

MARYLAND REGISTER

**Proposed Action on Regulations**

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	10/23/2014	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

**1. Desired date of publication in Maryland Register: 12/1/2014**

**2. COMAR Codification**

**Title Subtitle Chapter Regulation**

09 24 02 01--.06

**3. Name of Promulgating Authority**

Department of Labor, Licensing, and Regulation

**4. Name of Regulations Coordinator Telephone Number**

Donnice M Turner 410-230-6008

**Mailing Address**

500 N. Calvert Street, 4th Floor

**City State Zip Code**  
Baltimore MD 21202

**Email**

donniturner@dllr.state.md.us

**5. Name of Person to Call About this Document Telephone No.**

Dennis L. Gring 410-230-6224

**Email Address**

dennis.gring@maryland.gov

**6. Check applicable items:**

- New Regulations

- Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: September 29, 2014.

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

: Md. R  
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

**7. Is there emergency text which is identical to this proposal:**

Yes - No

**8. Incorporation by Reference**

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

**9. Public Body - Open Meeting**

- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.

- OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

**10. Children's Environmental Health and Protection**

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

**11. Certificate of Authorized Officer**

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Matthew A. Lawrence, Assistant Attorney General, (telephone #410 230-6137 ) on October 16, 2014. A written copy of the approval is on file at this agency.

**Name of Authorized Officer**

Dennis L. Gring

**Title**

Executive Director

**Telephone No.**

410-230-6224

**Date**

October 16, 2014

**Title 09**  
**DEPARTMENT OF LABOR, LICENSING, AND**  
**REGULATION**

**Subtitle 24 BOARD OF PUBLIC ACCOUNTANCY**

**09.24.02 Continuing Education**

Authority: Business Occupations and Professions Article, §§2-207(a), 2-311, and 2-312, Annotated Code of Maryland

**Notice of Proposed Action**

[]

The Maryland State Board of Public Accountancy proposes to amend Regulations .01 through .05, and adopt new Regulation .06 under COMAR 09.24.02 Continuing Education.

This action was considered a public meeting held on October 7, 2014, notice of which was given by publication in 41 Md.R 18:1061 (September 5, 2014), pursuant to State Government Article §10-506(c), Annotated Code of Maryland.

**Statement of Purpose**

The purpose of this action is to define certain terms used in Chapter .02 Continuing Education; modify the basic continuing education requirements to include the time period in which the continuing education must be earned, to clarify that excess credit hours in ethics can be used to meet the general continuing education requirements, and to limit the use of excess credit hours reported in a license renewal application to the next license renewal application; set forth the types of qualifying continuing education programs and the necessary documentation of attendance or completion; and to establish the method for calculating credit hours of continuing education and set the minimum period of instruction necessary for receiving continuing education credit.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

The proposed action has no economic impact.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

## **Opportunity for Public Comment**

Comments may be sent to Dennis L. Gring, Executive Director, Maryland State Board of Public Accountancy, 500 North Calvert St., Suite 308, Baltimore, MD 21202, or call 410-230-6224, or email to [dennis.gring@maryland.gov](mailto:dennis.gring@maryland.gov), or fax to 410-333-6314. Comments will be accepted through January 15, 2015. A public hearing has not been scheduled.

## **Open Meeting**

Final action on the proposal will be considered by the Maryland State Board of Public Accountancy during a public meeting to be held on February 3, 2015, at 500 North Calvert Street Third Floor Conference Room, Baltimore, Maryland 21202.

## **Economic Impact Statement Part C**

A. Fiscal Year in which regulations will become effective: FY 2015

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

The State Board of Public Accountancy Fund.

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

The proposed regulations do not have a measurable economic impact because the proposal contains definitions and processes by which the Board determines how continuing education programs qualify and licensees can earn qualifying continuing education to meet existing requirements established by the Maryland Public Accountancy Act. The proposed regulations expand the choices available to licensees for earning qualifying continuing education.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

The proposed regulations do not have a measurable economic impact because the proposal contains definitions and processes by which the Board determines how continuing education programs qualify and licensees can earn qualifying continuing education to meet existing requirements established by the Maryland Public Accountancy Act. The proposed regulations expand the choices available to licensees

G. Small Business Worksheet:

The intended beneficiaries are individual licensees who must meet the requirements for license renewal by earning continuing education, and CPA firms, large and small, that

create continuing education programs The proposed regulations do not have a measurable economic impact because the proposal contains definitions and processes by which the Board determines how continuing education programs qualify and licensees can earn qualifying continuing education to meet existing requirements established by the Maryland Public Accountancy Act. The proposed regulations expand the choices available to licensees.

Attached Document:

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## **Title 09 DEPARTMENT OF LABOR, LICENSING AND REGULATION**

### **Subtitle 24 BOARD OF PUBLIC ACCOUNTANCY**

#### **02 Continuing Education**

Authority: Business Occupations and Professions Article, §§2-207(a), 2-311 and 2-312, Annotated Code of Maryland

##### **.01 Citation of Regulations, Applicability, and Purpose.**

A. (text unchanged)

B. The requirement does not apply to those licensees who have been placed on inactive status. [An individual placed on inactive status may not engage in any degree of public practice. The phrase "engaged in the practice of certified public accountancy" is defined in COMAR 09.24.01.01.]

C. (text unchanged)

##### **.02 Definitions.**

A. *In this chapter, the following terms have the meanings indicated:*

(1) *"Application date" means:*

- (a) *The date and time an online license application is electronically submitted to the Board;*
- (b) *The date a mailed, paper license application is postmarked by the U.S. Postal Service; or*
- (c) *The date a paper license application otherwise delivered is stamped by the Board.*

(2) *"Carry forward hours" means qualifying continuing education hours that are reported in a license application that are in excess of the hours required to obtain the license.*

(3) *"Certificate of attendance" means a document issued and signed by the instructor, or other qualified program representative, that:*

(a) *Certifies an individual's attendance at a continuing education program; and*

(b) *Includes the following:*

- (i) *The name of the attendee;*
- (ii) *The title of the program;*
- (iii) *The subject matter presented;*
- (iv) *The method by which the subject matter was presented;*
- (v) *The number of credit hours earned by the attendee;*
- (vi) *The name of the entity sponsoring the program; and*
- (vii) *The date of the program.*

(4) *"Certificate of completion" means a document issued and signed by a qualified program representative that:*

(a) *Certifies that an individual has successfully completed the learning objectives of the continuing education program; and*

(b) *Includes the following:*

- (i) *The name of the attendee;*
- (ii) *The title of the program;*
- (iii) *The subject matter presented;*
- (iv) *The method by which the subject matter was presented;*
- (v) *The number of credit hours earned by the attendee;*
- (vi) *The name of the entity sponsoring the program;*
- (vii) *The date of the program; and*

(viii) *The registry number of the program sponsor.*

(5) *"Continuing education publication" means information pertaining to the practice of public accountancy prepared and issued for distribution or sale to the public for the purpose of providing continuing education instruction.*

**[.02] .03 Basic Requirement.**

A. [The] An applicant for license renewal shall complete, prior to submitting an application, a minimum of 80 credit hours of [acceptable] *qualifying* continuing education in each 2-year license term. [after initial renewal.]

B. *The requirement in §A of this regulation does not apply to the first renewal of a license.*

[B.] C. *Professional ethics.*

(1) A minimum of 4 *credit* hours of the continuing education for each 2-year license term shall be in professional ethics. [with no carry forward provision for excess hours.]

(2) *Credit hours in professional ethics in excess of 4 hours in a 2-year license term may not be carried forward to satisfy this requirement.*

(3) *Credit hours in professional ethics in excess of 4 hours in a 2-year license term may be carried forward to meet the requirement of §A of this regulation.*

[C.] D. Except as provided in [Regulation] §[B]C of this regulation [and Regulation .03G of this chapter], [all] *qualifying credit* hours in excess of the 80 *credit* hours required for a 2-year license term, up to a maximum of 80 *credit* hours, [can] may be carried forward to apply [as credit to the 80-hour requirements of] to the following [2 years] 2-year license term.

[D.] The following standards will be used to measure the hours of credit to be given for acceptable continuing education programs completed by individual applicants:

(1) Only participation hours or the equivalent (and not hours devoted to preparation) will be counted.

(2) Services as teacher, lecturer, or discussion leader in accounting and related subjects qualifying for continuing education credit will be included to the extent that it contributes to the licensee's professional competence. Repetitious presentation, that is, those that are substantially the same subject material, may be included only once in each reporting cycle. Hours allowable in the capacity of teacher, lecturer, or discussion leader may not exceed 45 hours of the minimum requirements with no carry-over provision for excess hours.

(3) A teacher, lecturer, or discussion leader of a qualifying continuing education program shall receive:

(a) 3 hours of continuing education credit for every hour of presentation for a first-time presentation of a program; and

(b) 1 hour of continuing education credit for every hour of presentation for all subsequent presentations of a program.]

E. *Qualifying credit hours reported in a license renewal application in excess of the 80 credit hour requirement in §A of this regulation may only be carried forward to apply to the following 2-year license term.*

[E.] F. The Board shall allow a maximum of 80 credit [acceptable] hours of *qualifying* continuing education earned [after] in the initial [licensure] license term to be carried forward if the credit hours are properly reported on the first renewal application.[in accordance with Regulation .04C of this chapter.]

[F.] An applicant shall complete 80 hours of continuing education in compliance with the Board's Accountancy Continuing Education Regulations before receiving a license to practice certified public accountancy if:

(1) The applicant is not licensed as a certified public accountant in another state or jurisdiction; and

(2) The applicant passed the examination more than four years prior to applying to the Board for a license.]

**[.03] .04 Qualifying Continuing Education Programs [Which Qualify] and Methods.**

A. The overriding consideration in determining whether a specific program *or method* qualifies is that it shall be a [formal] program *or method* of learning which contributes directly to the professional competence of an individual after this individual has been licensed to practice certified public accountancy.

B. Group Continuing Education Programs.

(1) A [Group] *group* continuing education program[s] will qualify only if *it meets* §A of this regulation. [is met and:

(a) An outline is prepared in advance and preserved for review by this Board, if required;

(b) The program is at least 1 hour (50-minute periods) in length;

(c) The program is conducted by a qualified instructor;

(d) A record of attendance is preserved;

(e) The sponsor agrees to admit a member of the Board or of the CPE Advisory Committee on request to monitor the program.]

(2) [These] *Types of group continuing education* programs would include:

(a) Professional development programs of recognized national and state accounting organizations and their chapters;

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

(c) Non-credit [short] courses at universities and colleges;

(d) [Formal, organized in-firm] *In-firm* education programs;

(e) Programs offered by other recognized professional or industrial organizations.

(3) An individual who reports participation in a qualifying group continuing education program to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, the following documentation:

- (a) A certificate of completion; or
- (b) A certificate of attendance.

C. University and College Courses.

(1) University and college courses taken for academic credit at an institution of higher education that meets the requirements of Business Occupations and Professions Article, §2-303(c), Annotated Code of Maryland will qualify only if §A of this regulation is met.

(2) Credit towards the continuing education requirement will be calculated [at] as follows:

- (a) 15 hours for each semester hour credit; and
- (b) 10 hours for each quarter hour credit.

(2) An individual who reports completion of a university or college course to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, an official transcript that includes the course.

D. Other Programs.

(1) A program other than a group program will qualify only if [:

- (1) The] the program meets the requirements of §A of this regulation. [;
- (2) An outline is prepared in advance and preserved for review by the Board, if required;
- (3) The program is at least 1 hour in length (50-minute period); and
- (4) The program provides evidence of satisfactory completion.] (2) An individual who reports participation in a

program other than a group continuing education program to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, the following documentation:

- (a) A certificate of completion; or
- (b) A certificate of attendance.

(3) Electronic Self-Study. In order to qualify, an electronic self-study program of 10 minute duration must include:

- (a) At least one stated learning objective; and
- (b) Require the participant to correctly answer at least 2 final assessment questions at the end of the program.

E. Peer Reviews.

(1) A peer review shall qualify if conducted in accordance with Business Occupations and Professions Article, Title 2, Subtitle 4A, Annotated Code of Maryland, and COMAR 09.24.06.

(2) Calculation of Credit for Peer Reviews.

(a) Only an individual in a firm that receives [an unmodified] a "passing" peer review report with no deficiencies may receive credit.

(b) The peer reviewer shall allocate the credit hours among the engagement personnel in attendance at the exit conference for the peer review.

(c) The peer reviewer shall allocate a maximum of:

- (i) [8 hours for a report review;
- (ii)] 12 hours for an engagement review; and
- [(iii)] (ii) 16 hours for a system review.

(d) Peer review credit hours may not exceed 16 credit hours per individual for any license period.

(3) An individual who reports participation in a peer review to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, a written certification signed and dated by the peer reviewer indicating the following:

- (a) The name of the individual receiving credit;
- (b) The name of the reviewed firm;
- (c) The permit number of the reviewed firm;
- (d) The type of peer review performed; and
- (e) The number of credit hours awarded to the individual.

F. Continuing Education Publications.

(1) An individual may receive continuing education credit for authoring or contributing to a continuing education publication that:

- (a) Meets §A of this regulation; and
- (b) Has been reviewed prior to publication by a qualified independent party.

(2) Credit hours.

(a) The Board shall determine the number of credit hours to be awarded to an individual for authoring or contributing to a continuing education publication based on the time spent by the individual:

- (i) Performing research associated with the continuing education publication; and
- (ii) Writing the continuing education publication.

(b) An individual may be awarded a maximum of 10 credit hours for each continuing education publication.

(c) Continuing education publication credit hours may not exceed 40 credit hours per individual for any license period.

(3) *Documentation.* An individual who reports authoring or contributing to a continuing education publication to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, the following documentation:

- (a) For printed media, the individual shall provide a copy of the published work.
- (b) For digital media, the individual shall provide a copy of the published work.
- (c) For online media, the individual shall provide:
  - (i) The complete uniform resource locator of the published work;
  - (ii) The title of the published work; and
  - (iii) The date of the published work.
- (d) For all types of media, the individual shall, on a form provided by the Board:
  - (i) Certify the hours spent by the individual researching and writing the continuing education publication;

and

- (ii) Identify the independent party who reviewed the continuing education publication.

**G. Services as a Teacher, Lecturer, or Discussion Leader.**

(1) An individual may receive continuing education credit for services as a teacher, lecturer, or discussion leader that meet §A of this regulation.

(2) **Credit hours.**

(a) An individual who provides services as a teacher, lecturer, or discussion leader will be awarded credit hours for a presentation of a course or program in the following amounts:

(i) For a university or college course offered at an institution of higher education that meets the requirements of Business Occupations and Professions Article, §2-303(c), Annotated Code of Maryland, the individual shall receive 15 hours of continuing education for each semester hour credit of the course and 10 hours of continuing education for each quarter hour credit of the course;

(ii) For any other course or program, the individual shall receive three times the credit hours of the course or program.

(b) Credit hours for services as a teacher, lecturer, or discussion leader may not exceed 45 credit hours per individual for any license period.

(c) An individual may only be awarded credit hours for the first time presentation of a course or program within a 2-year license term.

(3) *Documentation.* An individual who reports services as a teacher, lecturer, or discussion leader to satisfy the continuing education requirements of this chapter shall provide, upon the Board's request, the following documentation:

- (a) The professional credentials of the individual;
- (b) The name of the course or program;
- (c) The group or institution offering the course or program;
- (d) An outline or syllabus of the subject matter presented;
- (e) The date of the presentation;
- (f) The location of the presentation; and
- (g) The duration of the presentation.

**[.04] .05 Controls and Reporting.**

A. Applicants for license renewal or reinstatement shall provide a certification of compliance with [renewal] the license requirements, under Business Occupations and Professions Article, §§2-311 and 2-312, Annotated Code of Maryland, under penalty of perjury, in an appropriate form specified by the Board. [The following minimum documentation for qualification shall be retained by the licensee for 4 years from the date of renewal:

- (1) Sponsoring organization;
- (2) Location of course;
- (3) Title of program;
- (4) Topical outline of the course;
- (5) Description of content;
- (6) Dates attended;
- (7) Hours claimed; and
- (8) Information which reflects the expertise of the instructor in the subject matter.]

B. An applicant for license renewal or reinstatement who reports continuing education credit hours to the Board shall retain the applicable documentation of the credit hours, as specified in these regulations, for a period of 4 years from the application date.

[B.] C. The Board, at its discretion, may verify the information and documentation supporting the certification of continuing education credit hours reported. [under Regulation .02C of this chapter or §A of this regulation.] Upon request, the [licensee] individual who reported the continuing education credit hours shall submit to the Board, or its designee, copies of the original documentation. [supporting the certification provided under §A of this regulation.]

[C. A continuing education credit earned pursuant to Regulation .02C of this chapter shall be reported on the appropriate form at the time of application for the first renewal of a license.]

D. An applicant for license renewal *or reinstatement* may request a modification of continuing professional education credit *hours* previously reported to the Board provided that the applicant:

- (1) Makes the request in writing within 30 days of [submitting the license renewal] *the application date*; and
- (2) Provides to the Board the documentation identified in §A of this regulation for the continuing professional education credit hours claimed.

*E. An applicant for reinstatement may only report continuing education hours earned within 2 years of the application date.*

*F. Credit Hour Calculation. For purposes of these regulations, the Board shall calculate continuing education credit hours as follows:*

- (1) 50 minutes of instruction shall be considered equivalent to 1 credit hour;*
- (2) 25 minutes of instruction shall be considered equivalent to .5 credit hour;*
- (3) 10 minutes of instruction shall be considered equivalent to .2 credit hour;*
- (4) Instruction of duration other than set forth in subsections (1)--(3) shall be rounded down to the lowest 10 minute increment; and*
- (5) Instruction of a duration less than 10 minutes shall not qualify for continuing education credit.*

**[.05] .06 Exceptions. (text unchanged)**

ELIZABETH S. GANTNIER, CHAIR  
Maryland Board of Public Accountancy