

The Rules Committee of the Texas State Board of Public Accountancy is holding a meeting by online video conference pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting virtually and in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. This notice was amended to provide the location of the Board's conference room where the Chair will be present for the meeting. The public may join the meeting virtually with the following meeting link:

Topic: Rules Committee Meeting

Time: Sep 15, 2021 01:30 PM Central Time (US and Canada)

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**Agenda Item V**  
**Rules Committee Agenda**  
**September 15, 2021**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 523 – Continuing Professional Education* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- B. Review of the nature of the PCAOB's firm inspection program as it relates to Board *Rule 527.9(c)* which exempts the PCAOB from qualifying as a sponsoring organization.
- C. Schedule next meeting.



**Agenda Item V**  
**Rules Committee Agenda**  
**July 15, 2021**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 523 – Continuing Professional Education* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The CPE committee is recommending that Board *Rules 523.112, 523.132 and 523.140* be revised to clarify that the ethics instructor's relationship with the Board is not contractual. It is an authorization to permit the instructor through an approved sponsor to provide the required ethics CPE to licensees so long as the instructor and the sponsor adhere to Board standards.

Board *Rule 523.131* is also proposed to be revised to clarify that only live ethics courses must be taught in one four-hour session and that self-study ethics courses require a test at the completion of the course to determine if the participants obtained a basic understanding of the course content.

**RECOMMENDATION:** The staff recommends that the Rules Committee recommend to the Board that it re-adopt the rules that are not proposed to be revised and authorize the executive director to publish the revisions as proposed by staff in the *Texas Register* for public comment.

**SUGGESTED MOTION:** That the Rules Committee recommends that the Board re-adopt the rules that are not proposed to be revised and authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER A CONTINUING PROFESSIONAL EDUCATION PURPOSE AND  
3 DEFINITIONS  
4 RULE §523.102 CPE Purpose and Definitions

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- 5  
6 (a) CPAs' fields of employment do not limit the need for continuing professional  
7 education. CPAs performing professional services need to have a broad range of  
8 knowledge, skills, and abilities. Continuing Professional Education will be referred to  
9 herein as CPE.
- 10 (b) The fundamental purpose of CPE is to help ensure that licensees participate in  
11 learning activities that maintain and improve their professional competence to serve in a  
12 competent manner. Courses the board regards as improving the licensee's professional  
13 competence include:
- 14 (1) "Technical Courses" are those courses pertaining to the profession of accounting.  
15 These courses include but are not limited to accounting, attest, tax, management  
16 advisory services, economics, finance, information technology, regulatory ethics, and  
17 other technical areas of benefit to a licensee and/or a licensee's employer; and
- 18 (2) "Non-Technical Courses" are those courses not meeting the definition of "technical  
19 courses" that increase the licensee's ability to serve in a competent manner, such as  
20 but not limited to communications, computer software and applications, behavioral  
21 ethics, behavioral science, business management and organization, and advanced  
22 courses in foreign languages, all of which must relate and must benefit a licensee  
23 and/or a licensee's employer. Refer to §523.118 of this chapter (relating to Limitations of  
24 Courses).
- 25 (c) Licensees may participate in a variety of sponsored learning programs, such as live,  
26 self-study, nano learning, or blended learning programs.
- 27 (1) "Live programs" are those educational processes that are designed to permit a  
28 participant to learn a given subject through interaction with an instructor/facilitator and  
29 other participants either in a classroom or conference setting or by using the internet,  
30 which includes the following:
- 31 (A) Workshops, seminars, and conferences with substantial interaction by a qualified  
32 instructor/facilitator.

1 (B) "Group self-study" programs that are based on self-study materials presented in a  
2 group format with substantial interaction from a qualified instructor/facilitator who is  
3 responsible for answering participants' questions or who leads the discussion of  
4 individual topics presented in the materials.

5 (C) "Webinars" are live online educational presentations during which participating  
6 viewers can submit questions and comments.

7 (2) "Self-study programs" are those educational processes that are designed to permit  
8 a participant to learn a given subject by oneself using books and/or electronic media  
9 (internet and DVDs/CDs, for example) without interaction with an instructor/facilitator.  
10 This type of program clearly defines learning objectives and manages the participant  
11 through the learning processes by requiring frequent response to questions that test for  
12 understanding of the material presented, providing evaluative feedback to incorrectly  
13 answered questions and correctly answered questions, and requiring the participant to  
14 pass a final exam that tests the participant's comprehension of the course materials.  
15 Refer to §523.140(e) of this chapter (relating to Program Standards).

16 (3) "Nano learning programs" are tutorial programs designed to permit a participant to  
17 learn a given subject in a 10-minute time frame through the use of electronic media  
18 (including technology applications and processes and computer-based or web-based  
19 technology) and without interaction with a real-time instructor. A nano learning program  
20 differs from a self-study program in that it is typically focused on a single learning  
21 objective and is not paper-based.

22 (4) "Blended programs" are programs incorporating multiple learning formats.

23 (d) "CPE credit" is 50 minutes of participation in a program of learning.

24 (e) Courses completed at an institution of higher education using semester credit hours  
25 shall earn 15 CPE credits for each passing semester credit hour and those institutions  
26 using quarter credit hours shall earn 10 CPE credits for each passing quarter credit  
27 hour, toward the requirement.

28 (f) "Sponsor" means an individual or organization offering programs to participants. The  
29 sponsor may or may not have developed the program materials. However, the sponsor  
30 is responsible for insuring the presentation of the learning objectives, through the

- 1 program materials and maintaining the documentation required by these program
- 2 standards.
- 3 (g) Staff meetings and other settings cannot be claimed for CPE credit if the programs
- 4 do not meet program standards.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.110 Establishment of Required CPE Program Standards

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6 A licensee shall be responsible for ensuring that CPE credits claimed conform to the  
7 board's standards as outlined in:

- 8 (1) §523.111 regarding Required CPE Reporting;
- 9 (2) §523.112 regarding Required CPE Participation;
- 10 (3) §523.115 regarding Credits for Instructors and Discussion Leaders;
- 11 (4) §523.116 regarding Authors of Published Articles and Books;
- 12 (5) §523.118 regarding Limitations of Courses;
- 13 (6) §523.119 regarding Alternative Sources of CPE; and
- 14 (7) §523.130 regarding Ethics Course Requirements.



1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.111 Required CPE Reporting

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- 5  
6 (a) To receive or retain a license, a licensee shall earn and is responsible for the  
7 accurate reporting of the required CPE credits for the reporting period under §523.112  
8 of this chapter (relating to Required CPE Participation) and §523.130 of this chapter  
9 (relating to Ethics Course Requirements).
- 10 (b) Licensees reporting CPE must document their participation and retain evidence of  
11 that documentation for the five most recent reporting periods, including:
- 12 (1) sponsor name and identification number;
  - 13 (2) title or description of content, or both;
  - 14 (3) date(s) of completion;
  - 15 (4) location; and
  - 16 (5) number of CPE credits.
- 17 (c) Evidence of completion is the certificate or electronic record supplied by the sponsor.  
18 The board may verify CPE reported by licensees and licensees shall submit the  
19 supporting evidence to the board within a reasonable amount of time, if such data is  
20 requested.
- 21 (d) CPE credits earned from sources other than registered sponsors should be  
22 submitted on the appropriate form, "Claiming Continuing Professional Education Credits  
23 from a Non-Registered Sponsor," justifying the reason the CPE credits are being  
24 claimed and the benefit to the licensee or the licensee's employer.
- 25 (e) A licensee who fails to report the minimum required CPE credits completed during  
26 the accrual period will be subject to suspension and his certificate may be revoked for  
27 failing to report the minimum required CPE credits for three consecutive years.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.112 Required CPE Participation

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- 5
- 6 (a) A licensee shall complete at least 120 CPE credits in each three-year period, and a  
7 minimum of 20 CPE credits in each one-year period.
- 8 (b) CPE, except as provided by board rule, shall be offered by board authorized ~~board-~~  
9 ~~contracted~~ CPE sponsors.
- 10 (c) CPE requirements for the issuance or renewal of a license are as follows:
- 11 (1) Licensees who have been certified or registered for less than 12 months do not  
12 have a CPE credit requirement. The first license period begins on the date of  
13 certification and ends with the last day of the licensee's birth month.
- 14 (2) To be issued a license for the first full 12-month license period, the licensee does  
15 not have a CPE requirement. CPE earned prior to the first 12-month license period will  
16 not be applied toward the three-year requirement.
- 17 (3) To be issued a license for the second full 12-month period, the licensee shall report  
18 a minimum of 20 CPE credits. The CPE credits shall be completed in the 12 months  
19 preceding the second year of licensing.
- 20 (4) To be issued a license for the third full 12-month license period, the licensee shall  
21 report a total of at least 60 CPE credits that were completed in the 24 months preceding  
22 the license period. At least 20 CPE credits of the requirement shall be completed in the  
23 12 months preceding the third year of licensing.
- 24 (5) To be issued a license for the fourth full 12-month period, the licensee shall report  
25 a total of at least 100 CPE credits that were completed in the 36 months preceding the  
26 license period. At least 20 CPE credits of the requirement shall be completed in the 12  
27 months preceding the fourth year of licensing.
- 28 (6) To be issued a license for the fifth and subsequent license periods, the licensee  
29 shall report a total of at least 120 CPE credits that were completed in the 36 months  
30 preceding the license period, and at least 20 CPE credits of the requirement shall be  
31 completed in the 12 months preceding the fifth year of licensing.

1 (d) A former licensee whose certificate or registration has been revoked for failure to  
2 pay the license fee and who makes application for reinstatement shall pay the required  
3 fees and applicable late fees and must report the minimum CPE credits missed.

4 (e) A non-resident licensee seeking renewal of a license in Texas shall be determined to  
5 have met the CPE requirement by meeting the CPE requirements for renewal of a  
6 certificate/license in the state in which the licensee's principal place of business is  
7 located.

8 (1) Non-resident licensees shall demonstrate compliance with the CPE renewal  
9 requirements of the state in which the licensee's principal place of business is located  
10 by signing a statement to that effect during the renewal process of this state.

11 (2) If a non-resident licensee's principal place of business state has no CPE  
12 requirements for renewal of a certificate/license, the non-resident licensee must comply  
13 with all CPE requirements for renewal of a certificate in Texas.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.113 Exemptions from CPE  
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6 The board shall not issue or renew a license to an individual who has not earned the  
7 required CPE credits unless an exemption has been granted by the board.

8 (1) The board may consider granting an exemption from the CPE requirement during  
9 the period for which the exemption is requested on a case-by-case basis if:

10 (A) a licensee completes and forwards to the board an affidavit indicating that the  
11 licensee is not employed; or

12 (B) a licensee completes and forwards to the board an affidavit indicating no  
13 association with accounting. The affidavit shall include, as a minimum, a brief  
14 description of the duties performed, job title, and verification by the licensee's immediate  
15 supervisor. For purposes of this section, the term "association with accounting" shall  
16 include the following:

17 (i) working, providing oversight of accounting, or supervising work performed in the  
18 areas of financial accounting and reporting; tax compliance, planning or advice;  
19 management advisory services; accounting information systems; treasury, finance, or  
20 audit; or

21 (ii) representing to the public, including an employer, that the licensee is a CPA or  
22 public accountant in connection with the sale of any services or products involving  
23 professional accounting services as defined in the Rules of Professional Conduct,  
24 §501.52(22) of this title (relating to Definitions), including such designation on a  
25 business card, letterhead, proxy statement, promotional brochure, advertisement, or  
26 office; or

27 (iii) offering testimony in a court of law purporting to have expertise in accounting  
28 and reporting, auditing, tax, or management services; or

29 (iv) providing instruction in accounting courses; or

30 (v) for purposes of making a determination as to whether the licensee fits one of the  
31 categories listed in this clause and clauses (i) - (iv) of this subparagraph, the questions  
32 shall be resolved in favor of including the work as having an association with  
33 accounting.

1 (C) a licensee not residing in Texas, who submits an affidavit to the board that the  
2 licensee does not serve Texas clients from out of state;

3 (D) a licensee shows reasons of health, certified by a medical doctor, that prevent  
4 compliance with the CPE requirement. A licensee must petition the board for the  
5 exemption and provide documentation that clearly establishes the period of disability  
6 and the resulting physical limitations;

7 (E) a licensee who is a military service member during the period for which the  
8 exemption is requested, and files a copy of orders to active military duty with the board;  
9 or

10 (F) a licensee shows reason which prevents compliance that is acceptable to the  
11 board.

12 (2) A licensee who has been granted the retired or disability status under §515.8 of this  
13 title (relating to Retired or Disability Status) is not required to report any CPE credits.

14 (3) A licensee who no longer meets the eligibility requirements for an exemption under  
15 this section or no longer qualifies for retired or disability status under §515.8 of this title  
16 shall be required to report sufficient CPE credits to be in compliance with §523.112 of  
17 this chapter (relating to Required CPE Participation). CPE credits shall be earned in the  
18 technical area as described in §523.102 of this chapter (relating to CPE Purpose and  
19 Definitions) and §523.130 of this chapter (relating to Ethics Course Requirements).

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.114 Disciplinary Actions Relating to CPE  
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- 6 (a) A licensee who fails to comply with the provisions of §523.130 of this chapter  
7 (relating to Ethics Course Requirements), §523.111 of this chapter (relating to Required  
8 CPE Reporting) or §523.112 of this chapter (relating to Required CPE Participation)  
9 may be subject to disciplinary action under the Act, for a violation of the Rules of  
10 Professional Conduct, §501.94 of this title (relating to Mandatory Continuing  
11 Professional Education), which requires compliance with §523.130 of this chapter,  
12 §523.111 of this chapter, and §523.112 of this chapter.
- 13 (b) A licensee who fails to report the minimum required CPE credits will be subject to  
14 suspension and his certificate may be revoked for failing to report the minimum required  
15 CPE credits for three consecutive years.
- 16 (c) The board may initiate disciplinary action as authorized in the Act if it finds evidence  
17 of falsification, fraud, or deceit in CPE documentation.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.115 Credits for Instructors and Discussion Leaders  
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- 6 (a) When an instructor or discussion leader serves at a program for which participants  
7 receive credit and at a level that increases the instructor's or discussion leader's  
8 professional competence, credit may be given for preparation and presentation time  
9 measured in terms of CPE credits.
- 10 (b) For the first time a program is presented, an instructor may receive up to three times  
11 the number of CPE credits approved for the program.
- 12 (c) For repetitious presentations, the instructor may receive credit only if it can be  
13 demonstrated that the subject matter involved was changed sufficiently to require  
14 significant additional study or research.
- 15 (d) The maximum credit for preparation and presentation in any one-year reporting  
16 period cannot exceed 20 CPE credits.
- 17 (e) Multiple instructors shall receive proportional CPE credit.
- 18 (f) An instructor cannot claim credit for teaching courses which are determined  
19 introductory level by the college or university.
- 20 (g) If claiming CPE credit under this section, 50 percent of the CPE credits reported  
21 must be as a participant in a qualified CPE program in any three-year reporting period.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.116 Authors of Published Articles and Books

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- 5  
6 (a) Authors and reviewers of published articles and books may claim CPE credits  
7 provided they increase the professional competence of the author or reviewer.  
8 (b) Up to 10 CPE credits in any one-year reporting period may be claimed for  
9 preparation or review of such publications.



1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.118 Limitations of Courses

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- 5
- 6 (a) A licensee may not claim more than 50 percent of the total CPE credits required  
7 from the non-technical area in a three-year reporting period.
- 8 (b) A licensee may not claim more than 50 percent of the total CPE credits required in a  
9 three-year reporting period from nano-learning programs.
- 10 (c) A licensee may not claim more than 50 percent of the total CPE credits required in a  
11 three-year reporting period from the successful completion of certification programs,  
12 such as a Certified Financial Planner, Certified Internal Auditor, Certified Fraud  
13 Examiner, other related financial certifications, and/or related financial securities  
14 licenses.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE §523.119 Alternative Sources of CPE

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- 5  
6 (a) CPE credits earned from sources other than registered sponsors should be reported  
7 on the appropriate form, "Claiming Continuing Professional Education Credit from a  
8 Non-Registered Sponsor," justifying the reason the CPE credits are being claimed.  
9 (b) Licensees may not claim more than 50 percent of the total CPE credits from non-  
10 registered sponsors in any three-year reporting period.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
3 RULE §523.130 Ethics Course Requirements

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- 4
- 5 (a) An applicant for certification or registration must complete a board-approved four  
6 CPE credit ethics course designed to thoroughly familiarize the applicant with the  
7 board's Rules of Professional Conduct no more than two years prior to submission of  
8 the application. Proof of completion of this course must be submitted with the  
9 application.
- 10 (b) A licensee must take a four CPE credit ethics course that has been approved by the  
11 board pursuant to §523.131 of this chapter (relating to Board Approval of Ethics Course  
12 Content) every two years. The licensee shall report completion of the course on the  
13 annual license renewal notice at least every second year.
- 14 (c) A licensee granted retired, permanent disability, or other exempt status is not  
15 required to complete the ethics course during the licensee's exempt status. If the  
16 exempt status is no longer applicable, the licensee must complete an ethics course  
17 approved by the board and report it on the annual license renewal notice.
- 18 (d) A licensee must take the ethics course in a program as defined in §523.102 of this  
19 chapter (relating to CPE Purpose and Definitions).
- 20 (e) A person who does not reside in the state of Texas, who has no clients within this  
21 state, and who is current with the ethics course requirements of his state of residence is  
22 not required to take the ethics course mandated. A person meeting these requirements  
23 may claim an exemption pursuant to §523.113 of this chapter (relating to Exemptions  
24 from CPE).

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
3 RULE §523.131 Board Approval of Ethics Course Content  
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5 (a) The content of an ethics course designed to satisfy the four CPE credit ethics CPE  
6 requirements of §523.130 of this chapter (relating to Ethics Course Requirements) must  
7 be submitted to the CPE committee of the board for initial approval and upon request  
8 thereafter. The primary objectives of the ethics course shall be to:

9 (1) encourage the licensee to become educated in the ethics of the profession;

10 (2) convey the intent of the board's Rules of Professional Conduct in the licensee's  
11 performance of professional accounting services, and not mere technical compliance;

12 (3) apply ethical judgment in interpreting the rules and provide for a clear  
13 understanding of the public interest. The public interest shall be placed ahead of self-  
14 interest, even if it means a loss of job or client;

15 (4) emphasize the ethical standards of the profession, as described in this section; and

16 (5) review and discuss the board's Rules of Professional Conduct and their  
17 implications for persons in a variety of practices, including at least one example from  
18 subparagraph (A) of this paragraph and at least one example from either subparagraph  
19 (B) or (C) of this paragraph:

20 (A) a licensee engaged in the client practice of public accountancy who performs  
21 attest and non-attest services, as defined in §501.52 of this title (relating to Definitions);  
22 and

23 (B) a licensee employed in industry who provides internal accounting and auditing  
24 services; or

25 (C) a licensee employed in education or in government accounting or auditing.

26 (b) To meet the objectives of subsection (a) of this section, a course must be four hours  
27 in length and its components should be approximately:

28 (1) 25% on ethical principles and values;

29 (2) 25% on ethical reasoning and dilemmas;

30 (3) 15% on the board's Rules of Professional Conduct with special focus on recent  
31 changes in those rules and including information on the peer assistance available to  
32 Texas CPAs, CPA candidates and accounting students with alcohol or other substance

1 abuse, depression, stress or other mental health issues through the Accountants  
2 Confidential Assistance Network (ACAN); and  
3 (4) 35% on case studies that require application of ethical principles, values, and  
4 ethical reasoning within the context of the board's Rules of Professional Conduct.  
5 (c) Course content shall be approved only after demonstrating, either in a live instructor  
6 format, a blended program format, or interactive (computer based) format, as defined in  
7 §523.102(c)(1) of this chapter (relating to CPE Purpose and Definitions), that the course  
8 contains the underlying intent established in the following criteria:  
9 (1) the course shall be designed to teach CPAs to achieve and maintain the highest  
10 standards of ethical conduct through ethical reasoning and the core values of the  
11 profession: integrity, objectivity, and independence, as ethical principles in addition to  
12 rules of conduct;  
13 (2) the course shall address ethical considerations and the application of the board's  
14 Rules of Professional Conduct to all aspects of the professional accounting work  
15 whether performed by CPAs in client practice or CPAs who are not in client practice;  
16 and  
17 (3) the course shall convey the spirit and intent of the board's Rules of Professional  
18 Conduct in the licensee's performance of accounting services, and not mere technical  
19 compliance.  
20 (d) Ethics courses must be taught in one single four-hour session, including one 10-  
21 minute break each hour or its equivalent.  
22 (e) **Live ethics** **Ethics** courses may be reevaluated every three years or as required by  
23 the CPE committee. Updated versions of the course and any other course materials,  
24 such as course evaluations, shall be provided when requested by the committee for the  
25 course to be continued as an approved course.  
26 (f) At the conclusion of each **self-study** course, the sponsor shall administer a test to  
27 determine whether the program participants have obtained a basic understanding of the  
28 course content, including the need for a high level of ethical standards in the accounting  
29 profession.  
30 (g) A sponsor of an ethics course approved by the board pursuant to this section shall  
31 comply with the board's rules concerning sponsors of CPE and shall provide its

- 1 advertising materials to the board's CPE committee for approval. Such advertisements
- 2 shall:
- 3 (1) avoid commercial exploitation;
- 4 (2) identify the primary focus of the course; and
- 5 (3) be professionally presented and consistent with the intent of §501.82 of this title
- 6 (relating to Advertising).

- 4
- 5 (a) The board may authorize contract with any instructor wishing to offer an ethics  
6 course approved by the board pursuant to §523.131 of this chapter (relating to Board  
7 Approval of Ethics Course Content) who can demonstrate that:
- 8 (1) the instructor is a CPA licensed in Texas or that the instructor is team teaching with  
9 a CPA licensed in Texas;
- 10 (2) the instructor has never been disciplined for a violation of the board's Rules of  
11 Professional Conduct unless waived by the board; and
- 12 (3) the instructor is qualified to teach ethical reasoning because he has:
- 13 (A) experience in the study and teaching of ethical reasoning; and  
14 (B) formal training in organizational or ethical behavior instruction.
- 15 (b) An instructor demonstrates that he is qualified to teach ethical reasoning upon  
16 evidence that he has:
- 17 (1) at the time of his application obtained sufficient education in ethics substantially  
18 equivalent to a minimum of six hours of credit from a university, college or community  
19 college, of which at least three credit hours must be in organizational ethics or other  
20 education as approved by the board;
- 21 (2) teaching experience that is substantially equivalent to two or more full time  
22 semesters teaching experience at a university, college or community college, or other  
23 experience as approved by the board;
- 24 (3) spent at least 10 years performing accountancy related activities as a licensed  
25 CPA;
- 26 (4) no record of discipline for violation of the rules of professional conduct of the  
27 AICPA, the TSCPA or other national or state accountancy organization recognized by  
28 the board; and
- 29 (5) goals and interests consistent with the board's purpose of protecting the public  
30 interest pursuant to the provisions of the Act.
- 31 (c) An instructor must renew the contract with the board every three years.

1 ~~(c)~~ (d) The board may ~~refuse to contract, refuse to renew a contract or~~ cancel an  
2 authorization ~~the contract~~ of any instructor who no longer meets the requirements of  
3 this section or has engaged in conduct rendering that instructor unsuitable for teaching  
4 ethics.

5 (d) ~~(e)~~ An instructor must submit a current resume at the request of the board ~~with the~~  
6 ~~contract~~.

7 (e) ~~(f)~~ Interpretive comments: To have goals and interests consistent with the board's  
8 purpose of protecting the public interest pursuant to the provisions of the Act, an  
9 instructor must refrain from using the instruction of an ethics course as a marketing tool  
10 for other products and services offered by the instructor. An instructor must be free from  
11 conflicts of interest with the board in both fact and appearance. Representation of a  
12 respondent or a complainant in a disciplinary proceeding pending before the board  
13 creates the appearance of a conflict of interest.



1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.140 Program Standards

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5  
6 (a) Potential participants should be informed in advance of course content, learning  
7 objectives, prerequisites, and recommended credits so they can determine whether they  
8 are qualified to participate in and benefit from the program. The stated learning  
9 objectives should clearly communicate the specific areas of knowledge that will be  
10 covered. If there are no prerequisites for the course, a statement to this effect must be  
11 made.

12 (b) The program developer must organize the program around the stated learning  
13 objectives and must retain a copy of the final program, including electronic media, in  
14 accordance with §523.143(b) of this chapter (relating to Sponsor's Record). The final  
15 program must contain sufficient documentation to support the number of CPE credits  
16 granted. The course materials must be periodically reviewed to assure that they are  
17 accurate and consistent with currently accepted standards relating to the program's  
18 subject matter. The program developer should provide the instructor with separate  
19 materials that emphasize sections of the course that need reinforcement, if appropriate.

20 (c) Instructors must be qualified both with respect to program content and teaching  
21 methods used. Sponsors shall evaluate the performance of instructors at the conclusion  
22 of each program to determine their suitability for continuing to serve as instructors.

23 (d) All programs must provide for some means to evaluate both the competence of the  
24 instructor and the course material. Refer to §523.141 of this chapter (relating to  
25 Evaluation).

26 (e) Self-study programs must conform to the requirements outlined in §523.102(c)(2) of  
27 this chapter (relating to CPE Purpose and Definitions).

28 (1) Program must include at least three review questions for each CPE credit, or two  
29 review questions if the program is marketed for one-half CPE credits to allow the  
30 participant the opportunity to understand the material. Evaluative feedback must be  
31 provided for each incorrect response.

32 (2) To provide evidence of satisfactory completion of the course, CPE sponsors must  
33 require participants to successfully complete a final exam with a passing grade of at

1 least 70%. The final exam must have at least five questions for each CPE credit granted  
2 and no more than 25% of the questions be "true/false" in nature.

3 (3) Program or course expiration date. Course documentation must include an  
4 expiration date (the time by which the participant must complete the final exam). The  
5 expiration date should be no longer than one year from the date of purchase.

6 (f) Nano programs must use instructional methods that clearly define a minimum of one  
7 learning objective, guide the participant through a program of learning, and provide  
8 evidence of a participant's satisfactory completion of the program. Satisfactory  
9 completion of the program must be confirmed at the conclusion of the program by  
10 passing a final exam.

11 (1) To provide evidence of satisfactory completion of the course, CPE sponsors must  
12 require participants to successfully complete a final exam with a passing grade of 100  
13 percent before issuing CPE credit for the course. The final exam may contain questions  
14 of varying format (for example, multiple choice, rank order, and matching). Only two  
15 questions must be included on the final exam. "True or false" questions are not  
16 permissible on the final exam. If the participant fails the final exam CPE credit will not be  
17 granted. The participant may re-take the program and the number of re-takes permitted  
18 is at the sponsor's discretion.

19 (2) Program or course expiration date. Course documentation must include an  
20 expiration date. The expiration date is no longer than one year from the date of  
21 purchase.

22 (3) Based on materials developed for instructional use, Nano programs must be based  
23 on materials specifically developed for instructional use and not on third-party materials.  
24 Nano learning programs requiring only the reading of general professional literature,  
25 IRS publications, or reference manuals followed by an assessment will not be  
26 acceptable.

27 (g) Blended programs must use instructional methods that clearly define learning  
28 objectives and guide the participant through a program of learning. Pre-program, post-  
29 program, and homework assignments should enhance the learning program experience  
30 and must relate to the defined learning objectives of the program.

1 (1) Blended programs include different learning or instructional methods (for example,  
2 lectures, discussion, guided practice, reading, games, case studies, and simulation);  
3 different delivery methods (group live, group Internet based, nano learning, or self  
4 study); and/or different levels of guidance (for example, individual, instructor or subject  
5 matter expert led, or group and social learning). To guide participants through the  
6 learning process, CPE program sponsors must provide clear instructions and  
7 information to participants that summarize the different components of the program and  
8 what must be completed or achieved during each component in order to qualify for CPE  
9 credits. The CPE program sponsor must document the process and components of the  
10 course progression and completion of components by the participants.

11 (2) To provide evidence of satisfactory completion of sections of the course that are  
12 not "live" (such as nano or self-study) CPE sponsors must require participants to  
13 successfully complete an exam with a passing grade appropriate to the delivery method  
14 (i.e. 70% for self-study, 100% for nano).

15 (h) Sponsors are responsible for ensuring the participants register their attendance  
16 during the program. Sponsors are responsible for assigning the appropriate number of  
17 CPE credits for participants, including reduced CPE credits for those participants who  
18 arrive late or leave early. Refer to §523.142 of this chapter (relating to Program Time  
19 Credit Measurement for Sponsors).

20 (i) Sponsors must comply with all CPE rules including §523.143 of this chapter.

21 (j) Sponsors awarding CPE credit for a **board authorized** ~~board approved~~ ethics course  
22 defined in §523.131 of this chapter (relating to Board Approval of Ethics Course  
23 Content) must do so through a board **authorized** ~~contracted~~ instructor as defined in  
24 §523.132 of this chapter (relating to Board **Authorized** ~~Contracted~~ Ethics Instructors).

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.141 Evaluation

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- 5  
6 (a) All programs shall include a process for evaluating quality by participants to  
7 determine whether:
- 8 (1) objectives have been met;
  - 9 (2) prerequisites were necessary or desirable;
  - 10 (3) facilities were satisfactory;
  - 11 (4) the instructor(s) was effective. If multiple instructors taught the course each must  
12 be evaluated for effectiveness;
  - 13 (5) the program content was timely and effective; and
  - 14 (6) time allotted to the program was adequate.
- 15 (b) Evaluations shall consist of evaluation forms or questionnaires upon completion of  
16 the program.
- 17 (c) Instructors shall be informed of their performance, and sponsors should  
18 systematically review the evaluation process to ensure its effectiveness.
- 19 (d) Sponsors are responsible for collecting evaluation forms from CPA participants.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.142 Program Time Credit Measurement for Sponsors

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5  
6 (a) Sponsored learning activities are measured by actual program length, with one 50-  
7 minute period equal to one CPE credit. Sponsors may recommend CPE credits under  
8 the following scenarios:

9 (1) Live and blended learning programs--A minimum of one full credit must be awarded  
10 initially, but after the first credit has been earned, credits may be awarded in one-fifth  
11 increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, and so on).

12 (2) Self-study--A minimum of one-half credit must be awarded initially, but after the first  
13 full credit has been earned, credits may be awarded in one-fifth increments or in one-  
14 half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, and so on).

15 (3) Nano learning--Credits must be awarded only as one-fifth credit (0.2 credit). A 20-  
16 minute program would have to be produced as two stand-alone nano learning  
17 programs.

18 (b) Self-study programs shall be pre-tested to determine average completion time. A  
19 minimum of three pre-testers must be used to determine the CPE credits for the course.

20 (c) The total CPE credits for a continuous program cannot exceed the actual time spent  
21 in the program. Continuous conferences and conventions, when individual segments  
22 are less than 50 minutes, should be combined and counted as one total program. For  
23 example, five 30-minute presentations would equal 150 minutes and should be counted  
24 as three CPE credits.

25 (d) Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or  
26 whole credit at their discretion and as appropriate for the instructional delivery method.

27 (e) Only learning content portions of programs (including pre-program, post-program,  
28 and homework assignments, when incorporated into a blended learning program)  
29 qualify toward eligible credit amounts. Time for activities outside of actual learning  
30 content, including, for example, excessive welcome and introductions, housekeeping  
31 instructions, and breaks are not accepted toward credit.

32 (f) For programs with individual segments that are less than 50 minutes, the sum of the  
33 segments would be considered one total program. For example, five 30-minute

1 presentations would equal 150 minutes and would be counted as three CPE credits.  
2 When the total minutes of a sponsored program are greater than 50, but not equally  
3 divisible by 50, the CPE credits granted must be rounded down to the nearest credit  
4 basis depending on the instructional delivery method of the program. For example, a  
5 group live program must be rounded down to the nearest one-fifth, one-half, or whole  
6 credit. Thus, programs with segments totaling 140 minutes would be granted two and  
7 four-fifths CPE credits if using one-fifth increments and two and one-half credits if using  
8 one-half increments.

9 (g) The CPE sponsor is responsible for monitoring attendance. While it is the  
10 participant's responsibility to report the appropriate number of credits earned, CPE  
11 program sponsors must maintain a process to monitor individual attendance at group  
12 programs to assign the correct number of CPE credits. A participant's self-certification of  
13 attendance alone is not sufficient.

14 (h) Monitoring mechanism for group Internet based programs. In addition to meeting all  
15 other applicable group program standards and requirements, group Internet based  
16 programs must employ some type of real time monitoring mechanism to verify that  
17 participants are participating during the course. The monitoring mechanism must be of  
18 sufficient frequency and lack predictability to ensure that participants have been  
19 engaged throughout the program. The monitoring mechanism must employ at least  
20 three instances of interactivity completed by the participant per CPE credit.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.143 Sponsor's Record

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- 5
- 6 (a) In order to support the reports required of participants, the sponsor of group live, or  
7 self-study, nano, or blended programs shall retain the following records:
- 8 (1) record of participation, e.g., sign-in sheet reflecting the CPE credits earned by each  
9 participant including those who arrive late or leave early;
- 10 (2) course program, including electronic media, as required by §523.140(b) of this  
11 chapter (relating to Program Standards);
- 12 (3) all promotional materials, including date(s) and location;
- 13 (4) instructor's resume or biography;
- 14 (5) evaluation of program as directed in §523.141(b) of this chapter (relating to  
15 Evaluation);
- 16 (6) pre-test data for self-study courses; and
- 17 (7) all final exams completed by participants for self-study courses.
- 18 (b) Documentation shall be retained for five years from the date the program is  
19 completed.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.144 Board Registered CPE Sponsors  
5

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6 (a) The board may enter into an agreement with any sponsor of CPE programs to  
7 become a board registered CPE sponsor where the sponsor, in the opinion of the  
8 board, demonstrates that it will comply with its obligations to the board and that its  
9 programs will conform to the board's standards as outlined in:

- 10 (1) §523.115 of this chapter (relating to Credits for Instructors and Discussion  
11 Leaders);  
12 (2) §523.130 of this chapter (relating to Ethics Course Requirements), (if applicable);  
13 (3) §523.140 of this chapter (relating to Program Standards);  
14 (4) §523.141 of this chapter (relating to Evaluation); and  
15 (5) §523.142 of this chapter (relating to Program Time Credit Measurement for  
16 Sponsors).

17 (b) The board will also require that each organization applying to become a board  
18 registered CPE sponsor agrees that in the conduct of its business it will:

- 19 (1) Not commit fraud, deceit or engage in fiscal dishonesty of any kind;  
20 (2) Not misrepresent facts or make false or misleading statements;  
21 (3) Not make false statements to the board or to the board's agents; and  
22 (4) Comply with the laws of the United States and the State of Texas.

23 (c) Each organization applying to become a board registered CPE sponsor must submit  
24 an application on registration forms provided by the board. The application must be  
25 complete in all respects and must be accompanied with payment of a non-refundable  
26 registration fee unless the sponsor is exempt from paying the fee in accordance with  
27 this rule. Sponsors that offer regularly scheduled course titles that are at least one hour  
28 and up to four hours in length may accumulate these course titles into an eight-hour  
29 course block when determining fees. A maximum of 24 hours may be accumulated into  
30 three eight-hour course blocks. Refer to interpretative comment in subsection (j) of this  
31 section for explanation. The registration fee is based on the number of course titles  
32 offered and is identified in the following chart:

33 [Attached Graphic](#)



Figure: 22 TAC §523.144(c)

<b>NO. OF COURSE TITLES OFFERED</b>	<b>TOTAL ANNUAL REGISTRATION FEE</b>
1 - 10	\$400
11 - 40	\$750
41+	\$1250
Exemption 1	0
Exemption 2	0
Exemption 3	0
Exemption 4	0

- 1 (d) To qualify for an exemption from the annual registration fee a sponsor must be:
- 2 (1) a state, federal or other governmental agency that provides CPE for its employees
- 3 and others at no charge;
- 4 (2) a sponsor registered and in good standing with NASBA's National Registry of CPE
- 5 Sponsors;
- 6 (3) an institution of higher education whose courses are accepted for transfer credit by
- 7 the reporting institution in the State of Texas. Other than courses acceptable for transfer
- 8 credit, continuing education does not qualify for the exemption whether offered through
- 9 an institute of higher education or through an educational foundation operating within
- 10 such an institution; or
- 11 (4) subject to the board's discretion, sponsors' courses that are subject to review by
- 12 another entity may apply for an exemption from fees.
- 13 (e) Sponsors that are exempt from paying the registration fee shall annually register
- 14 with the board.
- 15 (f) The board will not prorate the registration payment for an organization for less than
- 16 one year. Upon renewal in the second and succeeding years, the registration amount
- 17 may be increased to cover the costs of review of sponsors and individual courses.
- 18 (g) Board staff will review each application and notify the sponsor of its acceptance or
- 19 rejection. Accepted sponsors will be assigned a sponsor number and can represent that
- 20 they are a board registered CPE sponsor. An acceptance in any given year shall not
- 21 bind the board to accept a sponsor in any future year.
- 22 (h) After the registration has been accepted, the board, in its sole and exclusive
- 23 discretion, may determine that a registered sponsor is not in compliance with the
- 24 registration requirements, CPE standards or applicable board rules. The board will

1 provide the registered sponsor reasonable notice of such a determination and shall  
2 provide the registered sponsor a reasonable opportunity to become compliant. If the  
3 board determines the sponsor is not in compliance, the board may request that the  
4 sponsor make changes or the board may terminate the sponsor's registration. A  
5 sponsor that has had its registration terminated or has voluntarily surrendered its  
6 registration may apply for reinstatement after the first anniversary of the date of  
7 termination. The registration fee shall not be prorated or refunded if the registration is  
8 terminated.

9 (i) A sponsor that requests reinstatement may do so by submitting a completed  
10 application and paying the fee provided for in subsection (c) of this section. The  
11 application for reinstatement must be accompanied with a list of the course(s) proposed  
12 to be offered. From that list the board will select one or more courses that must  
13 successfully pass the review pursuant to §523.147 of this chapter (relating to Sponsor  
14 Review Program), before any course can be offered.

15 (j) A CPE sponsor registration is renewable annually by submitting a renewal application  
16 and paying the registration fee unless stated in subsection (d) of this section.

17 (k) Interpretive Comment: In applying the fee structure to courses, it is deemed that  
18 small practice groups and sponsors that provide lectures and seminars on a regular  
19 basis are allowed to accumulate course titles that are at least one hour and up to four  
20 hours in length into one eight-hour course block. The maximum number of groupings of  
21 courses is limited to three eight-hour course blocks of 24 hours of qualified courses.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.145 Obligations of the Sponsor  
5

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6 (a) Sponsors shall comply with the program standards as stated in §523.140 of this  
7 chapter (relating to Program Standards).

8 (b) In consideration for registering as a CPE sponsor each organization shall certify in  
9 writing, to the following:

10 (1) "We understand that after acceptance of the application or reapplication for a  
11 registration by the board we may advise prospective attendees of the program sponsor  
12 registration, our sponsor number, and the number of CPE credits recommended. We  
13 further agree that if we notify licensees of this registration we shall do so by use of the  
14 following language, 'We are registered with the Texas State Board of Public  
15 Accountancy as a CPE sponsor. This registration does not constitute an endorsement  
16 by the board as to the quality of our CPE program.'"

17 (2) "We understand that our advertising shall not be false or misleading, nor will our  
18 conduct in an effort to promote our services be coercive, overreaching, vexatious or  
19 harassing. We understand it is a violation of these rules for us to persist in contacting a  
20 licensee when the licensee has made known to us, or we should have known, the  
21 licensee's desire not to be contacted by us or our representative."

22 (3) "We agree that parties designated by the board may inspect our facilities, examine  
23 our records, attend our courses or seminars at no charge, and review our program to  
24 determine compliance with the sponsor registration requirements, CPE standards and  
25 applicable board rules."

26 (4) "We understand and agree that if we fail to comply with the registration  
27 requirements or fail to meet acceptable standards in our programs, the sponsor  
28 registration may be terminated at any time by the board, the sponsor registration or  
29 renewal application may be denied, and notice of such termination or denial may be  
30 provided to licensees by the board."

31 (c) Every board registered CPE sponsor shall cooperate fully with the board's sponsor  
32 review program. At least every three years a sponsor shall undergo a sponsor review.  
33 This cooperation shall include, but not be limited to providing information, records and

- 1 access to programs and instructors as requested. Failure to cooperate with the program
- 2 shall be grounds for terminating the registration.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.146 Registry of NASBA CPE Sponsors

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- 5  
6 (a) The board shall accept courses offered by sponsors shown as being in good  
7 standing on the NASBA's National Registry of CPE Sponsors; however, organizations  
8 that wish to offer CPE courses to Texas CPAs are not required to register with NASBA.  
9 (b) Sponsors registered with NASBA's National Registry of CPE Sponsors ("NASBA  
10 CPE sponsors") shall annually register with the board. NASBA CPE Sponsors are  
11 exempt from the board's registration fee but may be subject to a review by the board.  
12 (c) NASBA CPE sponsors registered with the board shall:  
13 (1) comply with all board standards for CPE sponsors; and  
14 (2) cooperate with the board's sponsor review program.  
15 (d) The board may revoke the registration of any NASBA CPE sponsor registered under  
16 this section for failure to comply with the registration requirements, CPE standards or  
17 applicable board rules.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.147 Sponsor Review Program

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5  
6 (a) A sponsor review program is established for the purpose of monitoring the  
7 compliance by board registered CPE sponsors and the courses they offer with the  
8 registration requirements, CPE standards and/or applicable board rules. The program  
9 shall emphasize high quality education and compliance with professional standards. In  
10 the event a sponsor does not comply with the registration requirements, CPE standards,  
11 or applicable board rules, the board shall take appropriate action.

12 (b) The presiding officer shall appoint three members who shall be either board  
13 members or advisory members to the Sponsor Review Program Committee (SRPC).

14 The SRPC's duties are to:

15 (1) monitor the sponsor review program to provide assurance to the CPE committee  
16 that the CPE sponsors are being reviewed and that the reviews are conducted and  
17 reported in accordance with established CPE program standards;

18 (2) serve as mediators between the reviewers and sponsors whose courses are being  
19 reviewed; and

20 (3) report to the CPE committee as requested and make recommendations as  
21 appropriate.

22 (c) The board shall contract with qualified persons selected by the CPE committee to  
23 review the courses of sponsors ("reviewers"). The board will compensate reviewers  
24 from revenue received from sponsors' registration fees.

25 (1) If the reviewer is a CPA, the reviewer must be in good standing with the licensing  
26 board.

27 (2) A reviewer must recuse himself from service if the reviewer has an interest in the  
28 sponsoring organization under review or if the reviewer believes he cannot be impartial  
29 or objective.

30 (3) A reviewer may not concurrently serve as a member of the board or one of its  
31 committees.

32 (d) The reviewers shall:

- 1 (1) assess board-registered sponsors of CPE to provide reasonable assurance that
- 2 quality CPE is being offered in accordance with registration requirement, CPE
- 3 standards, or applicable board rules;
- 4 (2) review the policies and procedures of board registered CPE sponsors as to their
- 5 conformity with the rules;
- 6 (3) when necessary, prescribe actions designed to assure correction of the
- 7 deficiencies in the program or CPE;
- 8 (4) report to the SRPC as required:
- 9 (A) problems experienced with sponsor compliance; and
- 10 (B) problems experienced in the implementation of the review program.
- 11 (e) The procedures used by the reviewers in monitoring of sponsors of CPE may
- 12 include, but not be limited to:
- 13 (1) random visits of sponsors as deemed appropriate, and review of course materials;
- 14 (2) meetings with the sponsor;
- 15 (3) reviewing educational materials and record keeping documents;
- 16 (4) reviewing the sponsor's educational philosophy;
- 17 (5) reviewing, on the basis of a random selection, the course evaluations from
- 18 licensees to determine whether the materials have received adverse comments;
- 19 (6) expanding the review of records if significant deficiencies, problems, or
- 20 inconsistencies are encountered during the review of the materials; and
- 21 (7) determining that courses offered by board-registered CPE sponsors comply with all
- 22 applicable board rules including §523.102 of this chapter (relating to CPE Purpose and
- 23 Definitions) and this subchapter and provide that:
- 24 (A) educational content meets the course objectives;
- 25 (B) course material is up-to-date and relevant; and
- 26 (C) adequate documentation procedures are in place;
- 27 (8) other procedures as deemed necessary by the board so that the CPE sponsor is in
- 28 compliance with the registration requirements, CPE standards and applicable board
- 29 rules.

**Agenda Item V**  
**Rules Committee Agenda**  
**September 15, 2021**  
**1:30 p.m.**

- B. Review of the nature of the PCAOB's firm inspection program as it relates to Board *Rule 527.9(c)* which exempts the PCAOB from qualifying as a sponsoring organization.

**DISCUSSION:** The Peer Review Committee examined Board *Rule 527.9(c)* which exempts the PCAOB from being required to be qualified as a sponsoring organization. There was a discussion to remove the PCAOB exemption from the rule because it was viewed as stating the obvious and therefore unnecessary.

The committee decided that it might be an appropriate discussion item for a future Rules Committee meeting.

**RECOMMENDATION:** Staff is not recommending a revision at this time.

**SUGGESTED MOTION:** None.



- 4  
5 (a) To qualify as a sponsoring organization, an entity must submit a peer review  
6 administration plan to the board for review and approval by the PROB. The plan of  
7 administration must:
- 8 (1) establish a PRRC and subcommittees as needed, and provide professional staff as  
9 needed for the operation of the peer review program;
  - 10 (2) establish a program to communicate to firms participating in the peer review  
11 program the latest developments in peer review standards and the most common  
12 findings in the peer reviews conducted by the sponsoring organization;
  - 13 (3) establish procedures for resolving any disagreement which may arise out of the  
14 performance of a peer review;
  - 15 (4) establish procedures to resolve matters which may lead to the dismissal of a firm  
16 from the peer review program, and conduct hearings pursuant to those procedures;
  - 17 (5) establish procedures to evaluate and document the performance of each reviewer,  
18 and conduct hearings, which may lead to the disqualification of a reviewer who does not  
19 meet the AICPA standards;
  - 20 (6) require the maintenance of records of peer reviews conducted under the program  
21 in accordance with the records retention rules of the AICPA; and
  - 22 (7) provide for periodic reports to the PROB on the results of the peer review program.
- 23 (b) A sponsoring organization is subject to review by the board and the PROB.  
24 (c) The PCAOB is exempt from these requirements.

**Agenda Item V**  
**Rules Committee Agenda**  
**September 15, 2021**  
**1:30 p.m.**

C. Schedule next meeting.