

OKLAHOMA ACCOUNTANCY BOARD (OAB)

CPE REPORTING REQUIREMENTS AND EXCEPTIONS

PART I – CPE REPORTING REQUIREMENTS

1. Where can I find the law and the rules pertaining to the CPE requirements and exceptions and the CPE standards? The Oklahoma Accountancy Act (Act) and the Oklahoma Administrative Code (Code) are available on the OAB website at www.ok.gov/oab. The CPE requirements can be found in Section 15.35 of the Act and in Chapter 15, Subchapter 30 of the Code. Exceptions to the requirements are in Code 10:15-30-8. The CPE Standards are located in Chapter 15, Subchapter 32 of the Code.

2. Who must meet the CPE requirements? All certificate and license holders, unless exempted by retirement, active military service, disability, or inactive status, must meet the requirement. In general, you must meet the CPE requirement if:

- a. you wish to use your CPA/PA designation without using "retired CPA/PA" or "inactive CPA/PA";
- b. you are in a position of responsibility and you hold that position because of your CPA/PA designation or because of your expertise as a CPA/PA;
- c. you provide any type of services that can be considered accounting, tax, bookkeeping, financial services, or management advisory services, whether or not for compensation, for anyone other than yourself or immediate family members;
- d. there is reliance on the services you provide, on your expertise as a CPA/PA, or on the accounting-related advice you give to anyone other than yourself or your immediate family members, whether or not for compensation.

3. How many hours of CPE must I earn and by when? At least 120 hours of CPE must be earned within any 3-year period, beginning in 2006. For all current registrants who are not exempt, the first 3-year period began January 1, 2006 and will end December 31, 2008.

4. Will the requirement be for a rolling 3-year period, or will it start all over at the end of the first 3-year period? This is a rolling 3-year requirement. For current registrants, the first 3-year period begins January 1, 2006 and ends December 31, 2008. On January 1, 2009, CPE earned in 2006 drops off. The 3-year period is then January 1, 2007 through December 31, 2009. On January 1, 2010, CPE earned in 2007 drops off. The 3-year period is then January 1, 2008 through December 31, 2010. Registrants required to complete CPE must be able to show they have earned 120 hours of CPE in any 3-year period, beginning in 2006 and going forward.

5. What is the minimum annual CPE requirement? 20 hours, including 2 hours of ethics

6. Could I meet the minimum requirement each year and still maintain my CPA certificate or PA license in good standing? No. Taking only the minimum requirement each year would give you 60 hours of CPE at the end of the 3-year period.

The requirement is for 120 hours by the end of the 3-year period. The minimum requirement simply allows you flexibility when planning your CPE.

7. *Is there an annual ethics requirement?* Yes. Two hours of professional ethics must be earned each year as part of the total requirement.

8. *What is the compliance period for earning CPE and reporting it to the OAB?* CPE is earned during the calendar year and reported the following June.

9. *Are there any provisions that would allow reporting to be made on a birthday month basis?* No.

10. *Can CPE credit earned in 2004 and 2005 be applied toward the 3-year requirement?* No. The requirement did not begin until 2006. Credit earned prior to January 1, 2006 cannot be applied to the 3-year period because it is outside the 3-year period.

11. *When and how will I report my CPE to the OAB?* CPE will be reported annually in June on a form prescribed by the OAB. You will report your CPE online through the OAB's portal system or by submitting the paper form. The OAB will send notification when it is time to report your CPE.

12. *Should I send my CPE certificates or other proof of completion to the OAB throughout the year as I earn my CPE?* No. Keep your documentation in your CPE file. If you are selected to participate in the random sample CPE audit, you will be asked to provide copies of your documentation to the OAB.

13. *What will happen if I do not meet the CPE requirement?* You are given the entire calendar year to meet the minimum CPE requirement of 20 hours and three full calendar years to meet the 120 hour requirement. Poor planning and being "too busy" do not constitute valid reasons for not completing the CPE required by law.

If you are required by the Act and the Code to complete CPE and you choose not to meet the requirement, a case number will be assigned and the OAB's Enforcement Committee will review the matter for disciplinary action. Possible disciplinary actions include the assessment of fines and costs, probation, suspension or revocation of your CPA certificate or PA license, or assessment of additional CPE requirements.

If there are extenuating circumstances, such as catastrophic illness, that prevent you from meeting the requirement, contact the OAB's CPE Coordinator as soon as you suspect you might not meet the requirement.

PART II – EXCEPTIONS TO THE CPE REPORTING REQUIREMENTS

14. *I am currently exempt from the CPE requirement. What is my requirement if I rejoin the workforce in an accounting capacity?*

An inactive status registrant upon return to active status must comply with CPE requirements as follows:

a. 3-1/3 hours for each month on inactive status, rounded up to the nearest half credit, up to a maximum of 120 hours.

- b. The registrant may claim any CPE hours earned while on inactive status during the preceding 3-year period.
- c. A registrant who immediately gives written notice to the OAB upon changing to active status may be granted the following time periods from the date of the change of status to complete the required CPE:
 - 1. 60 days from the date of the change of status for registrants needing forty (40) hours or less to comply with (a) or (b) above; and
 - 2. 180 days from the date of the change of status to complete additional CPE over the forty (40) hours described in (1) above.

15. Does the OAB provide any guidelines for claiming an exemption to the CPE requirements? The OAB's Exemption Guidelines are as follows:

- 1. The OAB exempts from the requirements of CPE the following classifications:
 - a. Retired certificate or license holders who are no longer employed or practicing public accounting;
 - b. Certificate or license holders who are on active military service;
 - c. Disabled certificate or license holders who are no longer employed or practicing public accounting due to medical circumstances;
 - d. A registrant who shows reasons of health, certified by a medical doctor, preventing compliance with the CPE requirement. A registrant must petition the OAB for the exemption and provide documentation that clearly establishes the period of disability and the resulting physical limitations;
 - e. Unless otherwise exempted for good cause, all certificate and license holders must comply with CPE reporting requirements.
 - f. A certificate or license holder exempt from the requirement of CPE by reason of retirement or inactive status must indicate "retired" or "inactive" if they use their "CPA" or "PA" designation.
- 2. The OAB will consider granting an exemption from the CPE requirement on a case-by-case basis if:
 - a. A registrant completes and forwards to the OAB a sworn affidavit indicating that the registrant will not be associated with accounting work during the period for which the exemption is requested. A registrant who has been granted this exemption and who re-enters the work force shall be required to comply with 10:15-30-9.
 - b. A registrant forwards to the OAB a sworn affidavit from the employer or organization indicating no association with accounting. The affidavit shall include, as a minimum, a brief description of the duties performed, job title, and verification by the registrant's immediate supervisor that there is no reliance on the registrant's expertise as a CPA or PA;

For purposes of this section, the term "association with accounting work" shall include the following:

- i. working or supervising work performed in the areas of financial accounting and reporting; tax compliance, planning or advice; management advisory services; accounting information systems; treasury, finance or audit or preparing personal financial statements or investment plans; or

ii. representing to the public, including an employer, that the registrant is a CPA or PA in connection with the performance or sale of any services or products involving accounting work, including such designation on a business card, letterhead, promotional brochure, advertisement, office, website or any electronic media; or

iii. for purposes of making a determination as to whether the registrant fits one of the categories listed in this subparagraph and subparagraph (1) and (2) of this clause, the questions shall be resolved in favor of inclusion of the work as "association with accounting work".

16. The rules require me to complete CPE if I perform management advisory services (MAS) for clients or for my employer. What accounting services are considered MAS? Accounting services that are considered MAS include but are not limited to the following:

- a. counseling management in analysis, planning, organizing, operating, risk management and controlling functions;
- b. conducting special studies, preparing recommendations, proposing plans and programs, and providing advice and technical assistance in their implementation;
- c. reviewing and suggesting improvement of policies, procedures, systems, methods, and organization relationships; and
- d. introducing new ideas, concepts, and methods to management.

17. If I claim an inactive status and do not complete CPE, may I use the CPA or PA designation on letterhead, business cards, a resume or biography? No, not unless they say "inactive" or "retired" CPA or PA.

18. I provide accounting services, but I live and work outside of Oklahoma. Do I have to meet the CPE requirements? Yes.

19. I am retired (or inactive), but I provide volunteer services. Must I meet the CPE requirement? An "inactive" or "retired" status registrant may volunteer services for which the registrant receives no direct or indirect compensation so long as the registrant does not sign any documents related to such services as a CPA or PA. Volunteer services do not extend to preparing tax returns for friends and neighbors.

20. I am the trustee of a family member's trust fund. Must I complete CPE? No.

21. I am the trustee of a friend's trust fund. Do I have to complete CPE? No, not unless there is reliance upon your expertise as a CPA.

22. Do I have to meet the CPE requirement to prepare my grandmother's tax return? You can provide incidental, non-compensated services for immediate family members as defined in Code 10:15-1-2 without having to meet the CPE requirement.

23. I provide bookkeeping and/or accounting services for my family owned business. Do I have to meet the CPE requirement? No, not unless you are signing financial documents as a CPA.

24. I am a tax attorney. Do I have to meet the CPE requirement? No, not if the only client services you provide are as an attorney. However, if you do not meet the CPE requirement, you cannot display your CPA certificate or PA license on your office wall or use your professional designation on business cards and letterhead.

25. Does a loan officer at a bank have to meet the CPE requirement? If the loan officer prepares or assists customers in preparing financial statements, provides management advisory services to customers or to the employer, CPE is required.

26. Do Certified Financial Advisors and Certified Financial Planners have to meet the CPE requirement? Yes.

27. I sit on the Board of a public company. Do I have to meet the CPE requirement? You would be required to complete CPE if you were selected for membership on the Board because of your CPA or PA designation, if the Board relies on your CPA or PA designation, if you provide any type of management advisory services, or if you use your CPA or PA designation.

28. I am the Chief Financial Officer for a company. Do I have to complete CPE? Yes.

29. I am the CEO of a company. Am I required to complete CPE? You must complete CPE if being a CPA was a requirement for your position. You must complete CPE if you are using your CPA designation on letterhead or business cards or signing letters or other documents as a CPA, unless you specify "inactive CPA." Otherwise, you do not.

30. I work in industry and do not hold a permit. I do not want to complete CPE. If I drop my AICPA and/or OSCP or OSA membership, can I avoid the CPE requirement? No. The CPE requirement is not an AICPA, OSCP, OSA, or another professional organization requirement. The completion of CPE is required by law in the Act. If you provide accounting services to the public or to an employer, CPE is required to maintain your CPA certificate or PA license in good standing.

31. I do not hold a permit. I am claiming an exemption to the CPE requirement. Can I display my CPA certificate or PA license?

a. If your business cards and/or letterhead indicate "retired" or "inactive" CPA or PA, you may display your CPA certificate or PA license if you provide the OAB with the affidavit(s) discussed in item 2, a and b, of question 15.

b. If your business cards and/or letterhead do not indicate that you are a CPA or PA, you may display your CPA certificate or PA license if you provide the OAB with the affidavit(s) discussed in item 2, a and b, of question 15.

Note: The following CPE brochures are also available from the OAB: "Comprehensive Ethics Examination and Ethics CPE"; "Qualifying CPE and General CPE Information"; and "Permits." This information is also available on the OAB website at www.ok.gov/oab.