State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Board of Accountancy
1511 Pontiac Avenue, Bldg. 68-69
Cranston, Rhode Island 02920

Public Notice of Proposed Rule-Making

Pursuant to the provisions of the Administrative Procedures Act, Chapter 42-35 of the General Laws, the Department of Business Regulation hereby gives notice of its intent to repeal the existing regulations of the Board of Accountancy and adopt a single merged regulation.

The purpose of this amendment is to make changes described in detail in the Concise Summary attached hereto. Major non-technical changes are tracked in the proposed amended regulations.

The proposed amended regulation and concise summary of non-technical amendments are available for public inspection at www.dbr.ri.gov, in person at Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or by emailing jenna.algee@dbr.ri.gov or by calling Jenna Algee, Esq. at (401) 462 9593.

In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by April 21, 2015, to Jenna Algee, Esq., Department of Business Regulation, 1511 Pontiac Avenue, Bldg. 68-1, Cranston, RI 02920, (401) 462 9593, jenna.algee@dbr.ri.gov. A public hearing to consider the proposed amendment shall be held on April 21, 2015 at 1:30 p.m., at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard.

All are welcome at the Rhode Island Department of Business Regulation ("DBR"). If any reasonable accommodation is needed to ensure equal access, service or participation, please contact DBR at 401-462-9551, RI Relay at 7-1-1, or email directorofficeinquiry@dbr.ri.gov at least three (3) business days prior to the hearing.

Macky McCleary
Director, Department of Business Regulation

Date posted: February 19, 2015

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Concise Summary of Proposed Non-Technical Changes

In accordance with the Administrative Procedures Act, Section 42-35-3(a)(1) of the General Laws of Rhode Island, the following is a concise summary of proposed non-technical changes that would be accomplished by the proposed regulatory action:

1. Repeal Regulations of the Board of Accountancy for the Conditioning of CPA Candidates. These regulations are no longer applicable since the computer based uniform examination was implemented.

2. Repeal Regulations of the Rhode Island Board of Accountancy for the Fulfillment of the Education Requirement, RIBOA Regulation 2008-1 Regulation Concerning Continuing Professional Education Requirements of Certified Public Accountants, Rhode Island Board of Accountancy Regulation 2008-2: Regulation of the3 Rhode Island Board of Accountancy Concerning Professional Conduct of Certified Public Accountants and Public Accountants, Regulations of the Rhode Island Board of Accountancy Establishing Peer Review Standards, Regulations of the Rhode Island Board of Accountancy for the Consideration and Processing of Complaints, 2004 Computer Based Uniform Certified Public Accountant Examination Regulation, and the Regulations of the Rhode Island Board of Accountancy for the Fulfillment of the Public Accounting Experience Requirement. Merge the content of these seven (7) regulations into one new regulation.

3. The non-technical differences between the repealed text and the new regulation are as follows:

    a. The existing requirement that a score of 90 or above must be achieved in the Professional Ethics, the AICPA's Comprehensive Course is codified in the regulation;

    b. The existing requirement that a candidate must attain a passing grade for each test section of 75 is codified in the regulation;

    c. Types of programs that will qualify for continuing professional education (CPE) are expanded to include: "interactive webcasts which shall be credited the same as live attendance;

    d. Clarify that the Board may make exceptions for the required CPE completion time.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
BOARD OF ACCOUNTANCY
1511 Pontiac Avenue
Buildings 68-69
Cranston, Rhode Island 02920

RULES AND REGULATIONS FOR THE BOARD OF ACCOUNTANCY

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REGULATION 1: EDUCATION REQUIREMENT

Section 1 ***Education Requirement***

A. An applicant will be deemed to have met the education requirement if, as part of the 150 semester hours of education, he or she has met any one of the following conditions:

   1. Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency recognized by the Board.

   2. Earned a graduate degree from a program that is accredited in business by an accrediting agency recognized by the Board and completed not less than twenty-four (24) semester hours in accounting at the undergraduate level or fifteen (15) semester hours at the graduate level, or an equivalent combination thereof.

   3. Earned a baccalaureate degree or higher degree at an institution that is accredited by an accrediting agency recognized by the Board and completed not less than twenty-four (24) semester hours in accounting at the undergraduate or graduate level, and completed not less than 24 semester hours in business courses (other than accounting courses) at the undergraduate or graduate level.

B. Under the conditions A(2) and A(3) described above, the accounting component of the education requirement must include not less than six (6) semester hours in both fundamental accounting and intermediate financial accounting and reporting and not less than three (3) semester hours in each of the following: advanced financial accounting and reporting, tax accounting and auditing.

C. The business courses must include not less than three (3) semester hours in both business law and economics.

D. The applicant or the educational institution from which the baccalaureate or graduate degree is earned must demonstrate to the Board's satisfaction the integration of business ethics throughout the mandated core curriculum.

E. An applicant who does not meet the 150 hour education requirement may sit for an examination after July 1, 1999 if the applicant has, at the time of the examination: (a) completed not less than 120 semester hours of education; and (b) met one of the conditions specified in section A; provided, however, that an applicant who successfully passes the examination will not be eligible to receive a certificate until the applicant completes the 150 hour requirement and the experience requirement.

Section 2 ***Curriculum Recommendations***

In order to provide meaning to the education requirement, the Board encourages educational institutions to experiment in providing an educational experience to students to prepare them for the profession in the twenty-first century. In order to provide guidance to applicants and to educational institutions with respect to subjects which the Board determines to be important to fulfill this requirement, the Board offer the following curriculum suggestions:

A. General Education: Ethics, Economics, Globalization, Computers, Communication, Mathematics and Statistics and Behavioral Sciences.

B. Business Education: Economics, Quantitative Applications in Business, Legal and Social Environment of Business, Communication Skills, Business Law, Business Ethics, Marketing, Globalization, Finance, Total Quality Management, Organization, Group and Individual Behavior and Accountant's Legal Liability.

C. Accounting Education: Auditing, Taxation, Financial Accounting, Professional Ethics and Responsibility, Managerial Accounting, Internships and Accounting Information Systems.

REGULATION 2: EXPERIENCE REQUIREMENT

Section 1 ***Guidelines and Definitions***

A. The experience requirement shall consist of one year (minimum of 1,820 hours), as specified in R.I.G.L. §5-3.1-5(a)(5).

B. A candidate who has passed the CPA examination in a jurisdiction other than Rhode Island must comply with the experience requirement of that other jurisdiction if it exceeds the Rhode Island experience requirement.

C. Requisite experience must be provided under the direct supervision of a CPA or a PA with a permit to practice.

Section 2 ***Experience required for the issuance of a certificate of certified public accountant***

A. The experience in the practice of accountancy required to be demonstrated for issuance of a certificate of certified public accountant, pursuant to Title 5, Chapter 3.1 of the Rhode Island General Laws, shall meet with the requirements of this Regulation.

B. The applicant shall demonstrate to the Board that he or she has obtained a portfolio of experience consisting of providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills all of which was verified and supervised by a licensee, meeting the requirements of these regulations. Such portfolio of experience obtained in the following categories, or in any combination thereof, shall be acceptable:

1. Public practice. Experience may be gained through employment as a staff accountant of a firm of certified public accountants or a firm of public accountants where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The work must involve application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Conduct, Generally Accepted Auditing Standards, Statements on Standards for Attestation Engagements, Statements on Standards for Accounting and Review Services, the Statement on Standards for Tax Services, or the Statements on Standards for Management Consulting Services (the "Professional Standards").

2. Government. Experience may be gained through employment with accounting agencies or groups within federal, state or municipal government where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The applicant shall obtain experience in assessing the adequacy of the accounting agency or group's internal controls by developing an understanding of the accounting agency or group's transaction streams and information systems. Such experience will include obtaining an understanding of the areas and/or industries with which the applicant's agency operates, including the operations of similar service providers. The Board will review on a case-by-case basis experience that does not clearly meet the criteria identified in Sections i-v below. Acceptable government work experience includes:

   i. Employment in state government as an accountant or auditor;

   ii. Employment in federal government as an accountant or auditor at a GS-7 level or above;

   iii. Employment as a special agent accountant with the Federal Bureau of Investigations;

   iv. Military service, as an accountant or auditor; and

v. Employment with other governmental entities as an accountant or auditor.

3. Industry. Experience may be gained in industry where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The applicant shall obtain experience in assessing the adequacy of the employer's internal controls by developing an understanding of the employer's transaction streams and information systems. The applicant shall also obtain experience in tax return preparation and research, preparation and analysis of financial statements, cost accounting, budgeting and the application of accounting principles. Such experience will include obtaining an understanding of the industry in which the applicant's employer operates, including the employer's competition and key competitiveness factors that affect the industry. Professional services performed under this category include any services offered in the course of the practice of public accountancy, even though such services are not offered to the public.

4. Education. Experience may be gained as an instructor at a college or university which has gained accreditation from an accrediting agency which is recognized by the United States Secretary of Education where evidence is presented showing independent thought and judgment was used on non-routine accounting matters. Only the teaching of upper division courses as approved by the Board will be considered.

C. The applicant shall also show to the satisfaction of the Board that experience obtained has included all of the following:

1. Understanding of the Code of Professional Conduct promulgated and adopted by the Board of Accountancy as demonstrated by a grade of 90 or above in the Professional Ethics, the AICPA's Comprehensive Course;

2. Ability to assess the achievement of an entity's objectives by demonstrating knowledge of various business organizations, understanding of the objectives and goals of business entities, ability to develop and analyze performance measures and critical success factors, and understanding of the economic and regulatory trends that affect an entity's environment;

3. Experience in preparing work papers that include sufficient relevant data to support the analysis and conclusions required by the applicant's work;

4. Experience in the preparation and analysis of financial statements together with explanations and notes thereon;

5. Understanding transaction streams and information systems, including the ability to understand how individual transactions aggregate at the organizational level, to infer how transactions impact the organization as a whole, and to evaluate the integrity and reliability of various client information systems, including relevant computer aspects;

D. An applicant who has not achieved experience of the variety and diversity set forth above shall bear the burden that the experience submitted is of sufficient quality and diversity that it fulfills the entry requirement objective as set forth in R.I.G.L. §5-3.1-5(a)(5).

E. The experience required under R.I.G.L. §5-3.1-5(a)(5) shall consist solely of experience within activities generally performed by a licensee.

Section 3 ***Additional requirements for licensees who perform or supervise attest or compilation services and who sign or authorize another to sign reports on financial statements***

Any individual licensee who performs or is responsible for supervising attest or compilation services and who signs or authorizes another person on behalf of the firm to sign reports on financial statements shall meet the following requirements:

A. CPA certificate. The individual must hold a currently valid permit issued by the Board or shall be in compliance with the substantial equivalency requirements set forth in R.I.G.L.§ 5-3.1-7(g).

B. Experience. The individual shall meet the competency requirements set forth in QC Section 40 – "The Personnel Management Element of a Firm's System of Quality Control Competencies Required by a Practitioner-in-Charge of an Attest Engagement" of the Statements on Quality Control Standards contained in the Professional Standards issued by the American Institute of Certified Public Accountants.

Section 4 ***Evidence of applicant's experience***

A. Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon request of the Board, explain in writing or in person the basis for such refusal.

B. Any licensee who has furnished evidence of an applicant's experience to the Board shall, upon request by the Board, document the information in writing, by exhibit, in person, or by combination of any of the above.

C. Any applicant may be required to appear before the Board or its representative to respond to questions or to supplement or verify evidence of experience in writing, by exhibit, in person, or by a combination of any of the above.

D. The Board may require inspection of any and all documentation relating to an applicant's claimed experience, including, but not limited to, any underlying tax returns, financial statements or work papers. The inspection may, at the option of the Board, be made at the Board's offices or such other places as the Board may designate. A licensee or practice unit which has custody of the requested documentation shall produce such documentation upon request.

REGULATION 3: COMPUTER BASED UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Section 1 ***Definitions***

A. "Candidate" shall mean an applicant for a certificate as a Certified Public Accountant sitting for the CPA examination.

B. "CPA" shall refer to a Certified Public Accountant.

C. "Computer Based Examination" shall mean the Computer Based Examination for the Uniform CPA Examination.

D. "Examination" shall mean the Uniform CPA Examination.

E. "Test Section" refers to the sections of the Uniform CPA Examination.

Section 2 ***Applications for the Computer Based Examination***

A. Applications to take the CPA Examination must be made on a form provided by the Board and filed with the Board by a due date specified by the Board in the application form.

B. An application will not be considered filed until the application fee and examination fee required by this Regulation and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that Candidate has satisfied the education requirement.

C. A Candidate who fails to appear for the Examination shall forfeit all fees charged for both the application and the Examination.

D. The Board or its designee will forward notification of eligibility for the Computer Based Examination to NASBA's National Candidate Database.

Section 3 ***Time and Place of Examination***

Eligible Candidates shall be notified of the time and place of the Examination or shall independently contact the Board or a test center operator identified by the Board to schedule the time and place for the Examination at an approved test site.

Section 4 ***Examination Content***

The Examination required by R.I. Gen. Laws § 5-3.1-1 *et seq*. shall test the knowledge and skills required for performance as an entry-level certified public accountant. The Examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.

Section 5 ***Determining and Reporting Examination Grades***

A Candidate shall be required to pass all Test Sections of the Examination provided for in R.I. Gen. Laws § 5-3.1-1 *et seq*. in order to qualify for a certificate. Upon receipt of advisory grades from the Examination provider, the Board will review and may adopt the Examination grades and will report the official results to the Candidate. The Candidate must attain a passing grade for each Test Section of 75~~ the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Board~~.

Section 6 ***Retake and Granting of Credit Requirements***

A. A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for eighteen (18) months from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.

   1. Candidates must pass all four (4) Test Sections of the Uniform CPA Examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.

   2. Candidates cannot retake a failed Test Section(s) in the same Examination window. An Examination window refers to a three-month period in which Candidates have an opportunity to take the CPA Examination (comprised of two (2) months in which the examination is available to be taken and one (1) month in which the Examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, Candidates will be able to test two (2) out of the three (3) months within an Examination window.

   3. In the event all four (4) Test Sections of the Uniform CPA Examination are not passed within the rolling eighteen (18) month period, credit for any Test Section(s) passed outside the eighteen (18) month period will expire and that Test Section(s) must be retaken.

B. A Candidate shall retain credit for any and all Test Sections of an Examination passed in another state if such credit would have been given, under then applicable requirements, if the Candidate had taken the examination in this State.

C. The Board may in particular cases extend the term of conditional credit validity, upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.

D. A Candidate shall be deemed to have passed the Uniform CPA Examination once the Candidate holds at the same time valid credit for passing each of the four (4) Test Sections of the Examination. For purposes of this section, credit for passing a Test Section of the Computer Based Examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives notice of the passing grade.

Section 7 ***Candidate Testing Fee***

The Candidate shall, for each Test Section scheduled by the Candidate to the Board or its designee, pay a Candidate Testing Fee that includes the actual fees charged by the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), and the Test Delivery Service Provider, as well as reasonable application fees established by the State Board.

Section 8 ***Cheating***

A. Cheating by a Candidate in applying for, taking or subsequent to the Examination will be deemed to invalidate any grade otherwise earned by a Candidate on any Test Section of the Examination, and may warrant summary expulsion from the test site and disqualification from taking the Examination for a specified period of time.

B. For purposes of this Regulation, the following actions or attempted activities, among others, may be considered cheating:

   1. Falsifying or misrepresenting educational credentials or other information required for admission to the Examination;

   2. Communication between Candidates inside or outside the test site or copying another Candidate's answers while the Examination is in progress;

   3. Communication with others inside or outside the test site while the Examination is in progress;

   4. Substitution of another person to sit in the test site in the stead of a Candidate;

   5. Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the Candidate as part of the Examination) inside or outside the test site while the Examination is in progress.

   6. Violating the nondisclosure prohibitions of the Examination or aiding or abetting another in doing so.

   7. Retaking or attempting to retake a Test Section by an individual holding a valid Certificate or by a Candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in the examination.

C. In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the Candidate involved from the Examination or move the Candidate to a position in the Test Center away from other examinees where the Candidate can be watched more closely.

D. In any case where the Board believes that it has evidence that a Candidate has cheated on the Examination, including those cases where the Candidate has been expelled from the Examination, the Board shall conduct an investigation and may conduct a hearing consistent with the requirements of R.I. Gen. Laws § 5-3.1-1 *et seq*. and R.I. Gen. Laws § 42-35-1 *et seq*. following the Examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:

1. Whether the Candidate shall be given credit for any portion of the Examination completed in that session; and

2. Whether the Candidate shall be barred from taking the examination and if so, for what period of time.

E. In any case where the Board or its representative permits a Candidate to continue taking the Examination, it may, depending on the circumstances:

1. Admonish the Candidate;

2. Seat the Candidate in a segregated location for the rest of the Examination;

3. Keep a record of the Candidate's seat location and identifying information, and the names and identifying information of the Candidates in close proximity of the Candidate; and/or

4. Notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the Candidate may be more closely monitored in future Examination sessions.

F. In any case in which a Candidate is refused credit for any Test Section of an Examination taken, disqualified from taking any Test Section, or barred from taking the Examination in the future, the Board will provide to the Board of Accountancy of any other state to which the Candidate may apply for the Examination information as to the Board's findings and actions taken.

Section 9 ***<u>Security and Irregularities</u>***

Notwithstanding any other provisions under these rules, the Board may postpone scheduled Examinations, the release of grades, or the issuance of certificates due to a breach of Examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an Examination; or for any other reasonable cause or unforeseen circumstance.

REGULATION 4: PROFESSIONAL CONDUCT

Section 1 ***Code of Professional Conduct***

A. The Code of Professional Conduct of the American Institute of Certified Public Accountants is hereby adopted by the Board of Accountancy as the Rhode Island Code of Professional Conduct (the "Code").

B. The Code shall govern the conduct of all persons licensed under Chapter 5-3.1 of the General Laws (the "Accountancy Act").

C. The failure of any person to comply with the Code shall be grounds for discipline in accordance with section 5-3.1-12(4) of the General Laws.

D. In the event there is any inconsistency between the Code and the Accountancy Act, the Accountancy Act shall supersede such provisions of the Code.

Section 2 ***Professional Obligations***

A. Records. Licensees shall retain records relating to all professional services rendered in public accounting for five (5) years beginning with any engagement commencing on or after December 31, 2005 and thereafter.

B. Self Reporting. All licensees shall report to the Board 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 matter included allegations of negligence, violation of a specific standards of practice, fraud or misappropriations of funds.

C. Malpractice Insurance. All practice units required to be licensed pursuant to R.I. Gen. Laws § 5-3.1-9 shall maintain malpractice insurance in the amount of at least $250,000 as a condition of licensing effective July 1, 2006.

REGULATION 5: CONTINUING PROFESSIONAL EDUCATION

Section 1 ***Permit Renewal and Reinstatement***

A. Every CPA or PA licensed by the Board ("licensee") to engage in the practice of public accounting shall maintain a current permit to practice. Commencing in 2008, permits to practice public accountancy will be issued for a three year period.

1. Permit Renewal. As a condition precedent to being issued a renewal permit to practice, a licensee shall improve his or her professional competence through a formal CPE program by having completed not less than one hundred twenty (120) hours or fifteen (15) days of formal CPE during the preceding three (3) year period. Licensees shall not be required to complete CPE in the calendar year in which they receive their certificate from the Board.

2. Permit Reinstatement. Candidates who seek reinstatement after an inactive period will be required to pay a reinstatement fee of Five Hundred Dollars ($500). In addition, reinstatement candidates who have been inactive for five (5) years or more shall be required to:

   i. Document completion of not less than one hundred twenty (120) hours of CPE credits during the preceding three (3) year period as well as completion of a CPA exam review course in a classroom setting approved by the board with attendance documented; or, in the alternative,

   ii. Document completion of not less than two hundred forty (240) hours of CPE credits during the preceding three (3) year period. In the event the reinstatement candidate pursues this alternative, the specific hour limitations and requirements set forth herein for accounting and auditing, ethics, self-study, teaching and publication and personal development and marketing shall be doubled.

B. To achieve compliance with the CPE permit requirement, the following guidelines shall apply.

1. The three (3) year CPE term shall commence on January 1 of the year in which a licensee's permit was last issued or renewed and end on December 31 three (3) years thereafter. The three (3) year CPE term for new licensees shall commence on January 1 of the year following the year in which the licensee received his or her certificate. A CPE day will consist of eight (8) hours of formal instruction. An instruction hour will consist of fifty (50) minutes and a half hour will consist of twenty five (25) minutes. However, for continuous conferences and conventions, when individual segments are less than (25) twenty-five minutes, the sum of the segments may be considered one total program.

2. Only time in actual attendance in the CPE session will be counted. The time needed to prepare or review the subject matter will not be counted.

3. The time required by a lecturer or CPE session moderator for both preparation and presentation will be counted, if it enhances his or her professional competence as a practicing accountant. However, credit for such preparation shall not exceed two (2) hours for each hour of presentation. Credit for such preparation and teaching shall not exceed sixty (60) CPE hours for that three (3) year reporting period. Repeated presentations of the same subject matter will not be recognized for CPE credit. A qualified instructor or discussion leader shall have the background, training, education or experience to make it appropriate for that person to lead a discussion on the subject matter.

4. Credit may be allowed for published books and articles provided they contribute to the professional competence of the licensee. Credit for preparation of such publications shall not exceed sixty (60) CPE hours for that three year reporting period.

5. The Board of Accountancy may in its discretion, on an individual basis, make exceptions for the required CPE completion time for reasons of health, military service, foreign residence, retirement or for such other reasons as the Board may determine reasonable.

6. Programs which qualify for CPE credit hours:

   i. Educational instruction or training in the subjects listed in Article III of this regulation will qualify for CPE if the instruction is a formal program of learning that contributes directly to the professional competence of a CPA or PA after he or she has been issued a permit to practice public accounting. In order to qualify for CPE credit hours the program must be primarily directed to enhancing the professional competence of accountants or like professionals.

   ii. Formal programs requiring session attendance will qualify if:

      a. An outline is prepared in advance and kept on file.

      b. The program will be for a duration of at least one hour (50 minutes).

      c. The session is conducted under the leadership of a qualified lecturer or moderator.

      d. A record of attendance is made and kept on file.

   iii. The following are examples of the type of programs that will qualify:

      a. Professional development programs sponsored by recognized national and state professional accounting organizations.

      b. Technical sessions at meetings of recognized national and state professional accounting organizations.

      c. University or college courses which enhance the professional competency of the accounting profession.

      d. Formal organized in-house educational programs.

      e. Formal correspondence or other individual self study programs which provide evidence of satisfactory completion.

      f. Formal programs of other organizations that relate to the practice of public accounting.

      ~~f.~~g. Interactive webcasts which shall be credited the same as live attendance.

      ~~g.~~h. The Board of Accountancy may consult with national and state professional

organizations, universities and colleges and others in determining the acceptability of the subject matter of courses and sessions and their eligibility for credit.

7. The Board may, in its discretion, allow credit for interactive self-study programs. In determining the amount of credit to be awarded the Board will consider, but not be bound by, the recommendation of the sponsoring organization; provided, however, the maximum credit for such self-study programs shall not exceed eighty (80) CPE hours for that three year reporting period. The licensee shall be required to obtain and present to the Board evidence of satisfactory completion of the course from the program sponsor. Credit will be awarded in the calendar year in which the course is completed.

8. CPE credits shall be deemed to be earned on the date the course was taken, not the date the licensee received a certificate of attendance. For good cause shown, the Board may permit a licensee to apply CPE credits retroactively provided the licensee pay a processing fee of Two Hundred Fifty Dollars ($250).

9. Every licensee shall be responsible for maintaining documentation of compliance with these regulations; including proof of attendance for all courses. Such documentation shall be retained by the licensee for a period of four (4) years. Every licensee shall submit to the Board a signed statement of his or her CPE hours for the preceding three (3) year period on or before the 15th day of February of the year the licensee's permit is scheduled to expire. The statement will include the following information:

   i. Sponsoring organization.

   ii. Location of session.

   iii. Title and description of the subject matter.

   iv. Dates attended.

   v. Number of hours claimed.

10. The Board of Accountancy may establish an advisory committee to aid it in administering the CPE program.

Section 2 ***<u>Continuing Professional Education Subject Areas</u>***

A. Educational programs or instruction in the following subject areas will qualify for CPE hours:

   1. Accounting and Auditing (accounting, governmental accounting, auditing, and governmental auditing);

   2. Technical Business Subjects, which includes:

i. Consulting Services (administrative practice and the social environment of business);

ii. Management (business law, finance, management advisory services);

iii. Specialized Knowledge and Applications (computer science, economics, mathematics, production, specialized knowledge and applications and statistics); and

iv. Taxes.

3. Personal Development and Marketing (communications, business management and organization, personal development, personnel/human resources and marketing); and

4. Ethics (behavioral ethics and regulatory ethics).

B. Accounting and auditing subjects shall include the following subject areas: (A) accounting; (B) governmental accounting; (C) auditing; and (D) governmental auditing.

1. Accounting subjects or courses shall include courses relating to financial accounting instruction relating to the authoritative literature in generally accepted accounting principles in the United States and its international trading partners and the pronouncements of the Accounting Principles Board and its successor agencies and the Financial Accounting Standards Board and its successor agencies; accounting research, planning and supervision; accounting for small businesses, specialized industries and commerce; forensic accounting; financial statement preparation; review and compilation of financial statements and reports, SEC reporting requirements, and preparing and reporting on Other Comprehensive Basis of Accounting (OCBOA) financial statements.

2. Governmental Accounting shall include courses relating to Governmental Accounting Standards Board (GASB) standards of state and local governmental accounting and financial reporting, statements, concepts, and interpretations; Government Accounting and Reporting (Specialized); and Forensic Accounting.

3. Auditing subjects or courses shall include courses relating to auditing research; general auditing theory and practice; auditing and electronic data processing (EDP); substantive audit procedures; independent auditors' reports; study and evaluation of internal control; and forensic auditing. Auditing subjects shall also include courses relating to generally accepted auditing standards in the United States and its international trading partners, including compliance with auditing standards by any authoritative organization issuing auditing standards, including, but not limited to, the American Institute of Certified Public Accountants, the General Accounting Office, the Comptroller General and the Public Companies Accounting Oversight Board.

4. Governmental Auditing courses shall include subjects relating to GASB standards of state and local governmental accounting and financial reporting, statements, concepts, and interpretations as well as forensic auditing. Governmental auditing course shall also include courses relating to generally accepted auditing standards in state and local governments, the United States and its international trading partners; and compliance with auditing standards by any authoritative organization issuing auditing standards, such as the American Institute of Certified Public Accountants (AICPA), the General Accounting Office (GAO), and the Comptroller General.

C. Not more than twenty-four (24) hours of the one hundred twenty (120) hours required hereunder shall be devoted to Personal Development and Marketing in the following subject areas (A) communications; (B) business management and organization (C) personal development; (D) personnel and/or human resources; and (E) marketing.

1. Communications shall include courses relating to interview techniques, business writing, business presentations, group dynamics, public relations, group process management and counseling.

2. Business Management and Organization shall include courses relating to the organization and administration of a public accounting practice, management advisory systems (MAS) practice management, management information systems in industry, state and local governments and management planning in industry.

3. Personal development shall include courses relating to principle-centered leadership, career planning and time-management.

4. Personnel and/or human resources shall include courses relating to human resources management in public accounting practice, industry and government.

5. Marketing shall include courses relating to the examination of market analysis methods and their use to develop an organization's product/service mix and the integration of the communication, distribution and pricing strategies to achieve goals including marketing professional services, customer communications and e-business practices.

D. Technical business subjects shall include the following subject areas:

1. Consulting Services:

i. Administrative Practice shall include courses relating to MAS practice skills, MAS engagement management, planning and control systems (human resources development and organization) and personal financial planning.

ii. The Social Environment of Business shall include courses relating to planning and control systems: manufacturing, marketing, research and development, finance and management information systems, and other management advisory systems.

2. Management:

   i. Business Law shall include courses relating the legal system with special emphasis upon its relationship to business and the practice of accounting, such as employment law, asset protection, business law for accountants, tax management, collection law, critical legal and tax issues for accountants and legal environment of business.

   ii. Finance shall include courses relating to specific financial management of an organization including budgeting, asset management, cost analysis, financial management in government, the purchase and sale of a business, and contracting for goods and services in industry.

   iii. Management Advisory Services shall include courses focusing on key processes, achieving efficiencies, improving cash flow and maintaining profitability including academic practice management, advanced cash and treasury management, activity-based costing, applied project management, risk management and performance management.

3. Specialized Knowledge and Applications:

   i. Computer Science shall consist of courses relating to networks, communications, the internet, computer hardware, system software, application software involving web browsers, word processing, spreadsheets, database management systems and presentation software.

   ii. Economics shall include courses relating to the principles of pricing, stabilization, supply and demand, employment theory, fiscal policy banking systems, monetary policy, economic growth and fundamentals of the economy; including microeconomics, macroeconomics, money and banking, and public finance.

   iii. Mathematics shall include courses relating to the fundamental concepts of mathematical problem-solving including algebra, geometry and calculus.

   iv. Production shall include courses relating to production scheduling, inventory control, standards for pay and production and quality control including operations management, inventory management and supply operations.

   v. Specialized Knowledge and Applications shall include courses relating to a concentrated specialized skill set and specialized industries, such as not-for-profit organizations, health care, and oil and gas; including courses relating to advanced energy options on futures, HIPAA contracts, beginning access, beginning excel, forensic accounting/auditing and business evaluation.

   vi. Statistics shall include courses relating to multivariate probability distributions, estimation of parameters, hypothesis testing, linear models, analysis of variance,

analysis of enumerative data and nonparametric statistics including business statistics, quantitative analysis and probability.

4. Taxes shall include courses relating to compliance and tax planning. Compliance covers tax return preparation and review and IRS examinations, ruling requests and protests. Tax planning focuses on applying tax rules to prospective transactions and understanding the tax implications of unusual or complex transactions including but not limited to: tax research, tax accounting, individual income taxation, partnership taxation, corporate income taxation, corporate tax consideration in industry, tax-exempt organizations, estate and trust taxation, compensation considerations for taxation, real estate taxation, international taxation, state and local taxes, tax practice management and procedures, computers in the tax practice, general taxation and special tax matters.

E. Not less than six (6) hours of the one hundred twenty (120) hours required hereunder shall be devoted to regulatory ethics and behavioral ethics. Ethics shall include courses relating to the necessary ethical background knowledge required to adhere to rules and regulations of state licensing bodies, other governmental entities, membership associations and other professional organizations or bodies.

1. Subjects devoted to regulatory ethics will include programs devoted to the AICPA Code of Professional Conduct, including opinions issued there under, as well as programs relating to the legal, professional or ethical codes of any authoritative organization or accounting professional specialty organization. The following additional subjects will also be considered within the field of regulatory ethics: public interest and responsibilities, licenses and renewals, SEC oversight, competence – discreditable act, advertising and other form of solicitation, independence, integrity and objectivity, confidential client information, contingent fees, commissions and other considerations, conflict of interest, discreditable acts, full disclosure, malpractice and record retention.

2. Behavioral ethics shall include courses relating to general professional ethics including ethics and professional conduct, ethical practice in business, personal ethics, ethical decision-making and corporate ethics.

3. In promulgating this requirement, it is the hope and intention of the Board that sponsoring organizations will incorporate a professional ethics component into accounting, auditing and technical business programs. The sponsoring organization should specify the hour or one-half hour value of the ethics content of such programs.

REGULATION 6: PEER REVIEW STANDARDS

Section 1 *Definitions*

The following words and terms, when used in these regulations, shall be construed as follows:

A. Practice Unit. Each firm, office or entity (partnership, corporation or sole proprietorship) of a national, regional or local accounting firm engaged in the practice of public accounting

within the State of Rhode Island.

B. Peer Review Year. The triennial calendar year within which the peer review for a particular practice unit must be completed.

C. Sponsoring Organization. An entity (individual firm, partnership, professional corporation or professional organization or association of the CPAs) that has met, and at all relevant times continues to meet, the standards specified by the Board for administering peer review. The Board shall maintain a list of sponsoring organizations which have applied for and received such designation by the Peer Review Oversight Committee. Sponsoring organizations shall include, but shall not be limited to, the following organizations: the Securities and Exchange Commission Practice Section (SECPS), Private Companies Practice Section (PCPS), National Society of Public Accountants, and the American Institute of Certified Public Accountants Peer Review Program, including, but not limited to, New England Peer Review.

Section 2 ***Peer Review Program***

A. Applicability. Participation in the program is required of each practice unit licensed or registered with the Board who performs accounting or auditing engagements, including, but not limited to, audits, reviews, compilations, forecasts, projections or other special reports.

B. Operation. Each practice unit licensed or registered with the Board as of June 1, 1993, shall complete a peer review to commence no later than December 31, 1996. Each practice unit enrolled in a program of an approved sponsoring organization shall adopt the review date assigned by the sponsoring organization and shall notify the Board of such date. Each practice unit not enrolled in a review program shall be assigned a review year by the Board. Each new practice unit registered with the Board after June l, 1993, which enrolls in a program of an approved sponsoring organization shall adopt the review date assigned by the sponsoring organization and shall notify the Board of such date. Each new practice unit that does not enroll in a peer review program shall be assigned a peer review year within eighteen (18) months of the initial registration date. It is the responsibility of the practice unit to anticipate its needs for peer review services in sufficient time to enable the peer reviewer to complete the peer review within six months after the end of the peer review year.

C. Minimum Standards. The Board hereby adopts the "Standards for Performing and Reporting on Peer Reviews" promulgated by the American Institute of Certified Public Accountants, Inc. as its minimum standards for peer review of practice units; provided, however, that peer reviews performed by the National Society of Public Accountants shall be deemed to meet these requirements. This section shall not require any practice unit to become a member of any sponsoring organization.

Section 3 ***Peer Review Oversight Committee***

A. Oversight. The Board shall appoint a Peer Review Oversight Committee whose function shall be to oversee the peer review program created hereunder. The

Committee shall designate and monitor the sponsoring organizations for compliance with and implementation of the minimum standards for performing and reporting on peer reviews. The Committee shall respond to all appropriate requests for clarification or interpretation of these regulations and shall determine any and all questions or disputes which might arise with respect to the scope, applicability or effect of these regulations. The Committee shall also make recommendations to the Board with respect to remedial action or the revocation, suspension or refusal to renew any annual permit for failure to comply with this program.

B. Membership. The Peer Review Oversight Committee shall consist of three members, none of whom shall be current members of the Board. The Committee shall consist of:

1. One licensed public accountant who shall have significant experience in the preparation and/or use of financial statements; and

2. Two licensed certified public accountants with extensive current experience in accounting and auditing services and qualified to be a team captain under the American Institute of Certified Public Accountants program.

C. Review by the Board. Any sponsoring organization, practice unit, entity or individual aggrieved by any action of the Peer Review Oversight Committee may seek review thereof by the Board. Any final decision by the Board may be appealed to the Superior Court in accordance with and subject to the administrative procedures act.

Section 4 ***Mergers, Dissolutions and Separations***

A. Mergers. In the event that two or more practice units of disparate sizes are merged or combined, the surviving practice unit shall retain the peer review year of the practice unit with the largest number of staff prior to merger or combination. In the event that two or more practice units with the same number of staff are merged or combined, the surviving practice unit shall retain the peer review year of the practice unit with the earlier peer review year prior to the merger or combination.

B. Dissolutions or Separations. In the event a practice unit is divided or dissolved, any new practice unit or units created therefrom shall retain the peer review year of the former practice unit. In the event such period is less than eighteen (18) months, a new year shall be assigned so that the review occurs after eighteen (18) months of operation.

C. Exceptions. The Quality Review Oversight Committee, upon a showing that strict compliance with sections A or B will cause hardship, may authorize a change in a practice unit's peer review year.

Section 5 ***Extensions***

The Peer Review Oversight Committee may accept an extension, not to exceed 180 days, granted by a sponsoring organization for the conduct of a peer review. The practice unit

shall notify the Committee within twenty (20) days of the date such extension is received by the practice unit.

Section 6 ***Exemptions***

A practice unit which does not perform the services described in regulation 3.1 shall annually certify that fact to the Board and shall be exempt from peer review. A practice unit which begins providing these services must have a peer review within eighteen (18) months of the date such services were first provided.

Section 7 ***Enforcement***

A. Permits. In the event a practice unit subject to peer review does not successfully complete its peer review by the end of its peer review year, the Board shall,

   1. withhold issuance of the annual permit of the practice unit until the peer review is satisfactorily completed; and

   2. withhold issuance of the annual permit of each individual licensee of the practice unit who was personally and substantially responsible for the failure of the practice unit to successfully complete the peer review.

B. Assessment. In the event a practice unit subject to peer review does not successfully complete its peer review by the end of its peer review year, the Board may assess a penalty of not more than $250.00 against such practice unit. The Board may, for good cause shown, waive this penalty. The penalty provided for herein may be assessed whether or not the practice unit has sought or received an extension in accordance with section 5.

Section 8 ***Reporting***

A. Enrolled practice units. A practice unit which is enrolled in a peer review program of an approved sponsoring organization shall submit to the Peer Review Oversight Committee a copy of the letter or notice of acceptance issued by the sponsoring organization at the conclusion of the peer review process. In the event the sponsoring organization does not issue a letter of acceptance the practice unit shall submit to the Peer Review Oversight Committee a copy of the peer review report, the letter of comments, the matters for further consideration and the practice unit's letter of response, if any.

B. Practice Units Not Enrolled. A practice unit not enrolled in a peer review program of an approved sponsoring organization shall engage a reviewer who is authorized to perform peer reviews for such an organization. The reviewer shall apply the minimum standards described in Regulation 3.3 and shall report directly to the Peer Review Oversight Committee. In the event a letter of comments or matters for further consideration are issued with the report, the practice unit shall submit its letter of response to the Committee.

REGULATION 7: CONSIDERATION AND PROCESSING OF COMPLAINTS AND ADMINISTRATIVE HEARINGS

Section 1 *Definitions*

The following words and terms, when used in these regulations, shall be construed as follows:

A. Board. The Board of Accountancy is a public authority created by R.I. Gen. Laws § 5-3.1-4.

B. Licensee. Includes a person, partnership, or corporation holding (a) a certificate issued under R.I. Gen. Laws § 5-3.1-5; (b) an authority issued prior to July 5, 1995 pursuant to §5-3.1-6; (c) an annual permit issued under R.I. Gen. Laws § 5-3.1-7 or 5-3.1-9; (d) an annual limited permit to practice issued under R.I. Gen. Laws § 5-3.1-8.

C. The Act. The Accountancy Act of 1995 as set forth in Chapter 3.1 of Title 5 of the General Laws of the State of Rhode Island.

D. Complaint. Information received by the Board from whatever source indicating that a licensee may have violated the Act or any regulation concerning professional conduct of licensees promulgated by the Board pursuant to the Act.

E. Probable Cause Committee. A committee appointed at the discretion of the Board to investigate the conduct of licensees on behalf of the Board.

Section 2 *Investigation of Complaints*

A. Applicability. Any person, firm, corporation or public officer, including a licensee, may submit a complaint to the Board against any licensee.

B. Form. All complaints shall be submitted in writing and signed by the complainant or its authorized representative. A complaint shall state the grounds for the complaint, including a statement of facts or circumstances upon which the complaining party relies for the charge. A complaint shall state the name, address, and telephone number of the complainant or representative to be contacted by the Board or probable cause committee for purposes of investigation or giving of notice.

C. Construction of Complaint. Failure to include any of the information described in Article 3.2 will not preclude the Board from acting on the complaint or acting with respect to the factual allegations upon its own motion.

D. Notice to Licensee. Upon receipt of a complaint, the Board shall notify the licensee against whom the complaint is made, personally or by certified mail, return receipt requested to the address of the licensee registered with the Board, of the facts of the complaint.

E. Response by Licensee. Within twenty (20) days of receipt of notice that a complaint has

been filed, the licensee shall respond in writing to the Board, acknowledging receipt of notice of the complaint, responding to the factual allegations of the complaint and indicating the licensee's willingness to cooperate fully with any investigation initiated by the Board.

Section 3 ***Investigation Upon Motion by the Board***

A. Procedure. The Board may, upon its own motion, after receipt of any apparently reliable information from any source, including a state or federal agency, that a licensee may have violated the Act or any regulation concerning professional conduct of licensees promulgated by the Board pursuant to the Act, investigate such information in accordance with all provisions of Article 5.0 of these regulations.

B. Investigation and Notice. The probable cause committee and/or the Board may investigate and consider the information in the manner set forth in Article 5.0 of these regulations, provided that one or more members of the Board or the probable cause committee may begin its investigation without giving notice to the licensee of the investigation as required in Article 3.4.

C. Information on Criminal Acts. Where the information received by the Board involves the conviction of or pleading guilty or *nolo contendre* by a licensee to a crime or an act constituting a crime in a court of competent jurisdiction of this or any other state or federal court of any of the offenses set forth in R.I Gen. Laws § 5-3.1-12(5), the Board shall obtain or the probable cause committee shall obtain and present to the Board as part of its report a copy of such conviction or plea. A judgment of conviction or plea of a licensee for such crime shall be conclusive evidence of the conviction of that crime in any hearing before the Board. The pendency of an appeal from such conviction or the sentence imposed pursuant thereto shall not constitute a reason for the Board to withhold action against the licensee, except that an appeal from a conviction which entitles the licensee as a matter of right to a trial *de novo* shall not be considered as a conviction.

D. Information on discipline by a Board of Accountancy of another state. Upon receipt by the Board of information from any authority of any other state having jurisdiction to govern the practice of accountancy or to impose disciplinary action against any accountant authorized to practice in such state that the right of a licensee to practice as a public accountant or certified public accountant, or to provide services of a related nature before any state or federal agency, has been suspended of revoked for any reason other than the failure to pay a fee or to meet the continuing education requirements in such state, the Board may, in any hearing before the Board, consider a copy of the record of the proceedings before such state authority to be prima facie proof of the contents of such record and conclusive evidence of such action. Upon receipt of such information, the Board may require the licensee to appear before the Board to show cause why like discipline should not be imposed by the Board of Accountancy of this state. In the event that the Board votes to impose a sanction against a licensee, the Board shall not be bound by the nature or time period of any sanction imposed by any other authority or agency.

Section 4 ***Investigation***

A. Investigation. The Board may investigate the conduct of a licensee after receipt of a complaint pursuant to Article 3.0 or receipt of apparently reliable information pursuant to Article 4.0 alleging that the licensee may have violated the Act or any regulation concerning professional contract promulgated by the Board. The Board may refer the investigation of the licensee's conduct to one or more members of the Board or may appoint a probable cause committee to investigate the conduct of the licensee on behalf of the Board. The probable cause committee shall be comprised of licensees in good standing, as determined by the Board.

B. Authority of the Board. Pursuant to an investigation, the Board shall have the authority to compel licensees to provide to the Board or to the probable cause committee any information that is necessary for the investigation, including, but not limited to, tax returns and working papers. For the purposes of an investigation, the Board shall have the authority to compel the licensee to appear before the Board or the probable cause committee to provide information for the purposes of fact finding.

C. Conduct of a Licensee. During an investigation, the licensee shall be required to provide information as to the licensee's conduct in response to any request, whether formal or informal, for such information from the Board or from the probable cause committee. The licensee shall at all times during the investigation cooperate fully with the Board and with the probable cause committee to facilitate the expeditious resolution of the investigation. Failure of the licensee to cooperate fully complying with requests by the Board or probable cause committee is unprofessional conduct on the part of the licensee and may lead to the imposition of sanctions pursuant to R.I. Gen. Laws § 5-3.1-12.

D. Informal Resolution. The Board shall have the power to use any means to expeditiously resolve the investigation of alleged unprofessional conduct brought against a licensee, including mediation.

E. Report. In those instances where no referral is made to a probable cause committee, one or more members of the Board shall investigate the conduct of the licensee against whom allegations were made and shall present a report to the remainder of the Board. In those instances where a probable cause committee investigates the conduct of the licensee pursuant to Article 5.1, the probable cause committee shall investigate the factual allegations brought against the licensee and shall report its findings in writing to the Board. Each report shall include a summary of the facts, an opinion as to whether probable cause exists, as set forth in R.I. Gen. Laws § 5-3.1-12, for further action by the Board on the allegations against the licensee, and a recommendation to the Board as to whether the charges should be dismissed or the Board should conduct a hearing on the allegations of unprofessional conduct. The report may contain other relevant matters and information.

F. Dismissal. If the Board finds insufficient grounds to support the charges, the complaint shall be dismissed. Notice of dismissal shall be provided in writing to the person who filed the complaint and to the licensee against whom the complaint was filed.

Section 5 ***Hearings***

A. Notice to Licensee. Upon determination by the Board that a hearing is required, a specification of the charges of unprofessional conduct shall be prepared and provided to the licensee either personally or by certified mail, return receipt requested, together with notice of the hearing. The notice to the licensee shall include the time and place of the hearing and shall be provided to the licensee not less than twenty (20) days prior to the date of the hearing. Such notice shall also notify the licensee that the licensee will have the opportunity to appear personally and to have counsel present, with the right to produce witnesses and evidence on his or her behalf, to cross examine witnesses, and to have subpoenas issued on his or her behalf by the Board.

B. Attendance at a Hearing. At any hearing, the licensee may appear in person or may be represented by counsel. Partnerships and corporations shall be represented before the Board by counsel. At all hearings, the attorney general of this state, or such other legal counsel as may be employed, shall appear and represent the Board.

C. Powers of the Board. The Board may issue subpoenas to compel the attendance of witnesses and the production of documents and may administer oaths, take testimony, hear proofs and receive exhibits in evidence in connection with a hearing under these regulations. In case of disobedience of a subpoena, the Board may petition the Superior Court to require the attendance and testimony of witnesses and the production of documentary evidence.

D. Hearing Procedure. The Board shall not be bound by strict rules of procedure or by the laws of evidence in the conducting of its proceedings, but any determination of the Board shall be based upon sufficient legal evidence to sustain the determination.

E. Record of Hearings. A stenographic record of the hearings shall be kept and a transcript filed with the Board. The Board shall maintain a separate file with respect to each investigation as the official record of the Board.

F. Hearings and Records Open to the Public. Hearings shall be open to the public, provided that the Board shall retain the authority to close all or any portion of any hearing in accordance with the Open Meetings Statute, R.I. Gen. Laws § 42-46-1 et seq. in existence at the time of the hearing. The Board shall additionally have the authority to preserve the confidentiality of any materials received pursuant to an investigation of a licensee's conduct and any record of the investigation by the Board pursuant to the Public Records Statute, Title 38 of the Rhode Island General Laws in existence at the time of the hearing.

G. Voting. A majority vote of the Board shall be required in order to take action against a licensee. Each member of the Board voting shall be required to have attended the hearing or any continuance thereof or to have read the record of the hearing or continuance at which he or she was not in attendance.

H. Conclusion of Hearing. The Board shall issue a decision after conclusion of the hearing.

The decision shall include findings of fact and conclusions of law. The decision of the Board shall be delivered to the licensee in person or by regular mail. Unless precluded by law, and subject to approval by the Board, at any time prior to the entry of an order, informal disposition may be made of any contested matter by stipulation, agreed settlement, consent order, or decree.

I. Sanctions. If the decision is adverse to the licensee, the Board may impose any of the sanctions set forth in R.I. Gen. Laws §§ 5-3.1-12 and 5-3.1-13.

Section 6 ***Administrative Matters***

A. Related Matters. Where the allegations against a licensee are similar or related to the material allegations of a pending criminal or civil matter, the Board may postpone action on the complaint pending resolution of the civil or criminal matter. The acquittal of a licensee on criminal charges or a verdict or judgment in favor of a licensee in civil litigation involving substantially similar material allegations to allegations of unprofessional conduct brought against a licensee shall not in itself justify dismissal of a complaint or termination of an investigation predicated upon the same material allegations, but such acquittal, verdict, or judgment may be considered by the Board or probable cause committee in reaching its decision or recommendation. The dismissal of criminal charges against a licensee, the settlement of civil litigation against a licensee involving substantially similar material allegations to a complaint, or any agreement between a licensee and a complainant or a licensee and any person in consideration of which such person agrees not to make or pursue a complaint against the licensee shall not preclude the Board in its discretion from referring such matter for investigation or from continuing to process a complaint previously filed.

B. Other Agencies. The Board will cooperate with the agencies and authorities of other states exercising similar jurisdiction with respect to the practice of accountancy in exchanging information concerning disciplinary action against any licensee, and specifically shall, upon the entry of any order by the Board which imposes a sanction pursuant to R.I. Gen. Laws §§ 5-3.1-12 or 5- 3.1-13 against a licensee, notify such agency or authority of each state in which the licensee is known to hold a license or permit.

C. Factors in Imposing Sanctions. In determining the sanction to be imposed in any case, the Board shall consider aggravating and mitigating factors in assessing which sanctions to impose against a licensee.

EFFECTIVE DATE:

~~REGULATIONS~~

~~OF THE~~

~~RHODE ISLAND BOARD OF ACCOUNTANCY~~

~~PROVIDING FOR THE CONDITIONING OF CPA~~

~~CANDIDATES~~

~~JANUARY 27, 1994~~

~~INTRODUCTION~~

~~Passage of the Uniform CPA examination is a requirement for the issuance of a certificate of certified public accountant. The Board has been advised that beginning in May 1994 the structure and format of the examination will change. In order that current and future candidates be properly prepared and advised with respect to the taking of the examination and obtaining credit for various portions of the exam, the Board enacts the following regulations.~~

~~FINDING~~

~~In considering the adoption of these regulations, the Board of Accountancy finds that such action would not have a significant adverse impact on small business as defined in Chapter 35 of Title 42 of the General Laws of Rhode Island.~~

~~REGULATIONS~~

~~1. Each candidate must register for and take all subjects on the exam not previously passed.~~

~~2. A grade of 75 or higher shall be considered as a passing grade for each subject on the exam.~~

~~3.a. A candidate who obtains a grade of 75 or higher in two or more exam subjects or, prior to the May 1994 exam, in the single subject of accounting practice, and~~

~~who also obtains a grade of at least 50 in all other subjects taken shall be considered to be "conditioned" in those subjects in which the grade of 75 or higher was obtained.~~

~~3.b. To add to conditioned credit, a candidate must register for and take all subjects for which conditioning has not been earned and pass at least one subject with a grade of 75 or higher and achieve a grade of at least 50 on all failed subjects.~~

~~3.c.A candidate who is conditioned in a subject is not required to take the subject in which he or she is conditioned in a subsequent examination so long as the conditioned status is maintained.~~

~~4.a.Any candidate who has achieved conditioned status in a subject or subjects prior to the May, 1991 examination shall retain the conditioned status in such subject or subjects without restriction as to time or exams taken.~~

~~4.b. With respect to conditioned status earned after the November, 1990 exam, a candidate may retain such conditioned status in a subject for the next six (6) exams which are taken by the candidate or five (5) years from the date of the exam in which the conditioned status was obtained, whichever first occurs. If a candidate does not pass all subjects within six (6) examinations or five (5) years, whichever first occurs, the candidate will lose all credit and must then apply for all parts of the examination as a reexamination candidate.~~

~~5. Commencing with the May, 1994 exam:~~

~~5.a. Any candidate who is conditioned in the subject of Auditing or Business Law or both shall retain such conditioned status in the subjects of Auditing (Audit) or Business Law & Professional Responsibilities (LPR), respectively, or both, until the candidate passes the remaining sections of the exam in which conditioned status has not been obtained or the conditioned status expires, in accordance with these Regulations, whichever first occurs.~~

~~5.b. Any candidate who is conditioned in the subject of Accounting Theory shall retain such~~

~~conditioned status in the subject of Financial Accounting & Reporting - Business Enterprises (FARE) until the candidate passes all of the remaining sections of the exam in which conditioned status has not been obtained or the conditioned status expires, in accordance with these Regulations, whichever first occurs.~~

~~5.c.Any candidate who is conditioned in the subject of Accounting Practice shall retain such conditioned status in the subject of Accounting & Reporting -Taxation, Managerial, and Governmental and Not-For-Profit Organizations (ARE) until the candidate passes all of the remaining sections of the exam in which conditioned status has not been obtained or the conditioned status expires, in accordance with these Regulations, whichever first occurs.~~

~~6. These Regulations are promulgated and adopted in accordance with G.L.R.I. §5-3-5(d) and shall take effect twenty (20) days after filing with the Secretary of State in accordance with G.L.R.I. §42-35-4(b). These Regulations supersede all prior Regulations of the Board on the same subject.~~