

## **21 NCAC 08G, CONTINUING PROFESSIONAL EDUCATION (CPE)**

**THE RULES SHOWN BELOW ARE APPLICABLE TO CPE EARNED FOR THE 2020-2021 LICENSE YEAR (I.E., THE LICENSE RENEWAL TO BE COMPLETED BEFORE JULY 1, 2020).**

### **21 NCAC 08G .0401 CPE Requirements for CPAs**

- (a) In order for a CPA to receive CPE credit for a course:
- (1) the CPA shall attend or complete the course and receive a certificate of completion as set forth in Rule .0403(c)(13) of this Section;
  - (2) the course shall meet the requirements set out in Rule .0404(a) and (c) of this Section; and
  - (3) the course shall increase the professional competency of the CPA.
- (b) A course that increases the professional competency of a CPA shall be a course in an area of accounting in which the CPA practices or is planning to practice in the future, in the area of professional ethics, or an area of the profession.
- (c) Because of differences in the education and experience of CPAs, a course may contribute to the professional competence of one CPA but not another. Each CPA shall therefore exercise judgment in selecting courses for which CPE credit is claimed and choose only those that contribute to that CPA's professional competence.
- (d) Active CPAs shall complete 40 CPE hours, computed in accordance with Rule .0409 of this Section by December 31 of each year, except as follows:
- (1) CPAs having certificate applications approved by the Board in April-June shall complete 30 CPE hours during the same calendar year;
  - (2) CPAs having certificate applications approved by the Board in July-September shall complete 20 CPE hours during the same calendar year; or
  - (3) CPAs having certificate applications approved by the Board in October-December shall complete 10 CPE hours during the same calendar year.
- (e) There shall be no CPE requirements for inactive CPAs.
- (f) Any CPE hours completed during the calendar year in which the certificate is approved may be used for that year's requirement even if the

hours were completed before the certificate was granted. When a CPA has completed more than the required number of hours of CPE in any one calendar year, the extra hours, not in excess of 20 hours, shall be carried forward and treated as hours earned in the following year. Ethics CPE hours may not be included in any carry forward hours. A CPA shall not claim CPE credit for courses taken in any year prior to the year of certification.

(g) Any CPE hours used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for reissuance as set forth in 21 NCAC 08J .0106 or for application for a new certificate as set forth in Rule 08I .0104 of this Chapter may be used to satisfy the annual CPE requirement set forth in Paragraph (d) of this Rule.

(h) It shall be the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year and for each of the four calendar years prior to the current year.

(i) A non-resident licensee may satisfy the annual CPE requirements including this Rule in the jurisdiction in which he or she is licensed and currently works or resides. If there is no annual CPE requirement in the jurisdiction in which he or she is licensed and currently works or resides, he or she shall comply with Paragraph (d) of this Rule.

### **21 NCAC 08G .0403 Qualification of CPE Sponsors**

(a) The Board shall not register either sponsors of CPE courses or CPE courses.

(b) Sponsors of continuing education programs that are listed in good standing on the NASBA National Registry of CPE Sponsors shall be considered by the Board as compliant with the CPE requirements of Paragraph (c) of this Rule.

(c) CPE providers not in good standing on the NASBA National Registry of CPE Sponsors shall meet the following requirements:

(1) have an individual who did not prepare the course review each course to be sure it meets the standards for CPE;

(2) state the following in every brochure or other publication or announcement concerning a course:

(A) the general content of the course and the specific knowledge or skill taught in the course;

- (B) any prerequisites for the course and any advance preparation required for the course and if none, that shall be stated;
  - (C) the level of the course, such as basic, intermediate, or advanced;
  - (D) the teaching methods to be used in the course;
  - (E) the amount of sponsor recommended CPE credit a CPA who takes the course may claim; and
  - (F) the date the course is offered, if the course is offered only on a certain date, and, if applicable, the location;
- (3) ensure that the instructors or presenters of the course are qualified to teach the subject matter of the course and to apply the instructional techniques used in the course;
- (4) evaluate the performance of an instructor or presenter of a course to determine whether the instructor or presenter is suited to serve as an instructor or presenter in the future as follows:
- (A) before the course's conclusion, provide for the attendees an opportunity to evaluate the quality of the course by questionnaires, oral feedback, or other means, in order to determine whether the course's objectives have been met, its prerequisites were necessary, the facilities used were satisfactory, and the course content was appropriate for the level of the course; and
  - (B) systematically review the evaluation process to ensure its effectiveness;
- (5) encourage participation in a course only by those who have the education and experience for the level of the course;
- (6) distribute course materials to participants;
- (7) use physical facilities for conducting the course that are consistent with the instructional techniques used;
- (8) assign the number of CPE credits each participant may be eligible to receive by either:
- (A) monitoring attendance at a group course; or
  - (B) testing in order to determine if the participant has learned the material presented;
- (9) inform instructors and presenters of the results of the evaluation of their performances;

(10) retain for five years from the date of the course presentation or completion:

- (A) a record of participants completing course credit requirements;
- (B) an outline of the course;
- (C) the date and location of presentation;
- (D) the participant evaluations or summaries of evaluations;
- (E) the documentation of the instructor's qualifications; and
- (F) the number of contact hours recommended for each participant;

(11) have a visible, continuous, and identifiable contact person who is charged with the administration of the sponsor's CPE programs that has the responsibility and shall be accountable for assuring and demonstrating compliance with this Rule by the sponsor or by any other organization working with the sponsor for the development, distribution, or presentation of CPE courses;

(12) develop and promulgate policies and procedures for the management of grievances including tuition and fee refunds; and

(13) provide persons completing course requirements with written proof of completion indicating the participant's name, the name of the course, the date the course was held or completed, the sponsor's name and address, and the number of CPE hours calculated and recommended in accordance with Rule .0409 of this Section.

(d) Failure of a National Registry of CPE Sponsor to comply with the terms of this Rule shall be grounds for the Board to disqualify the sponsor as a CPE sponsor with this Board and to notify NASBA and the public of this action.

## **21 NCAC 08G .0404 Requirements for CPE Credit**

(a) A CPA shall not be granted CPE credit for a course unless the course:

- (1) is in one of the seven fields of study recognized by the Board and set forth in Paragraph (b) of this Rule;
- (2) is developed by an individual who has education and work experience in the subject matter of the course; and
- (3) uses instructional techniques and materials that are current and accurate as set forth by Rule .0403 of this Section.

(b) The seven fields of study recognized by the Board are:

- (1) Accounting and Auditing

- (A) Accountancy
- (B) Accounting – Governmental
- (C) Auditing
- (D) Auditing – Governmental
- (2) Consulting Services
  - (A) Administrative Practice
  - (B) Social Environment of Business
- (3) Ethics
  - (A) Behavioral Ethics
  - (B) Regulatory Ethics
- (4) Management
  - (A) Business Law
  - (B) Business Management and Organization
  - (C) Finance
  - (D) Management Advisory Services
  - (E) Marketing
- (5) Personal Development
  - (A) Communications
  - (B) Personal Development
  - (C) Personnel/HR
- (6) Special Knowledge and Applications
  - (A) Computer Science
  - (B) Economics
  - (C) Mathematics
  - (D) Production
  - (E) Specialized Knowledge and Applications
  - (F) Statistics
- (7) Tax

(c) The following may qualify as acceptable types of continuing education programs, provided the programs comply with the requirements set forth in Paragraph (a) of this Rule:

- (1) professional development programs of national and state accounting organizations;
- (2) technical sessions at meetings of national and state accounting organizations and their chapters;
- (3) courses taken at regionally accredited colleges and universities;

(4) educational programs that are designed and intended for continuing professional education activity conducted within an association of accounting firms; or

(5) correspondence courses that are designed and intended for continuing professional education activity.

(d) CPE credit may be granted for teaching a CPE course or authoring a publication as long as the preparation to teach or write increased the CPA's professional competency and was in one of the seven fields of study recognized by the Board and set forth in Paragraph (b) of this Rule.

(e) CPE credit shall not be granted for a self-study course if the material that the CPA must study to take the examination is not designed for CPE purposes. This includes periodicals, guides, magazines, subscription services, books, reference manuals and supplements that contain an examination to test the comprehension of the material read.

(f) A CPA may claim credit for a course offered by a non-registered sponsor provided that the course meets the requirements of this Rule and Rules .0403(c), and .0409 of this Section. The CPA shall maintain documentation proving that the course met these standards.

### **21 NCAC 08G .0405 Administration of Requirement**

Forms for reporting CPE hours will be furnished by the Board. The Board may audit on a test basis information submitted by licensees who may apply for a renewal license.

### **21 NCAC 08G .0406 Compliance with CPE Requirements**

(a) All active CPAs shall file with the Board a completed CPE reporting form by the July 1 renewal date of each year.

(b) If a CPA fails to complete the CPE requirements prior to the end of the previous calendar year but the CPA has completed them by June 30, the Board may:

(1) issue a letter of warning for the first such failure within a five-calendar year period; and

(2) deny the renewal of the CPA's certificate for a period of not less than 30 days and until the CPA meets the reinstatement requirements set forth in 21 NCAC 08J .0106 for the second such failure within a five-calendar year period.

## **21 NCAC 08G .0409 Computation of CPE Credits**

(a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be given based on contact hours. A contact hour shall be 50 minutes of instruction and one-half contact hour shall be equal to 25 minutes of instruction. For example, a group course lasting 100 minutes shall be two contact hours equaling two CPE credits. A group course lasting 75 minutes shall be one and one-half contact hours equaling one and one-half CPE credits. A group course lasting 25 minutes shall be one-half contact hour and equal to one-half CPE credit. When individual segments of a group course are less than 50 minutes, the sum of the individual segments shall be added to determine the number of contact hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment. Internet based programs shall employ a monitoring mechanism to verify that participants are participating during the duration of the course. No credit shall be allowed for a group course having fewer than 25 minutes of course instruction.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one continuing education unit shall be 10 CPE credits. No CPE credit shall be given to a CPA who audits a college course.

(c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor shall determine on the basis of pre-tests or NASBA word count formula the average number of contact hours of course material it takes to complete a course. A contact hour shall be 50 minutes and one-half contact hour shall be 25 minutes of course material. No self-study course may contain fewer than 25 minutes of course material.

(d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given based on the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for and presenting

CPE courses. CPE credit for preparing or presenting a course shall be allowed only once a year for a course presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter shall not receive CPE credit.

(f) Instructing a Graduate Level College Course. CPE credit for instructing a graduate level college course shall be given based on the number of credit hours the college gives a student for successfully completing the course, using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing a course in which there is credit given towards an undergraduate degree.

(g) No more than 50 percent of the CPE credits required for a year shall be credits claimed under Paragraph (d) and (f) of this Rule.

#### **21 NCAC 08G .0410 Professional Ethics and Conduct CPE**

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and conduct. The CPA shall complete two contact hours in either a group study format or in a self-study format of a course on regulatory or behavioral professional ethics and conduct. This CPE shall be offered by a CPE sponsor registered with NASBA pursuant to Rule .0403(b) of this Section.

(b) A non-resident licensee whose primary office is in North Carolina shall comply with Paragraph (a) of this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements in the jurisdiction in which he or she is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where he or she is licensed and currently works or resides, he or she shall comply with Paragraph (a) of this Rule.