

# **RHODE ISLAND BOARD OF ACCOUNTANCY**

## **GUIDANCE DOCUMENT**

### **CPE COMPLIANCE AUDIT PROCEDURE AND DISCIPLINARY GUIDELINES**

#### **REGULATORY AUTHORITY**

Section 1.8.3 entitled “CPE Audits” reads: “The Board may perform random or for-cause audits of licensees’ compliance with the CPE requirements. If selected for an audit, the licensee shall provide documentation of compliance in the format requested by the Board, including proof of attendance, for the preceding three (3) year license period. Failure to produce such documentation may be grounds for disciplinary action by the Board pursuant to R.I. Gen. Laws § 5-3.1-12, including up to a \$1000 fine.”

#### **CPE COMPLIANCE AUDIT PROCEDURE**

1. A CPE Audit will review a CPA’s compliance with the Rhode Island CPE requirements for the three-year period coinciding with that last renewal cycle. [A CPA in mid-cycle will not need to show compliance with the current cycle until the next renewal]
2. For periodic random audits, the Board Chair will determine the timing and sample size. CPAs will be randomly selected through the licensing database. The Board Chair will assign each randomly selected CPA to an Assigned Board Member for review.<sup>1</sup>
3. A CPA selected for a random audit will receive an e-mail notice that they have been selected for an audit with an CPE Audit Reporting Form. The CPA must complete the CPE Audit Reporting Form and attach all Supporting Documentation evidencing that the CPA has completed the CPE reported in the CPE Audit Reporting Form. This response by the CPA is due by e-mail to the Board 30 days after the date of the Board’s e-mail notice to the CPA.
4. The Assigned Board Member will review the documentation submitted by the CPA, verify compliance with the Regulations, and conduct any other verification deemed appropriate to complete the audit. [For example, an optional additional level of verification may be to check with the CPE provider directly to confirm completion by an audited CPA.]
5. When completed, the results of the Assigned Board Member’s review of the CPE Audit Reporting Form and Supporting Documentation will be discussed by the full Board at the next regularly scheduled meeting in Executive Session.<sup>2</sup>
  - A. If the Board finds that the CPA was non-compliant with the CPE requirements, the Board will discuss the appropriate disciplinary action.
  - B. If the Board determines that a fine would be appropriate, it will vote on the amount of the fine (consistent with the below Table of Penalties) and a standard form Consent Agreement will be proposed to the CPA to resolve the matter.

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<sup>1</sup> The rules regarding recusal will apply to any conflict of interest situation.

<sup>2</sup> Board members volunteer to conduct audits as part of their role in the oversight of the profession and the Board meets on average monthly.

## **RHODE ISLAND BOARD OF ACCOUNTANCY**

6. Any CPA receiving a Notice of Failed CPE Audit and a *Proposed* Consent Agreement shall notify the Board in writing of one of the following actions within thirty (30) days: (1) Sign and return the Consent Agreement with a check for the appropriate fine; or (2) Request an Administrative Hearing. Signing the Consent Agreement is voluntary and benefits the CPA by avoiding the time of an administrative hearing and the potential cost of any counsel retained for representation in such a hearing, etc.
7. Any and all CPAs who fail a CPE Audit, sign a Consent Agreement, are found non-compliant after an administrative hearing, or otherwise shall, under all circumstances, be required to complete the number of missed CPE units within 30 days of the conclusion of the CPE Audit matter.
8. A CPA who has received a Notice of Failed CPE Audit shall automatically be required to submit the CPE Audit Reporting Form and Supporting Documentation to the Board at the time of the next renewal. It is deemed an additional future violation to attempt to “double count” such “make-up” CPEs for more than one three-year CPE term.
9. Pursuant to the Access to Public Records Act, signed Consent Agreements are public documents, as are any final decisions following a request for an administrative hearing. Those documents are posted on the website consistent with the Administrative Procedures Act.

### **TABLE OF PENALTIES FOR CPE VIOLATIONS**

<b>Type of Penalty</b>	<b>Situation When Imposed</b>
SUSPENSION	In the Board’s discretion, suspension may be imposed to protect the public from CPAs that have demonstrated inability to comply with relevant laws, dishonesty in certifications on the application, and failure to maintain important continuing education to stay current for the benefit of clients, potential clients, and the general public. Suspension may be imposed when a CPA has not completed any or less than 25 CPEs and for repeat offenders.
\$1,000	CPA has completed 26-50 hours CPE
\$750	CPA has completed 51-75 hours CPE
\$500	CPA has completed 76-110 hours CPE
Warning Letter or \$250	CPA has completed 111-119 hours CPE

### ***Mitigating and Aggravating Factors***

1. Increased penalties will be imposed for repeat offenders.

## **RHODE ISLAND BOARD OF ACCOUNTANCY**

2. The Board may consider a reduction in the fine (to the next lowest level only) based on reasonable extenuating circumstances as determined by the Board.
3. Increased penalties may be imposed for delays in responding to the Board per the deadlines referenced in the guidelines.
4. The Board may consider a CPA's reasonable mistake as to compliance as a mitigating factor, but such mistake shall not be considered a complete defense.
5. In the Board's discretion, upon receipt of evidence of financial hardship, a payment plan may be offered for fines of \$500 or more. Payment obligation will not be extended for more than 2 payments for a \$500 fine, 3 payments for a \$750 fine, or 4 payments for a \$1,000 fine.