grace period” from the expiration date within which the certificate may be renewed, subject to a late fee. A certificate holder will not be disciplined for holding out or practicing public accounting with an expired certificate during the grace period.

2. Conditions of an Expired Certificate

a. After the grace period, a certificate holder whose certificate has expired cannot hold out or perform any service for which an active certificate is required under section 12-100-116(1), C.R.S.

b. A certificate holder is not required to comply with CPE requirements for the period in which his certificate is in expired status.

3. An expired certificate may be transferred to Inactive status as provided in Rule 1.9(H)(1).

4. Allowing a certificate to expire does not relieve the certificate holder of the obligation to complete any CPE accrued but not completed as of the date the certificate expired. The certificate holder may be subject to discipline for failure to timely complete such CPE and he must complete that CPE prior to reinstating the certificate to active status as provided in Rule 1.9(K).

5. An expired certificate may be reinstated to active status as provided in Rule 1.9(K).

K. REACTIVATION OF A RETIRED OR INACTIVE STATUS CERTIFICATE, AND REINSTATEMENT OF AN EXPIRED CERTIFICATE

1. Conditions of Reactivation/Reinstatement - Less Than 2 Years

When a certificate has been in retired, inactive or expired status for less than two years, it may be reactivated or reinstated, provided the certificate holder has met the following requirements preceding the application receipt date.

a. Completed the minimum eighty hours of CPE required for the CPE reporting period immediately preceding the CPE reporting period in which the application for reactivation or reinstatement is received; and

b. Completed a minimum of ten hours of CPE for each full quarter during the current CPE reporting period in which the certificate was retired, inactive or expired, up to eighty hours.

c. No more than twenty percent of the required CPE can be in Personal Development, as defined by the Fields of Study, and no more than fifty percent can be in any combination of teaching or publishing an article or book.

2. Conditions of Reactivation/Reinstatement - 2 Years or More but Less Than 6 Years

When a certificate has been in retired, inactive or expired status for at least two but less than six years, it may be reactivated or reinstated, provided the certificate holder has met the requirements set forth in section (1) of this Rule 1.9(K) and completes and passes the *Professional Ethics:* The American Institute of Certified Public Accountants' Comprehensive Course (for Licensure) or a subsequently named course.

3. Conditions of Reactivation/Reinstatement - 6 Years or More

When a certificate has been in retired, inactive or expired status for six years or more, it may be reactivated or reinstated, provided the certificate holder has satisfied the conditions set forth in paragraphs (a), (b), or (c) of this Rule 1.9(K)(3).

a. The certificate holder must:

(1) Meet the requirements of section (2) of this Rule 1.9(K); and

(2) Obtain:

(a) One year of experience as provided in Rule 1.7, except that the experience must be obtained within two years immediately preceding the application receipt date; or

(b) A Master's degree or higher with a concentration in accounting deemed obtained from an Accredited Baccalaureate Granting College, as provided in Rule 1.5(B), within two years immediately preceding the application receipt date.

b. The certificate holder may reinstate or reactivate a certificate that has been retired, inactive or expired for six years or more by satisfying the same conditions as an applicant for initial certification, including passing the examination, meeting the education and experience requirements as established by statute and these Rules, and completing and passing the AICPA Ethics Course and Examination.

c. The certificate holder may reinstate or reactivate a certificate that has been retired, inactive or expired for six years or more if the certificate holder holds a certificate, license or other recognized qualification in full force and effect from a foreign country that has entered into an MRA as provided in Rule 1.8(F), or a certificate or license in active status issued by another state provided the other state meets the substantial equivalency requirements defined in Rule 1.4.

(1) The certificate holder must submit with the application for reinstatement or reactivation an official verification of licensure from the other state or foreign country; and

(2) Attest to having completed eighty hours of CPE as described in this Rule 1.9(K).

4. The certificate holder must meet the requirements for reinstatement or reactivation to active status based on the total combined period during which the certificate was expired,

retired, or inactive. For example, if a certificate had been in an inactive status for three years and a retired status for four years, the certificate holder must meet the reactivation requirements pertaining to six years or more per Rule 1.9(K)(3).

L. CPE REQUIRED AFTER REACTIVATION OR REINSTATEMENT TO ACTIVE STATUS

1. When a certificate is reactivated or reinstated to active status, the CPE required for the current CPE reporting period is ten hours for each full quarter remaining in the CPE reporting period in which the certificate was reinstated or reactivated. No more than twenty percent of the CPE can be in Personal Development, as defined by the Fields of Study and, no more than fifty percent can be in any combination of teaching or publishing an article or book. Two hours of CPE must be in Ethics, which cannot be in CR&R.

2. CPE used for reactivation or reinstatement to active status cannot be used to satisfy the requirements of this Rule 1.9(L).

M. EXCEPTIONS

The Board in its discretion may grant exceptions to the requirements in this Rule 1.9 for reasons of individual hardship or other good cause.

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1.14 PRACTICE PRIVILEGE/MOBILITY

This Rule is promulgated pursuant to sections 12-20-204, 12-100-105(1)(b), and 12-100-117(2), C.R.S.

A. SCOPE OF THE PRACTICE PRIVILEGE

A licensee who qualifies for the Practice Privilege under Rule 1.14(B) may provide Professional Services in this state and shall be deemed to have all the privileges of a certificate holder or registrant without the need to obtain a Colorado certificate or firm registration. No notice or other submission shall be required of any such licensee. Such licensee is subject to the provisions of section 12-100-117(2)(c), C.R.S., and these Rules.

B. REQUIREMENTS

1. Individual Practice Privilege requirements.

    a. An individual shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of a certificate holder without the need to obtain a certificate under section 12-100-107, C.R.S., if:

    (1) The individual's principal place of business is not in this state. For purposes of this Rule 1.14, "Principal Place of Business" is presumed to be the location designated by the individual, but the presumption will be overcome if: (1) the individual establishes residency in this state; and (2) the individual provides or offers professional services to his employer or to a client or potential client located in this state. Provided further that if the individual submits an application for a Colorado certificate within sixty days of establishing residency in this state,

the individual may continue to have all the privileges of a certificate holder until such time as a Colorado certificate is granted or denied; and

(2) The individual holds an active certificate or license issued by any state that NASBA's national qualification appraisal service has verified to be substantially equivalent to the CPA licensure requirements of the AICPA/*NASBA Uniform Accountancy Act* (UAA); or

(3) The individual holds an active certificate or license issued by any state that NASBA's national qualification appraisal service has not verified to be substantially equivalent with the CPA licensure requirements of the UAA, but such individual obtains from NASBA's national qualification appraisal service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the UAA. Any individual who has passed the examination and holds an active certificate or license issued by any other state prior to January 1, 2012, shall be exempt from the education requirements in the UAA.

2. Firm Practice Privilege requirements.

Notwithstanding section 12-100-114, C.R.S., a foreign partnership, corporation, limited partnership, limited liability limited partnership, or limited liability company that has an active/valid certificate, license, or registration to practice public accountancy issued by another state that satisfies the requirements of section 12-100-117(2)(a), C.R.S., may engage in the practice of accountancy in this state without registering with the Board.

3. Contact information required.

Every licensee providing professional services in this state shall provide contact information to clients as required under section 12-100-112(2), C.R.S.

C. DISCIPLINE FOR HOLDERS OF THE PRACTICE PRIVILEGE

1. Practice Privilege Holders.

Licensees who hold a practice privilege are subject to the jurisdiction and the disciplinary authority of the Board pursuant to section 12-100-117(2)(c), C.R.S. The Board may deny, revoke, suspend, or impose other conditions and limitations on the practice privilege, or may fine, issue a letter of admonition, place on probation, or impose other conditions or limitations on a licensee practicing under the practice privilege for any of the grounds for discipline specified in section 12-100-120(1), C.R.S., with the exception of section 12-100-120(1)(h), (i), and (n).

2. Licensees holding the practice privilege are subject to the disclosure requirements as described in Rules 1.9(E) and 1.15(G).

D. FOREIGN INDIVIDUALS

1. An individual who holds a degree, certificate, or license in a foreign country to practice public accounting may provide professional services in this state without a certificate issued under the Act or a certificate or license issued by another U.S. jurisdiction, provided that: The degree, certificate, or license is a recognized qualification for the

practice of public accounting in that country and the certificate or license is active and in good standing;

2. The individual's principal place of business, as defined in Rule 1.14(B), is not in this state; and

3. The practice is incident to the individual's regular practice outside this state. "Incident to" means the professional services provided are temporary and a subordinate component of professional services otherwise performed outside of this state.

4. Individuals who practice public accounting under this Rule 1.14(D) are subject to the jurisdiction and disciplinary authority of the Board. The Board may deny, revoke, suspend, or impose other conditions and limitations on the privilege to practice under this Rule 1.14(D) (the "Foreign Practice Privilege"), or may fine, issue a letter of admonition, place on probation, or impose other conditions or limitations on an individual practicing under the foreign practice privilege any of the grounds for discipline specified in section 12-100-120(1), C.R.S., with the exception of section 12-100-120(1)(h), (i), and (n).

5. An individual who meets the requirements of Rule 1.14(D)(1) is not required to submit any notice or fee to the Board as a condition of practicing. But the individual must respond to all Board communications within thirty days and must submit all information as requested in connection with an investigation or action initiated under Rule 1.14(D)(2).

E. REQUIREMENT TO REPORT DISCIPLINE

1. If the certificate, license, registration, or other authority to practice of an individual or firm is limited or subject to any form of discipline while the individual or firm is exercising its practice privilege under this Rule 1.14, the individual or firm must notify the Board, in a manner prescribed by the Board, of the limitation or discipline within thirty days of the action taken.

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Editor's Notes

History

Rules 1.1, 1.2, 1.5 eff. 05/30/2007. Rule 1.7 repealed eff. 05/30/2007.
Rules 3.7(A)(5), 4.1(E) eff. 07/30/2007.
Chapter 5,rules 7.6, 7.14 eff. 07/31/2008.
Chapters 1, 9 eff. 01/01/2009.
Chapters 5, 6 eff. 01/01/2010.
Chapter 4 emer. rule eff. 07/01/2010.
Entire rule eff. 10/30/2010.
Entire rule eff. 07/01/2013.
Entire rule eff. 11/14/2018.
Rules 3.6 A.3, 6.1 D, 6.11 A, 6.11 D, 6.12, 7.2 eff. 03/17/2019.
Rules 1.2 D.1, 1.2 E.2, 1.5 A.5, 1.11 C.1, 1.11 D.4-5, 1.11 E eff. 03/02/2021.
Rule 1.6 B.1.b eff. 11/14/2021.
Entire rule eff. 06/30/2022.
Rule 1.16 emer. rule eff. 09/21/2022.
Rules 1.8 E.1, 1.8 E.1.a, 1.8 E.3 eff. 09/30/2022.
Rule 1.16 eff. 11/14/2022.
Rules 1.6, 1.6 F eff. 12/30/2023. Rule 1.16 repealed eff. 12/30/2023.
Rules 1.4 B.7, 1.4 C, 1.5 D, 1.5 E.2, 1.7 A.1.b, 1.8 C, 1.9 K.3.a.(1) eff. 12/15/2024.

Annotations

Rules 1.16 B. and 1.16 C. (adopted 09/21/2022) were not extended by Senate Bill 23-102 and therefore expired 05/15/2023.