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Document No. 4223

**BOARD OF ACCOUNTANCY**

CHAPTER 1

Statutory Authority: 1976 Code Sections 40-1-70 and 40-2-70

1-06. Reinstatement

1-08. Continuing Professional Education

**Synopsis:**

 To satisfy the requirements of licensure in the field of accountancy, Regulations 1-06 and 1-08 are updated in conformance with the current Board of Accountancy Practice Act.

The Notice of Drafting was published in the *State Register* on November 25, 2011.

**Instructions:**

The following sections of Chapter 1 are modified as provided below. All other items and sections remain unchanged.

**Text:**

1-06. Reinstatement.

(A) In order to qualify for reinstatement, an applicant whose license has been inactive or lapsed for three (3) years or more must demonstrate at least six months of additional experience and one hundred and twenty hours of continuing education, which must be completed within the previous twelve (12) months of the reinstatement application.

(B) Additional experience may be earned as allowed by 40-2-35(A)(4) and must follow the same requirements as required for original licensing experience.

1-08. Continuing Professional Education.

(A) General Standards for Continuing Professional Education (CPE)

(1) Continuing Professional Education requirements apply to all licensees. Each licensee shall complete CPE, which contributes directly to his or her professional competence.

(2) Each person to whom the CPE requirement applies shall complete forty (40) hours of acceptable CPE each calendar year as a condition of obtaining a renewal license.

(a) Not more than twenty (20%) percent (8 hours) of the required hours may be in personal development subjects. Personal development subjects that exceed twenty (20%) percent of the required hours shall not be available for carry-over credit.

(b) Not more than fifty (50%) percent (20 hours) of the required hours may be in self study programs. Self study credits are not available for carry-over credit.

(c) No more than ten (10) hours of CPE can be earned in a calendar day.

(d) When a meal is scheduled during the educational period, no credit will be allowed unless the schedule provides for fifty (50) minutes of instruction after completion of the meal.

(3) A person who obtains a certificate of registration or license for the first time shall complete at least forty (40) hours of acceptable CPE during the calendar year following the year in which the original certificate or license was obtained. There is no provision for carry-over from a year in which CPE was not required.

(4) The Board may accept a compliance report from another jurisdiction if the requirement is substantially equivalent to SC requirements.

(B) Mechanics

(1) Licensees are responsible for compliance with all applicable CPE requirements and should claim CPE hours only for CPE programs when the CPE program sponsors have complied with the requirements set out in these regulations.

(2) Licensees are responsible for accurate reporting of the appropriate number of CPE hours earned and should retain appropriate documentation in their files for five (5) years.

(3) One (1) hour of credit shall be granted for each fifty (50) minutes of actual instructional contact time. One-half CPE credit increments (equal to 25 minutes) are permitted after the first one (1) hour credit has been earned in a given learning activity. Partial hours will be rounded down to the nearest half (1/2) hour. Only class hours, actual hours of attendance and not hours devoted to preparation, shall be counted.

(4) In order for self-study hours to qualify, a licensee must submit a certificate of completion supplied by the program sponsor after completion of an examination. Only self-study courses registered under Quality Assurance Service (QAS) of NASBA will qualify. The certificate of completion must include the following:

(a) name and address of sponsor,

(b) participant's name,

(c) course title,

(d) course field of study,

(e) date of completion,

(f) amount of CPE hours recommended, and

(g) registration QAS sponsor number.

(5) Teachers of university and college undergraduate and graduate credit courses shall be granted credit at the rate of ten (10) hours for each three (3) semester hour (or prorated equivalent) course taught. Credit shall not be granted for accounting principles, basic financial accounting, basic managerial accounting or any other introductory accounting course, either undergraduate or graduate. Credit shall not be granted for repetitious presentations within a two (2) year period. Credit for teaching university, college, and graduate credit courses shall be limited to twenty-five (25%) percent of the required hours for a reporting period.

(6) For university or college courses that have been successfully completed for credit, a copy of the grade report is to be submitted. Each semester hour credit shall equal fifteen (15) hours. In the case of universities or colleges on the quarter system, each quarter hour credit shall equal ten (10) hours. For non-credit courses, a certificate of attendance issued by the university or college is to be submitted. Each classroom hour attended shall equal one (1) fifty (50) minute CPE hour.

(7) For published articles or books that contribute to the professional competence of the licensee, a copy of the publication that names the writer as author or contributor is to be submitted. For CPE programs developed, an outline of the course is to be submitted. Credit for preparation of such publications may be given on a self-declaration basis up to twenty-five (25%) percent of the renewal period requirement. The Board has the final determination of the amount of credit so awarded. Hours in excess of the limitation contained in this subparagraph shall not be available for carry-over of credit.

(8) Participation in positive enforcement reviews assigned by the Board and service on a peer review acceptance body qualifying under Regulation 1-09 qualifies for and is limited to sixteen (16) hours credit per year for time actually spent on duties.

(9) Instructors or discussion leaders of qualified CPE programs will be granted credit equal to twice the number of hours participation in the course. For repeat presentations, CPE can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required additional study or research.

(10) Only the portions of committee or staff meetings that are designed as programs of learning and comply with these regulations qualify for CPE.

(11) Evidence to support fulfillment of the requirements must be retained by the licensee for at least five (5) years from the due date of the CPE report or the date filed, whichever is later. The Board, in its discretion, may verify the information submitted by licensees.

(12) When a licensee completes more than the required number of hours of CPE in any calendar year, the extra hours, not in excess of twenty (20) hours, may be carried forward and treated as hours earned in the following year. No carry over credit is allowed for Personal Development.

(13) While CPE sponsors determine the number of hours, licensees who participate in only part of a program should claim CPE credit only for the portion they attended or completed.

(C) Sponsors

(1) CPE sponsors are expected to present learning activities that comply with course descriptions and objectives.

(2) CPE sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

(3) At the beginning of the CPE course, the sponsor should read the following statement or a statement very similar, "It is the responsibility of the licensee to be accountable for the hours earned during the CPE course. The licensee should not engage in any other activities that would denigrate the learning objective of the course to the licensee or others. If the other activity is unavoidable, then that time should be subtracted from the overall CPE credit."

(D) Sponsors of Self-study Courses:

(1) CPE self-study programs shall qualify, provided the course has been approved by QAS.

(2) The sponsor of self-study courses must provide the licensee with a certificate of completion containing the information as stated in Reg 1-08 (B)(4).

(E) Courses Attended:

(1) CPE course must contribute directly to the professional competence of a licensee, and the sponsor must provide the participant with a certificate of attendance at the end of the session with the information as stated in Reg 1-08 (B)(2).

(2) The program will qualify if:

(a) the program is conducted by persons whose background training, education and experience qualify them as appropriate instructors, discussion leaders or lecturers in the subject matter of the particular program;

(b) an outline of the program presented is prepared in advance and shall be maintained by the sponsor;

(c) the program is at least one (1) hour (fifty-minutes) in length. One-half CPE increments (equal to 25 minutes) are permitted after the first credit has been earned in a given program. Sponsors are to calculate credit hours;

(d) a certificate of attendance described in the previous paragraph is given to each participant at the end of the session;

(e) records showing compliance with this section are preserved and maintained by the sponsor for a period of at least five (5) years from the date of presentation of the program.

(F) Other qualifying programs

(1) The following programs may qualify, provided all other requirements of this regulation are met:

(a) professional development programs of recognized national and state accounting organizations;

(b) technical sessions at meetings of recognized national and state accounting organizations and their chapters;

(c) accredited university or college credit courses;

(d) accredited university or college non-credit courses;

(e) formal organized in-firm and inter-firm education programs, although portions of the programs devoted to administrative matters shall not be included; and

(f) programs offered by other recognized professional organizations, industrial or commercial firms, proprietary schools, or governmental entities.

(2) The Board shall not accept any program of learning that does not offer written documentation showing that the work has actually been accomplished.

**Fiscal Impact Statement:**

 There will be no cost incurred by the State or any of its political subdivisions.

**Statement of Rationale:**

 These regulations are updated in conformance with the current Board of Accountancy Practice Act.