

Concise Explanatory Statement

Rhode Island Government Register

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Board of Accountancy
RULE IDENTIFIER: 400-RICR-00-00-1
REGULATION TITLE: Rules and Regulations of the Board of Accountancy
RULEMAKING ACTION: Amendment
PUBLIC COMMENT PERIOD: February 8, 2022, to March 10, 2022

A. Statement of Purpose of the Adoption.

This regulation was first advertised for public comment from November 30, 2021, to December 30, 2021. We received a total of nine (9) comments: six (6) regarding whether self-study Continuing Professional Education (CPE) courses were no longer permitted and all encouraging the Board to retain the self-study CPE category; and two (2) personal licensing questions related to CPE which were answered; and 1 question regarding where to find a summary of the proposed amendments which was answered.

In response to these comments regarding self-study, the Board reviewed the content of § 1.8 of the regulation and reviewed prior versions of the regulation. The Board found that the self-study course requirements were inadvertently deleted with the amendments that were effective on May 21, 2020. However, licensees continued to take and receive credit for self-study courses under the remotely-delivered CPE category. It has become clear that self-study courses are distinct from the requirements for remotely-delivered courses.

Accordingly, the Board proposed the following amendments to clarify the CPE requirements.

- § 1.3(E) – was added to codify a licensee’s inherent duty to update its contact information and timely respond to correspondence from the Board.
- § 1.7.2(B) – Amend the self-reporting obligations of licensees to include reporting disciplinary action by a “relevant industry oversight body” such as the Public Company Accounting Oversight Board and American Institute of Public Accountants within sixty days of a final adverse action.
- § 1.8.1(A)(3) – Clarify that new CPAs are required to complete 4 ethics CPE credits as part of the 80 CPE credits required for their initial renewal.
- § 1.8.1(B)(3) – Codify standards to allow CPAs to earn continuing professional education (CPE) credit for instructors teaching of online CPEs.
- § 1.8.1(B)(5) – (7) Relocated these paragraphs with minor changes from 1.8.1(B)(7), § 1.8.1(B)(5)(a) & (b).

- § 1.8.1(C) – Clarify the three types of approved CPE delivery methods: in person, remotely delivered, and self-study.
- § 1.8.1(D) – Explain the different types of programs which qualify for CPE credit.
- § 1.8.1(D)(3)(b) – Provide for remotely delivered college courses to qualify for CPE if certain standards are met.
- § 1.8.1(D)(3)(c) – Clarify that there is no limit on the amount of CPE hours obtained through remotely delivered courses.
- § 1.8.1(D)(4) – Insert Self-Study CPE requirements that were previously in effect until they were inadvertently deleted in 2020. Note that there is a limit of 80 CPE self-study credits per 3-year renewal cycle. This limitation was in the prior version of the regulation and was retained by the Board.
- § 1.8.1(E)(4) – Consolidate repeated statement regarding disciplinary action to apply to all three categories of CPE.
- § 1.8.1(F) – Add heading for clarity and parallel construction with the rest of the section.
- § 1.8.2(E) – Clarify that new CPAs are only required to complete 4 CPE credits in ethics for their first renewal cycle.
- § 1.9 – Simplify the Peer Review process to comport with current practice of the Board, specifically to recognize that: (1) upon renewal, firms must attest and provide proof of compliance with RIGL 5-3.1-10; (2) remove references to “peer review oversight committee” and replace with the full Board for peer review oversight; (3) require firms to notify the Board if the peer reviewer dropped or terminated the relationship and its course of action to ensure compliance; and (4) relocate the exemptions paragraph from § 1.9.5 to § 1.9.1(E) so it is clear from the first subheading whether or not a firm is subject to the peer review requirements.

B. Summary of the Regulatory Analysis.

This is a business-friendly measure to make it easier to comply with regulatory requirements to remain proficient in the accounting profession in Rhode Island. In response to comments received during the 11/30/21 to 12/30/21 comment period, the Board reinstated self-study CPE as a distinct category and clarified the three types of courses for CPE requirements. Also, given the confusion revealed in those comments, the Board reorganized the content in § 1.8.1 to streamline and clarify.

These amendments modernize and clarify the CPE rules to ease compliance burdens for CPAs. With the expansion of learning options, the regulatory environment can better support the goal of continued CPA competence. More modern and streamlined continuing education requirements will help with retaining the roll of active CPA registrations and attracting new CPAs to choose to register in Rhode Island. These amendments provide broader societal benefits by fostering public trust in this profession that provides critical financial services to Rhode Island businesses and individuals, and incentivizing continued renewals and registrations of CPAs available to provide these services.

In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3)

significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

C. Summary of Comments Not Resulting in Regulatory Language Changes.

Three comments were received and none of them resulted in changes to the text of the proposed rule. Therefore, the final rule is the same as what was proposed.

Below is a summary of public comments received (only written comments were received) and a brief description of the Department's reasons for not making any such changes after due consideration.

1. Commentary was received asking questions about licensees receiving continuing to receive self-study credit and what documentation was required when renewing your license for any self-study CPE.

The Board Manager answered both questions directly with each licensee. Any self-study CPE credits claimed by a licensee at renewal will require the licensee to upload their self-study certificates with their renewal application. Also, with the regulatory language for self-study being reinstated, this includes a limit of 80 self-study CPE hours per renewal period, meaning that no more than 80 CPE hours of the 120 CPE hours required for renewal can be completed with self-study courses.

2. Commentary was received asking the Board to consider changes to § 1.5.1(D) and 1.5.2 of the regulation regarding experience requirements for licensure.

This set of proposed amendments included amendments to §§ 1.3, 1.7.2, 1.8.1, 1.8.2 and 1.9. None of the amendments related to the experience requirements for CPA licensure and none of the amendments were in §§ 1.5.1 or 1.5.2. In accordance with R.I. Gen. Laws § 42-35-6.1, the Board cannot consider these requested amendments with this proposed rulemaking because any changes to §§ 1.5.1 and/or 1.5.2 would not be a logical outgrowth of the proposed amendments described in this notice of rulemaking. The Board will consider this request the next time it prepares amendments to this regulation.