

**POLICIES OF THE COLORADO STATE BOARD OF ACCOUNTANCY
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COLORADO BOARD OF ACCOUNTANCY

POLICY STATEMENTS

The dates adopted or amended, cross-references, and statements of purpose are filed with the Policies located in the Board's office and are available for review.

APPLICATION PROCESSING

10-01 Review of Denied Certificate/Registration Applications

The Board will honor one request from an applicant to reconsider a certificate application or firm registration that has previously been denied and will grant the applicant an opportunity to make a personal appearance before the Board.

After reconsideration and reaffirmation of a denial, the applicant will be informed of an option for a denial hearing pursuant to the provisions in the Administrative Procedure Act.

10-02 Notification to Certificate Holders When Application to Register Firm is Denied

When an application to register a firm name is denied and evidence exists which indicates that a certificate holder(s) is using a firm name without proper registration, the Board will include in each denial letter a statement advising that the certificate holder(s) immediately cease and desist practicing public accounting under a firm name which is not properly registered with the Board.

10-03 Timely Filing of Applications for Firm Registration

The Board will consider completed applications for firm registration to be timely filed if said application is received within 90 days from the date the registrant began providing public accounting services to the public for a fee. The application can be pre-approved by staff upon verification of compliance with all statutory/regulatory provisions and presented to the Board for final approval pursuant to standard administrative practice.

Firm applications which are filed beyond the 90-day time period must be presented to the Board as a specific item on its regular meeting agenda for its review and consideration.

10-04 Processing of Applications for Reciprocity Applicants with Expired Certificates from Other Jurisdictions

If a reciprocity applicant holds an expired certificate in another jurisdiction when he applies for certification in Colorado, and that certificate is deemed "not in good standing" by the other jurisdiction due to a failure to renew the certificate, the applicant may be certified in Colorado, providing all Colorado requirements have been met for original licensure and no disciplinary actions have been taken against the expired certificate.

10-05 Filing of Changes to a Firm Registration

The Board requires an immediate application to change a firm registration for a change in name, ownership or form of entity. The application may be approved by staff upon verification of compliance with all statutory/regulatory provisions.

Applications for a change to a firm registration which are filed beyond 90 days will be presented to the Board as a specific item on its regular meeting agenda for its review and consideration.

10-05 (A) Filing of Changes to a Firm Registration in Conjunction with Individuals

The information provided to the Board in a firm renewal application or notice of other changes in the firm required to be reported to the Board, will not constitute satisfaction of the firm's individual owners change of name, address or status that are otherwise required to be reported. Likewise, application by an individual for or renewal of their own personal certificate does not satisfy the requirement of a firm to report changes in the firm that are otherwise required to be reported to the Board.

10-06 Timely Filing of Reciprocal Applications for Certification

All persons performing public accounting work as a Certified Public Accountant in Colorado must hold an active Colorado certificate. A completed application for certification based on reciprocity for persons licensed in another jurisdiction is to be submitted prior to the commencement of such work in Colorado.

The application for reciprocal certification may be pre-approved by staff upon verification of compliance with all statutory/regulatory provisions. Applications, which are filed beyond 120 days after commencement of work, will be presented to the Board as specific items on its regular meeting agenda for its review and consideration.

After commencement of work and prior to submittal of a completed application, applicants for certification based on reciprocity may not violate any of the provisions of section 12-2-101, et. Seq., C.R.S. (1998).

CERTIFICATES

20-01 Voluntary Surrender of Colorado CPA Certificate

The Board will accept the voluntary surrender of CPA certificates. Certificate holders who voluntarily surrender their certificates must enter into a voluntary surrender agreement with the Board. Certificate holders who opt to surrender said certificate will agree that they may no longer assume or use the title or designation “certified public accountant” or the abbreviation “C.P.A.”, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate they are licensed in Colorado, and may no longer perform audit services, as audit services are defined in Section 12-2-120(6), C.R.S. A voluntary surrender agreement will generally not be accepted if a certificate holder has a complaint pending.

If a certificate holder surrenders his/her CPA certificate and subsequently applies for the granting of a certificate, he/she will be required to comply with the requirements for the granting of an original, new certificate.

20-02 Expiration Date For Certificates Granted in February-May of Scheduled Renewal Year

The Board will extend the expiration dates of certificates granted in February through May of a scheduled renewal year to the next succeeding renewal date.

20-03 Ethics Examination for Certification

The Board requires that all applicants applying for licensure by reciprocity successfully pass the AICPA ethics examination, unless the applicant has already successfully completed the AICPA ethics examination. (7/95)

The Board will accept the successful passage of the California State Board ethics examination as fulfilling the ethics examination requirement for Colorado CPA certification. (5/88)

The Board will accept the successful passage of the AICPA computer ethics examination, titled *Professional Ethics: The AICPA's Comprehensive Course* as meeting the ethics examination requirement for Colorado CPA certification. (1/03)

20-04 Inactive Reinstatement Beyond 6 years (Rule 5.3(D))

If a certificate holder whose certificate expired more than six years ago wishes to reinstate in an inactive status, the continuing education requirements listed in 5.3(D)(2) will be waived. However, if the certificate holder wishes to convert the certificate to active status at a time in the future, he will be required to complete an inactive-to-active application, pay a fee and complete the continuing education requirements listed in 5.3(D)(2).

FIRM REGISTRATION

25-01 Interpretive Policy Concerning 12-2-117(1)(b)(I) and 12-2-117(1)(b)(II)

CPA members, partners, officers and shareholders in a firm may be licensed in any state, not just Colorado. The resident CPA manager and all CPA members, partners, officers and shareholders residing in Colorado must be licensed in Colorado (see 12-2-117(1)(a) and (e)).

EDUCATION

30-01 Education - Requirements for Education in Lieu of Experience for CPA Certification

The requirement for 30 additional hours of study shall be deemed to be met if the applicant has obtained a minimum of a baccalaureate degree and completed 45 semester hours in accounting subjects, 6 semester hours of which must be in audit, and 36 semester hours in business related subjects; and, further that neither the degree requirement nor the subject requirements need be obtained in any specific order.

EXAMINATIONS and RE-EXAMINATIONS

40.01 Examination Issues

40.01.1 Disabilities – Repealed 11/94

40.01.2 Announcement-Completion of Answer Sheets – Repealed 03/04

40.01.3 Photographs – Repealed 03/04

40.01.4 Denial of Late Applications – Repealed 03/04

40.01.5 Attachment of Answer Booklets to Answer Sheets – Repealed 03/04

40.01.6 Announcements at Examination – Repealed 11/94

40.01.7 - The Board authorizes its examination vendor to issue full refunds automatically to candidates who are called to active duty with the United States Armed Forces, provided the dates of required service coincide with Uniform CPA Examination dates and upon receipt of a copy of the official order. (10/90)

40.01.8 Receipt of Supporting Documents – Repealed 03/04

40-02 AICPA Elijah Watt Sells Award & Medal Winners

Upon notification from the AICPA, the Board will inform the Colorado Society of CPA's of the Colorado examination candidates who earned the highest scores on the Uniform CPA Examination. In addition, the Board will recognize the respective Colorado candidates by sending them a letter of congratulations.

40-03 Cheating Policy

Cheating on the CPA examination will be considered as dishonesty related to the professional responsibilities of a CPA and as such will be cause for disqualification.

Penalties that may be imposed by the Board for cheating on the examination will be based upon the seriousness of the situation. Penalties may range from the entering of a failing grade on all parts of the examination in which cheating occurred, suspension of the right to apply for future examinations and/or immediate expulsion from the testing center.

Any candidate suspected of cheating or who may have observed cheating may be requested to remain for a reasonable period of time following an examination session and questioned by test center officials. These officials shall report to the Board regarding this incident. The Board, after notice to the candidate, may schedule a hearing to determine the validity of the charge of cheating. The candidate shall be provided a written decision and order of the Board following this hearing.

If more than one candidate is knowingly involved in a connected offense of cheating, all persons so involved are subject to penalties, although not necessarily of the same severity.

Other jurisdictions to which a candidate may apply for the examination will be notified of the penalty levied in this state.

40.04 Disposition of Calculators – Repealed 03/04

40.05 CPA Examination Guidelines for Colorado Certificates Expired Beyond Six Years

Individuals who allow their Colorado CPA Certificate to expire beyond six years will not be subject to the requirement of retaking and passing the CPA Examination set forth in Section 12-2-108(5), C.R.S., if the individuals meet the requirements set forth in Section 12-2-113, C.R.S. for issuance of a certificate by reciprocity.

40.06 Exception to Requirement for Baccalaureate Degree to be Posted on Official Transcript

Individuals who are enrolled in the accounting program at an accredited college or university in Colorado during the transition from a bachelor's degree program to a combined bachelor/master degree program, shall not be required to have the awarding of the baccalaureate degree posted on an official transcript prior to taking the CPA examination. Rather, they shall submit an official transcript which indicates all courses taken and credit earned. In addition, an official verification from the school must accompany the transcript relating that the requirements for the award of a baccalaureate degree have been met, and will be posted following completion of the combined program.

EXPERIENCE

50-01 Five-Year Requirement to Obtain Experience – Repealed 07/95

50-02 Canadian Chartered Accountants – Repealed 11/94

50-03 Experience Obtained Outside United States and Verified by a Chartered Accountant

The Board authorizes staff to routinely approve applications for certification which contain public accounting experience from countries previously accepted by the Board and verified by either a chartered accountant or a certified public accountant in good standing.

50-04 Equivalent Experience-State Auditor's Office – Repealed 11/94

50-05 Equivalent Experience-Air Force Audit Agency – Repealed 11/94

50-06 Corroboration of Experience by Candidate's Supervisor

When the Board has requested additional information to supplement an application for certification, it may be the policy to request such additional information from both the candidate and the candidate's supervisor, to provide for corroboration of the candidate's stated duties.

CONTINUING EDUCATION

60-01 20-Hour Requirement – Repealed 11/94

60-02 Self Study & Published Work – Repealed 11/94

60-03 Continuing Education Audit

The Staff may maintain a tickler system to monitor future continuing education credits reported by certificate holders who have undergone an audit of their continuing education for renewal of a certificate and who have been disciplined for failure to meet the continuing education requirements.

60-04 Acceptance of CE Toward Renewal Requirements – Repealed 9/95

60-05 Time Period to Obtain Acceptable CE Requirements for New Certificate Holders –Repealed 03/04

60-06 Minimum Required Number of Ethics Hours – Repealed 06/97

60-07 Ethics Reporting Requirement for 1998 Renewal – Repealed 03/04

60-08 Requests for Extensions to Complete the Continuing Education Requirements for the Renewal period Ending May 31st

The Board generally will permit the holder of an active certificate who lacks 10 hours or less of required continuing professional education (CPE) as of January 1st of the renewal year to renew in an active status if the certificate holder requests an extension to complete the required CPE hours by March 31st of the renewal year, the request is made for reasons of health, military service, foreign residence, retirement, or other good cause, and the Board grants the request.

Board staff may approve a request for an extension up to March 31st for such reasons and to complete 10 hours or less, or staff may place the request before the Board.

Any hours that are completed in the renewal year for the preceding two-year CPE period may not be used for CPE credit for the period beginning in the renewal year.

COMPLAINTS

70-01 Confidentiality

The Board will, during the investigative process and until a complaint is settled by stipulated agreement or until charges are served on an applicant or certificant, deem such complaint of record and the results of investigation, including the report of investigation, closed to inspection by the complainant, the respondent and the public; however, the report of investigation will be made available to the respondent or his representative at the time the Board finds reasonable grounds to believe that a violation has occurred and refers the complaint to the Attorney General's office for hearing.

The Board will not disclose, discuss or comment with regard to whether complaints are pending during the investigative stage of a complaint. The Board will disclose such information when a complaint is settled by stipulated agreement or charges are filed.

Fully executed stipulations and consent agreements are public records.

70-02 Procedures to Track Complaints Assigned to Investigative Consultants – Repealed 11/94

70-03 Responses to Complaints

The Board will not accept or consider a response from anyone other than the respondent the complaint is filed against or the respondent's attorney.

70-04 Referrals from Other Governmental Agencies – Repealed 11/94

70-05 Procedures to Seek Information from Non-Colorado CPA Supervisors of Certificate Applicants

The Board authorizes staff to routinely send letters of inquiry to non-Colorado CPA supervisors who verify supervision of an applicant's work performed in Colorado. The purpose of the inquiry will be to obtain information from the supervisors concerning whether or not they have been holding out and practicing public accounting in Colorado without proper licensure.

70-06 Procedures for Handling Complaints Involving Partnerships, Professional Corporations and Limited Liability Companies

Upon receipt or initiation of a complaint against a firm that practices as a firm composed of certified public accountants wherein it is not clear who the managing partner or responsible managing person is, a letter will be directed to all resident partners, shareholders or Limited Liability Company (LLC) members for a single response regarding which partner(s), shareholder(s) or LLC member(s) is responsible for management decisions.

GROUND FOR DENIAL & SANCTIONS

80-01 Convictions Disclosed by Applicants

The Board requires disclosure of convictions by applicants and directs staff to flag the respective files and bring the information to the Board's attention at the time the individual applies for certification.

Convictions include conviction of a felony or of any crime, an element of which is dishonesty or fraud, under the laws of any state or of the United States. A plea of guilty or nolo contendere accepted by the court shall be considered as a conviction.

80-02 Administrative Action Concerning Misdemeanor Convictions

The Board will automatically grant the application of applicants who otherwise meet the requirements for certification and who report a conviction of a misdemeanor five years or more prior to certification, with the exception of misdemeanors involving drugs and/or alcohol. Applications with misdemeanors involving the use of drugs and/or alcohol will be reviewed by the Board.

80-03 Maintenance of Original Certificates Obtained in Other States

The Board will not impose disciplinary sanctions on a certificate holder if they voluntarily choose not to renew their certificate in another jurisdiction as long as the choice not to renew was not as a result of a disciplinary proceeding.

80-04 Settlement Parameters – Repealed 11/94

80-05 Peer Review

The Board will accept on-site peer reviews conducted in accordance with standards established by the AICPA Peer Review Board and conducted under the auspices of the Colorado Society of Certified Public Accountants.

80-06 Child Support Enforcement

Authority has been delegated to the Program Director to execute a "Memorandum of Understanding" with the Colorado Department of Human Services for the purpose of implementing House Bill 97-1205 relevant to the suspension and reinstatement of a license to practice a profession. When the suspension and reinstatement is based on child support compliance, the Program Director is authorized to execute "Orders of Suspension," "Orders of Reinstatement" of a professional license, correspondence from the Board notifying respondents of license suspensions, and denials and any and all documentation necessary to enforce compliance with sections 24-34-107 and 26-13-126, C.R.S. (1997). An "Order of Suspension" based on child support compliance will be effective 20 days after its signing.

GENERAL

90-01 Signing of Board Minutes – Repealed 11/94

90-02 Questions From The Press

The Board members will not respond to questions regarding board matters from the press and will refer questions from the press to the Program Director.

90-03 Distribution of Board Minutes – Repealed 11/94

90-04 Delegation of Authority to Program Director

The Board grants its director the authority to sign routine subpoenas necessary in the course of investigations or routine hearings on behalf of the Board. (2/86)

The Board delegates to the Program Director the authority to execute Stipulations, the terms of which were previously approved by the Board, and notices of hearing and charges.

90-05 Delegation of Authority to President to Rule on Pre & Post-Hearing Motions

The Board grants its President the authority to rule on all pre and post-hearing motions pursuant to Section 24-4-105 of the Administrative Procedure Act.

90-06 Peer Review Reports -- Confidential Documents

Peer review reports which contain confidential, commercial, financial information are closed to public inspection and will be reviewed by the Board in Executive Session.

90-07 Singular and plural

In instances where the language in the statute and rules could be considered singular or plural and there is no other clarification, the Board relies on **CRS 2-4-102 "Singular and plural"**. The singular includes the plural, and the plural includes the singular."

90-08 Testimony by Board Members in Civil Cases

If a Board Member testifies as an accounting expert in a civil matter, the Board Member shall notify the court and the opposing party in writing and testimony that the opinions that he or she express are their own and not those of the State Board of Accountancy. If the civil matter comes before the Board as a possible disciplinary action, the Board Member is expected to recuse from discussions and decisions on the matter (conflict of interest).

90-09 Interpretive Policy Concerning Rule 7.13

In order to comply with Rule 7.13, it is only necessary for a registered firm (including sole practitioner Professional Corporations) to provide the firm name, registration number, principal business address and telephone number. It is not necessary to provide each CPA member's, partner's, officer's or shareholder's name, certificate number, principal business address and telephone number. Individuals must provide their name, certificate number, principal business address and telephone number.