

**400-RICR-00-00-1**

## **TITLE 400 – BOARD OF ACCOUNTANCY**

### **CHAPTER 00 – N/A**

### **SUBCHAPTER 00 – N/A**

#### **PART 1 – Rules and Regulations of the Rhode Island Board of Accountancy**

### **1.1 Authority, Purpose, and Definitions**

#### **1.1.1 Authority**

This Part is promulgated by the Rhode Island Board of Accountancy in accordance with R.I. Gen. Laws § 5-3.1-4(f).

#### **1.1.2 Purpose**

The purpose of this Part is to effectuate the policies and purposes articulated by the legislature in R.I. Gen. Laws § 5-3.1-2.

#### **1.1.3 Definitions**

- A. Terms used herein shall have the meaning as prescribed in R.I. Gen. Laws Chapter 5-3.1, also referred to herein as the "Accountancy Act" or "Act" and as defined below.
1. "AICPA" means American Institute of CPAs.
  2. "Audit" means the procedures performed in accordance with applicable auditing standards for the purpose of expressing or disclaiming an opinion on the fairness with which the historical financial information is presented in conformity with generally accepted accounting principles, another comprehensive basis of accounting, or basis of accounting described in the report.
  3. "Board" means the Rhode Island Board of Accountancy, a public authority created by R.I. Gen. Laws § 5-3.1-4.
  4. "Complaint" means information received by the Board from whatever source indicating that a licensee may have violated the Act or any Regulation concerning professional conduct of licensees promulgated by the Board pursuant to the Act.
  5. "CPA" means a Certified Public Accountant.

6. "CPE" means Continuing Professional Education.
7. "Financial statements" means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.
8. "Investigative designees" means one (1) or more members of the Board or its agents or a probable cause committee designated by the Board to investigate matters under the Board's disciplinary authority on behalf of the Board.
9. "License," "permit," and "certificate" may be used interchangeably in this Part to refer to a person or business entity holding Board approvals, including, depending on the context, a CPA certificate, grandfathered "public accountant" certificate, practice unit permit, etc.
10. "NASBA" means the National Association of State Boards of Accountancy.
11. "Peer review" means a study, appraisal, or review of one (1) or more aspects of the professional work of a certificate holder or CPA firm that issues attest or compilation reports, by a person or persons who hold certificates and who are not affiliated with the certificate holder or CPA firm being reviewed.
12. "Peer review sponsoring organization" means an entity that has met, and at all relevant times continues to meet, the standards specified by the Board for administering peer review.
13. "Peer review year" means the triennial calendar year within which the peer review for a particular practice unit must be completed.
14. "Practice unit" means each firm, office or business entity engaged in the practice of public accounting within the State of Rhode Island.
15. "Probable cause committee" means a committee of licensees in good standing appointed at the discretion of the Board to investigate the conduct of licensees on behalf of the Board.

## **1.2 Incorporation by Reference**

- A. These Regulations adopt and incorporate by reference the following:

1. Code of Professional Conduct (2014) published by the AICPA as guidance and rules for all AICPA members, for example those in public practice, industry, government and education, to follow in regard to the performance of their professional responsibilities.  
<https://www.aicpa.org/research/standards/codeofconduct.html>
  2. Statement on Standards for Continuing Professional Education (CPE) Programs (2019) published jointly by the AICPA and NASBA to provide a framework for the development, presentation, measurement, and reporting of CPE programs.  
[https://www.nasbaregistry.org/\\_media/Documents/2019-standards-and-fos/Statement\\_on\\_Standards\\_for\\_CPE\\_Programs---December-2019.pdf](https://www.nasbaregistry.org/_media/Documents/2019-standards-and-fos/Statement_on_Standards_for_CPE_Programs---December-2019.pdf)
- B. § 1.2 of this Part does not automatically include later amendments to or editions of the incorporated material; however, the Board may periodically update § 1.2 of this Part to re-incorporate the most recent version of the material incorporated through rulemaking including without limitation direct final rulemaking.

### **1.3 Licensing Provisions**

- A. License Renewal Obligation. Licenses to practice public accountancy in Rhode Island are issued by the Board for three (3) year periods and it is the responsibility of every licensee engaged in the practice of public accounting to renew his or her license so as to maintain the license current and in good standing.
- B. Restoration of Expired Licenses
1. In addition to all other components of a renewal application, to apply for restoration of an expired license, the applicant must document completion of not less than one hundred twenty (120) hours of CPE credits during the preceding three (3) year period and pay a fee of five hundred dollars (\$500.00).
  2. In addition to the requirements of § 1.3(B)(1) of this Part, any person whose license has been expired for five (5) years or more shall also be required to document satisfaction of one (1) of the following two (2) additional educational requirements:
    - a. Complete attendance at a CPA exam review course in a classroom setting approved by the Board; or
    - b. Completion of an additional one hundred twenty (120) hours of CPE credits during the preceding three (3) year period (for a total of two hundred forty (240) hours of CPE credits during the preceding three (3) year period). For the purposes of calculating compliance

with this alternative, any subject matter hour specifications should be doubled.

- C. Voluntary Temporary License Hold Status. A CPA may request in writing on any specific forms designated by the Board that its license be temporarily listed in a "Voluntary Temporary License Hold Status." Under this Status, a CPA cannot use the CPA designation or provide services that require a CPA license. This Status may not be used in an attempt to avoid disciplinary action.
- D. Applicants Applying for Licensure on the Basis of Credentials from Foreign Jurisdictions
  - 1. For purposes of evaluating whether an applicant qualifies for a license pursuant to R.I. Gen. Laws § 5-3.1-8, the Board may rely on and defer to the determination of the International Qualifications Appraisal Board (IQAB) or any successor or equivalent entity created by NASBA and/or AICPA to evaluate whether a professional accounting credential issued by a credentialing authority in a foreign country is substantially equivalent to the credentialing standards used in the United States. The Board may presume the credential of an applicant with a foreign accounting credential that is covered by a currently valid Mutual Recognition Agreement (MRA) is substantially equivalent.
  - 2. In addition to documentation of substantial equivalency from the IQAB, to qualify under R.I. Gen. Laws § 5-3.1-8, the applicant must satisfy the following minimum requirements:
    - a. Passage of the International Qualification Examination administered by NASBA or another qualifying examination developed, administered, and graded by NASBA, the AICPA, or other similar professional body that the Board determines to be an acceptable qualifying examination;
    - b. Completion of the AICPA Ethics course and passage of the AICPA Ethics Examination with a score of ninety percent (90%) or better;
    - c. Satisfaction of the one (1) year experience requirement pursuant to R.I. Gen. Laws § 5-3.1-5(a)(5).
  - 3. Applicants with credentials from a foreign jurisdiction who do not have documentation of substantial equivalency from the IQAB shall be required to satisfy all requirements for applicants for initial licensure in Rhode Island, including the uniform examination and education and experience requirements detailed in these Regulations. Such applications shall be made in accordance with the same procedures and require the same forms and documentation as a candidate for initial licensure without foreign credentials.

- E. Duty to Update Contact Information and Timely Respond to the Board. Licensees have an inherent and serious duty to maintain accurate contact information on file with the Board, update it immediately if it changes, and review and respond to correspondence from the Board in a timely manner. The Board's primary mode of contact is via e-mail.

## **1.4 Education Requirement**

### **1.4.1 Education Requirement**

- A. An applicant will be deemed to have met the education requirement if, as part of the one hundred fifty (150) semester hours of education, he or she has met any one (1) of the following conditions:
  - 1. Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency recognized by the Board.
  - 2. Earned a graduate degree from a program that is accredited in business by an accrediting agency recognized by the Board and completed not less than twenty-four (24) semester hours in accounting at the undergraduate level or fifteen (15) semester hours at the graduate level, or an equivalent combination thereof.
  - 3. Earned a baccalaureate degree or higher degree at an institution that is accredited by an accrediting agency recognized by the Board and completed not less than twenty-four (24) semester hours in accounting at the undergraduate or graduate level, and completed not less than twenty-four (24) semester hours in business courses (other than accounting courses) at the undergraduate or graduate level.
- B. Under the conditions of §§ 1.4.1(A)(2) and (3) of this Part, the accounting component of the education requirement must include not less than six (6) semester hours in both fundamental accounting and intermediate financial accounting and reporting and not less than three (3) semester hours in each of the following: advanced financial accounting and reporting, tax accounting, and auditing.
- C. The business courses must include not less than three (3) semester hours in both business law and economics.
- D. The applicant or the educational institution from which the baccalaureate or graduate degree is earned must demonstrate to the Board's satisfaction the integration of business ethics throughout the mandated core curriculum.
- E. An applicant who does not meet the one hundred fifty (150) hour education requirement may sit for an examination if the applicant has, at the time of the examination: completed not less than one hundred twenty (120) semester hours

of education; and met one (1) of the conditions specified in § 1.4.1(A) of this Part; provided, however, that an applicant who successfully passes the examination will not be eligible to receive a certificate until the applicant completes the one hundred fifty (150) hour requirement and the experience requirement.

#### **1.4.2 Curriculum Recommendations**

- A. In order to provide meaning to the education requirement, the Board encourages educational institutions to experiment in providing an educational experience to students to prepare them for the profession in the twenty-first (21<sup>st</sup>) century. In order to provide guidance to applicants and to educational institutions with respect to subjects which the Board determines to be important to fulfill this requirement, the Board offers the following curriculum suggestions:
1. General Education: Ethics, Economics, Globalization, Computers, Communication, Mathematics and Statistics and Behavioral Sciences.
  2. Business Education: Economics, Quantitative Applications in Business, Legal and Social Environment of Business, Communication Skills, Business Law, Business Ethics, Marketing, Globalization, Finance, Total Quality Management, Organization, Group and Individual Behavior and Accountant's Legal Liability.
  3. Accounting Education: Auditing, Taxation, Financial Accounting, Professional Ethics and Responsibility, Managerial Accounting, Internships and Accounting Information Systems.

### **1.5 Experience Requirement**

#### **1.5.1 General Experience Requirement Parameters**

- A. The experience in the practice of accountancy required to be demonstrated for issuance of a certificate of certified public accountant pursuant to R.I. Gen. Laws § 5-3.1-1 *et seq.*, shall meet the requirements of this Regulation.
- B. The experience requirement shall consist of one (1) year (minimum of one thousand eight hundred twenty (1,820) hours), as specified in R.I. Gen. Laws § 5-3.1-5(a)(5).
- C. A candidate who has passed the CPA examination in a jurisdiction other than Rhode Island must comply with the experience requirement of that other jurisdiction if it exceeds the Rhode Island experience requirement.
- D. Requisite experience must be provided under the direct supervision of a CPA or a PA with a permit to practice.

#### **1.5.2 Required Portfolio of Experience**

- A. The applicant shall demonstrate to the Board that he or she has obtained a portfolio of experience consisting of providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills all of which was verified and supervised by a licensee, meeting the requirements of these Regulations. Such portfolio of experience obtained in the following categories, or in any combination thereof, shall be acceptable:
1. Public practice. Experience may be gained through employment as a staff accountant of a firm of certified public accountants or a firm of public accountants where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The work must involve application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Conduct, Generally Accepted Auditing Standards, Statements on Standards for Attestation Engagements, Statements on Standards for Accounting and Review Services, the Statement on Standards for Tax Services, or the Statements on Standards for Management Consulting Services (the "Professional Standards").
  2. Government. Experience may be gained through employment with accounting agencies or groups within Federal, State or municipal government where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The applicant shall obtain experience in assessing the adequacy of the accounting agency or group's internal controls by developing an understanding of the accounting agency or group's transaction streams and information systems. Such experience will be under the supervision of a licensed CPA and include obtaining an understanding of the areas and/or industries with which the applicant's agency operates, including the operations of similar service providers. The Board will review on a case-by-case basis experience that does not clearly meet the criteria identified in §§ 1.5.2(A)(2)(a) through (e) of this Part below. Acceptable government work experience includes:
    - a. Employment in State government as an accountant or auditor;
    - b. Employment in Federal government as an accountant or auditor at a GS-7 level or above;
    - c. Employment as a special agent accountant with the Federal Bureau of Investigations;
    - d. Military service, as an accountant or auditor; and
    - e. Employment with other governmental entities as an accountant or auditor.

3. Industry. Experience may be gained in industry where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The applicant shall obtain experience in assessing the adequacy of the employer's internal controls by developing an understanding of the employer's transaction streams and information systems. The applicant shall also obtain experience in tax return preparation and research, preparation and analysis of financial statements, cost accounting, budgeting and the application of accounting principles. Such experience will include obtaining an understanding of the industry in which the applicant's employer operates, including the employer's competition and key competitiveness factors that affect the industry. Professional services performed under this category include any services offered in the course of the practice of public accountancy, even though such services are not offered to the public.
  4. Education. Experience may be gained as an instructor at a college or university which has gained accreditation from an accrediting agency which is recognized by the United States Secretary of Education where evidence is presented showing independent thought and judgment was used on non-routine accounting matters. Only the teaching of upper division courses as approved by the Board will be considered.
- B. The applicant shall also show to the satisfaction of the Board that experience obtained has included all of the following:
1. Understanding of the Code of Professional Conduct promulgated and adopted by the Board of Accountancy as demonstrated by a grade of ninety (90) or above in the Professional Ethics, the AICPA's Comprehensive Course;
  2. Ability to assess the achievement of an entity's objectives by demonstrating knowledge of various business organizations, understanding of the objectives and goals of business entities, ability to develop and analyze performance measures and critical success factors, and understanding of the economic and regulatory trends that affect an entity's environment;
  3. Experience in preparing work papers that include sufficient relevant data to support the analysis and conclusions required by the applicant's work;
  4. Experience in the preparation and analysis of financial statements together with explanations and notes thereon;
  5. Understanding transaction streams and information systems, including the ability to understand how individual transactions aggregate at the organizational level, to infer how transactions impact the organization as a



whole, and to evaluate the integrity and reliability of various client information systems, including relevant computer aspects.

- C. An applicant who has not achieved experience of the variety and diversity set forth above shall bear the burden that the experience submitted is of sufficient quality and diversity that it fulfills the entry requirement objective as set forth in R.I. Gen. Laws § 5-3.1-5(a)(5).
- D. The experience required under R.I. Gen. Laws § 5-3.1-5(a)(5) shall consist solely of experience within activities generally performed by a licensee.

### **1.5.3 Evidence of Applicant's Experience**

- A. Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon request of the Board, explain in writing or in person the basis for such refusal.
- B. Any licensee who has furnished evidence of an applicant's experience to the Board shall, upon request by the Board, document the information in writing, by exhibit, in person, or by combination of any of the above.
- C. Any applicant may be required to appear before the Board or its representative to respond to questions or to supplement or verify evidence of experience in writing, by exhibit, in person, or by a combination of any of the above.
- D. The Board may require inspection of any and all documentation relating to an applicant's claimed experience, including, but not limited to, any underlying tax returns, financial statements or work papers. The inspection may, at the option of the Board, be made at the Board's offices or such other places as the Board may designate. A licensee or practice unit which has custody of the requested documentation shall produce such documentation upon request.

## **1.6 Examination Requirement**

### **1.6.1 Examination Administration Application Process**

- A. The examination requirement set forth in R.I. Gen. Laws § 5-3.1-1 *et seq.* shall be deemed satisfied by successful completion of the uniform examination (the so-called Uniform CPA Examination or its successor uniform examination). This examination is electronically administered as a computer-based examination by a third-party testing provider, in cooperation with the AICPA and NASBA, which are the Board's designees for examination functions within the scope of their respective roles in administering the examination. AICPA is involved in the exam through its executive committee that is charged with the overall responsibility for preparing and scoring the exam. NASBA operates the National Candidate Database (NCD) and CPA Examination Services (CPAES). As such, different portions of this Part are handled by one (1) or more of these exam partners as designees of the Board.

- B. In this Part, "Candidate" refers an applicant for a certificate as a Certified Public Accountant who will sit for the uniform examination. The Board or its designee will provide Candidates with application materials, instructions, and deadlines for applying to sit for the examination.
- C. An application will not be considered filed until the application fee and examination fee required by this Regulation and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application, official transcripts and proof that Candidate has satisfied the education requirement.
- D. A Candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination.
- E. The Board or its designee will forward notification of eligibility for the examination to NASBA's National Candidate Database.

#### **1.6.2 Time and Place of Examination**

Eligible Candidates shall be notified of the time and place of the examination or shall independently contact the Board or a test center operator identified by the Board to schedule the time and place for the examination at an approved test site.

#### **1.6.3 Examination Content**

The examination tests the knowledge and skills required for performance as an entry-level certified public accountant. The examination includes the subject areas of accounting and auditing and related knowledge and skills.

#### **1.6.4 Determining and Reporting Examination Grades**

A Candidate shall be required to pass all sections of the examination designated by the administrators (hereinafter "Test Sections") in order to qualify for a certificate. Upon receipt of advisory grades from the examination provider, the Board will review and may adopt the examination grades and will report the official results to the Candidate. The Candidate must attain a passing grade for each Test Section of seventy-five (75).

#### **1.6.5 Retake and Granting of Credit Requirements**

- A. A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for eighteen (18) months from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.

1. Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first (1<sup>st</sup>) Test Section(s) passed is taken.
  2. Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window refers to a specific time period in which Candidates have the opportunity to take the examination (comprised of two (2) months in which the examination is available to be taken and one (1) month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, Candidates will be able to test two (2) out of the three (3) months within a testing window.
  3. In the event all Test Sections of the examination are not passed within the designated time period, credit for any Test Section(s) passed outside the designated time will expire and that Test Section(s) must be retaken.
- B. A Candidate shall retain credit for any and all Test Sections of the examination passed in another State if such credit would have been given, under then applicable requirements, if the Candidate had taken the examination in this State.
- C. The Board may, in particular cases, extend the term of conditional credit validity, upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.
- D. A Candidate shall be deemed to have passed the examination once the Candidate holds at the same time valid credit for passing each of the Test Sections of the Examination; provided credit for passing a Test Section of the examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives notice of the passing grade.

#### **1.6.6 Candidate Testing Fee**

The Candidate shall, for each Test Section scheduled by the Candidate to the Board or its designee, pay a Candidate Testing Fee that includes the actual fees charged by the AICPA, NASBA, and the Test Delivery Service Provider, as well as reasonable application fees established by the Board.

#### **1.6.7 Cheating**

- A. Cheating by a Candidate in applying for, taking or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a Candidate on any Test Section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

- B. For purposes of this Regulation, the following actions or attempted activities, among others, may be considered cheating:
1. Falsifying or misrepresenting educational credentials or other information required for admission to the examination;
  2. Communication between Candidates inside or outside the test site or copying another Candidate's answers while the examination is in progress;
  3. Communication with others inside or outside the test site while the examination is in progress;
  4. Substitution of another person to sit in the test site in the stead of a Candidate;
  5. Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the Candidate as part of the examination) inside or outside the test site while the examination is in progress.
  6. Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so.
  7. Retaking or attempting to retake a Test Section by an individual holding a valid Certificate or by a Candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in the examination.
- C. In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the Candidate involved from the Examination or move the Candidate to a position in the Test Center away from other examinees where the Candidate can be watched more closely.
- D. In any case where the Board believes that it has evidence that a Candidate has cheated on the examination, including those cases where the Candidate has been expelled from the Examination, the Board shall conduct an investigation and may conduct a hearing consistent with the requirements of R.I. Gen. Laws § 5-3.1-1 *et seq.* and § 42-35-1 *et seq.* following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:
1. Whether the Candidate shall be given credit for any portion of the examination completed in that session; and
  2. Whether the Candidate shall be barred from taking the examination and if so, for what period of time.

- E. In any case where the Board or its representative permits a Candidate to continue taking the examination, it may, depending on the circumstances:
1. Admonish the Candidate;
  2. Seat the Candidate in a segregated location for the rest of the examination;
  3. Keep a record of the Candidate's seat location and identifying information, and the names and identifying information of the Candidates in close proximity of the Candidate; and/or
  4. Notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the Candidate may be more closely monitored in future examination sessions.
- F. In any case in which a Candidate is refused credit for any Test Section of an examination taken, disqualified from taking any Test Section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other State to which the Candidate may apply for the Examination information as to the Board's findings and actions taken.

#### **1.6.8 Security and Irregularities**

Notwithstanding any other provisions under these rules, the Board may postpone scheduled examination, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

#### **1.6.9 Implementation and Interpretation of this Part**

Wherever this Part refers to actions by the Board that are regularly performed by the administrator of the uniform examination, such references shall be interpreted as applying to that administrator as the Board's designee.

### **1.7 Professional Conduct**

#### **1.7.1 Code of Professional Conduct**

- A. The AICPA Code of Professional Conduct has been adopted by the Board of Accountancy as the Rhode Island Code of Professional Conduct (the "Code").
- B. The Code shall govern the conduct of all persons licensed under the Accountancy Act.

- C. The failure of any person to comply with the Code shall be grounds for discipline in accordance with R.I. Gen. Laws § 5-3.1-12(b)(4).
- D. In the event there is any inconsistency between the Code and the Accountancy Act, the Accountancy Act shall supersede such provisions of the Code.

### **1.7.2 Professional Obligations**

- A. Records. Licensees shall retain records relating to all professional services rendered in public accounting for five (5) years after conclusion of the engagement.
- B. Self-Reporting
  - 1. All licensees shall report to the Board any judgment, award or settlement of a civil action or arbitration proceeding of one hundred fifty thousand dollars (\$150,000.00) or more in which the licensee was a party if the matter included allegations of negligence, violation of a specific standards of practice, fraud or misappropriations of funds in the course of the licensee's practice of accounting. In addition, licensees shall report any such actions for twenty-five thousand dollars (\$25,000.00) or more if the underlying conduct is alleged to have occurred in Rhode Island.
  - 2. Any licensee convicted of, or otherwise pleads guilty or *nolo contendere* to, any felony or misdemeanor, or is disciplined by any governmental agency or relevant industry oversight body in connection with a CPA or any other occupational license, shall file with the Board a written report of such conviction or disciplinary action within sixty (60) days of the final judgment or final order in the case.
- C. Malpractice Insurance. All practice units required to be licensed pursuant to R.I. Gen. Laws § 5-3.1-9 shall maintain malpractice insurance in the amount of at least two hundred fifty thousand dollars (\$250,000.00) as a condition of licensing. This insurance requirement became effective July 1, 2006.

## **1.8 Continuing Professional Education ("CPE")**

### **1.8.1 CPE Rules per R.I. Gen. Laws § 5-3.1-4(f)(4) Authority**

- A. Number of CPE Hours Required for Permit Renewal
  - 1. As a pre-requisite to renewing the CPA permit, the CPA must complete a minimum of one hundred twenty (120) hours of formal CPE during the preceding three (3) year period.
  - 2. At each renewal, the CPA must certify that the CPA has completed such minimum CPE during the past three (3) year license term (defined from July 1 of the renewal year through June 30 three (3) years later).

3. CPE Exception for the first year of licensure: A new CPA is not required to complete CPE in the calendar year in which they initially receive their certificate from the Board. Therefore, new CPAs are only required to certify completion of eighty (80) hours for the first renewal cycle, including four (4) ethics credits as required in § 1.8.2(E) of this Part.

B. The following guidelines shall apply to the CPE requirement:

1. CPE credit will be calculated using the following time units only:
  - a. An instruction hour will consist of fifty (50) minutes. One (1) credit will be given for a fifty (50) minute segment. This includes any segment lasting between fifty-one (51) and seventy-four (74) minutes.
  - b. A half hour will consist of twenty-five (25) minutes. A half-credit (0.5) will be given for a twenty-five (25) minute segment. This includes any segment lasting between twenty-six (26) and forty-nine (49) minutes.
  - c. Nanolearning. One fifth credit (0.2) will be given for a ten (10) minute "nanolearning" segment. This includes any individual segment lasting between eleven (11) and twenty-four (24) minutes.
2. Only time in actual attendance in the CPE session will be counted. The time needed to prepare or review the subject matter will not be counted.
3. The time required by a lecturer or CPE session moderator for both preparation and presentation will be counted if it enhances his or her professional competence as a practicing accountant. However, credit for such preparation shall not exceed two (2) hours for each hour of presentation. Credit for such preparation and teaching shall not exceed sixty (60) CPE hours for that three (3) year reporting period. Repeated presentations of the same subject matter will not be recognized for CPE credit. A qualified instructor or discussion leader shall have the background, training, education or experience to make it appropriate for that person to lead a discussion on the subject matter. Teaching remotely-delivered CPE will be treated the same as teaching in-person for purposes of CPE calculation provided the session satisfies the requirements for attendees earning credit.
4. Credit may be allowed for published books and articles provided they contribute to the professional competence of the licensee. Credit for preparation of such publications shall not exceed sixty (60) CPE hours for that three (3) year reporting period.
5. CPE credits shall be deemed to be earned on the date the course was taken, not the date the licensee received a certificate of attendance.

6. All courses and programs, however delivered, must contain a formal program of learning in compliance with § 1.8.2 of this Part that contributes directly to the professional competence of a CPA or PA after he or she has been issued a permit to practice public accounting. In addition, the course or program must be primarily directed to enhancing the professional competence of accountants or like professionals.
  7. Formal programs requiring in-person or remote session attendance will qualify if:
    - a. An outline is prepared in advance and kept on file.
    - b. The program will be for a duration consistent with § 1.8.1(B)(1) of this Part.
    - c. The session is conducted under the leadership of a qualified lecturer or moderator.
    - d. A record of attendance is made and kept on file.
- C. Approved CPE program/course delivery methods:
1. In person, classroom instruction;
  2. Remotely-delivered instruction; and
  3. Self-study courses.
- D. Programs which qualify for CPE credit hours:
1. Programs that will qualify for CPE, whether provided in person or remotely-delivered, include:
    - a. Professional development programs sponsored by recognized national and State professional accounting organizations.
    - b. Technical sessions at meetings of recognized national and State professional accounting organizations.
    - c. University or college courses which enhance the professional competency of the accounting profession.
    - d. Formal organized in-house educational programs.
    - e. Formal programs of other organizations that relate to the practice of public accounting.
  2. The Board of Accountancy may consult with national and State professional organizations, universities and colleges and others in



determining the acceptability of the subject matter of courses and sessions and their eligibility for credit.

### 3. Remotely-delivered CPE Requirements

- a. Remotely-delivered CPE (including live/synchronous and on-demand/pre-recorded) will be credited the same as in-person attendance provided that Reasonable and Reliable Attendance Verification Mechanisms are implemented.
- b. Reasonable and Reliable Attendance Verification Mechanisms include but are not necessarily limited to:
  - (1) Requiring a multi-part code with different parts of the code revealed at different points of the presentation;
  - (2) Using interactive test questions or polling questions; and
  - (3) Using pop-up screens that require the user to click to affirm continued attendance.
- c. Remotely-delivered College Courses
  - (1) If a higher education course includes "Reasonable and Reliable Attendance Verification Mechanisms," then it is credited the same as "remotely-delivered CPE," which is the same as "in person attendance." However, if the higher education course does not include such mechanisms, then the CPE credit earned will be determined as follows. The actual online class hours (no homework time) must be honestly counted and attested to; and no more than ten (10) hours per academic credit will be accepted. If the higher education course is graded, the CPA must earn a passing grade to earn the CPE credit.
- d. There is no limit on the amount of CPE hours that may be obtained through remotely-delivered CPE courses that comply with § 1.8.1(D)(3) of this Part.

### 4. Self-Study Program Requirements

- a. The Board may, in its discretion, allow credit for formal interactive correspondence or other self-study programs which provide evidence of satisfactory completion.
- b. In determining the amount of credit to be awarded the Board will consider, but not be bound by, the recommendation of the sponsoring organization; provided, however, the maximum credit

for such self-study programs shall not exceed eighty (80) CPE hours for that three (3) year reporting period.

- c. The licensee shall be required to obtain and present to the Board evidence of satisfactory completion of the self-study course from the program sponsor. Credit will be awarded in the calendar year in which the course is completed.

E. CPE Compliance Recordkeeping and Documentation

- 1. Every licensee shall be responsible for maintaining documentation of compliance with these Regulations; including proof of attendance for all courses for which CPE credit is claimed.
- 2. Licensees shall retain documentation of compliance with the CPE requirements for the current renewal period and the preceding renewal period.
- 3. In addition to the above requirements, the Board may also require a licensee, as part of an audit, compliance investigation, or otherwise, to submit to the Board an official accounting, in a format approved by the Board, of the licensee's completed CPE hours for the preceding three (3) year period. For example, the Board may require a signed CPE compliance table summarizing the licensee's CPE hours for the preceding three (3) year period to include the following information:
  - a. Sponsoring organization
  - b. Location of session
  - c. Title and description of the subject matter
  - d. Dates attended
  - e. Number of hours claimed
- 4. CPAs are subject to disciplinary action by the Board for falsifying their attendance at any CPE, including any remotely-delivered or self-study programs.

F. Recognition of Reciprocal CPE Requirements of other U.S. Jurisdictions

A licensee whose principal place of business is in another U.S. jurisdiction and who holds an active license in that jurisdiction ("principal jurisdiction") shall be determined to have met the CPE requirements of this Regulation by meeting the CPE requirements of the principal jurisdiction provided the principal jurisdiction does in fact have CPE requirements and the licensee is not claiming an exemption from said requirements.

**G. Request for Special Relief for CPE Compliance**

1. The Board expects that CPAs will make every effort to complete their CPEs on the normal schedule, plan accordingly, and request special relief only if absolutely necessary.
2. The Board may in its discretion, on an individual basis, make exceptions for the required CPE completion time (extensions) for good cause shown, such as reasons of health, military service, foreign residence, retirement or for such other reasons as the Board may determine reasonable. A Board-approved extension allows a licensee to apply CPE credits retroactively. The Board, may, in its discretion, require the licensee granted an extension to pay a fee of two hundred fifty dollars (\$250.00), or may waive the fee.
3. State of Emergency Automatic Relief – If the Governor declares a State of Emergency that spans thirty (30) days or more during the last twelve (12) months of a CPA's renewal cycle, an affected CPA may give written notice to the Board that such circumstance has caused an undue hardship in completing the full amount of CPE required by the renewal deadline. Upon receipt of such notice, the Board will automatically approve that the CPA may complete the missing CPE hours (the differential between the hours required and those actually accumulated by the deadline) during the next renewal cycle, in addition to the full amount of hours already required to be completed in the normal course of the next renewal cycle. [For example, during the COVID-19 pandemic, those CPAs renewing June 30, 2020, may request to complete the missing CPE hours for the July 1, 2017 – June 30, 2020 term during the July 1, 2020 – June 30, 2023 term. If the COVID-19 State of Emergency persists beyond June 30, 2020, then those CPAs renewing June 30, 2021 for the July 1, 2018 – June 30, 2021 would qualify for the same automatic relief upon providing written notice to the Board.]

**1.8.2 Continuing Professional Education Subject Areas**

- A.** Educational programs or instruction in the following subject areas will qualify for CPE hours:
1. Accounting and Auditing (accounting, governmental accounting, auditing, and governmental auditing);
  2. Technical Business Subjects, which includes:
    - a. Consulting Services (administrative practice and the social environment of business);
    - b. Management (business law, finance, management advisory services);

- c. Specialized Knowledge and Applications (computer science, economics, mathematics, production, specialized knowledge and applications and statistics); and
    - d. Taxes.
  - 3. Personal Development and Marketing (communications, business management and organization, personal development, personnel/human resources and marketing); and
  - 4. Ethics (behavioral ethics and regulatory ethics).
- B. Accounting and auditing subjects shall include the following subject areas: accounting; governmental accounting; auditing; and governmental auditing.
- 1. Accounting subjects or courses shall include courses relating to financial accounting instruction relating to the authoritative literature in generally accepted accounting principles in the United States and its international trading partners and the pronouncements of the Accounting Principles Board and its successor agencies and the Financial Accounting Standards Board and its successor agencies; accounting research, planning and supervision; accounting for small businesses, specialized industries and commerce; forensic accounting; financial statement preparation; review and compilation of financial statements and reports, SEC reporting requirements, and preparing and reporting on Other Comprehensive Basis of Accounting (OCBOA) financial statements.
  - 2. Governmental Accounting shall include courses relating to Governmental Accounting Standards Board (GASB) standards of State and local governmental accounting and financial reporting, statements, concepts, and interpretations; Government Accounting and Reporting (Specialized); and Forensic Accounting.
  - 3. Auditing subjects or courses shall include courses relating to auditing research; general auditing theory and practice; auditing and electronic data processing (EDP); substantive audit procedures; independent auditors' reports; study and evaluation of internal control; and forensic auditing. Auditing subjects shall also include courses relating to generally accepted auditing standards in the United States and its international trading partners, including compliance with auditing standards by any authoritative organization issuing auditing standards, including, but not limited to, the American Institute of Certified Public Accountants, the General Accounting Office, the Comptroller General and the Public Company Accounting Oversight Board.
  - 4. Governmental Auditing courses shall include subjects relating to GASB standards of State and local governmental accounting and financial reporting, statements, concepts, and interpretations as well as forensic

auditing. Governmental auditing course shall also include courses relating to generally accepted auditing standards in State and local governments, the United States and its international trading partners; and compliance with auditing standards by any authoritative organization issuing auditing standards, such as the American Institute of Certified Public Accountants (AICPA), the General Accounting Office (GAO), and the Comptroller General.

- C. Not more than twenty-four (24) hours of the one hundred twenty (120) hours required hereunder shall be devoted to Personal Development and Marketing in the following subject areas:

1. Communications

Which shall include courses relating to interview techniques, business writing, business presentations, group dynamics, public relations, group process management and counseling.

2. Business Management and Organization

Which shall include courses relating to the organization and administration of a public accounting practice, management advisory systems (MAS) practice management, management information systems in industry, State and local governments and management planning in industry.

3. Personal development

Which shall include courses relating to principle-centered leadership, career planning and time-management.

4. Personnel and/or human resources

Which shall include courses relating to human resources management in public accounting practice, industry and government.

5. Marketing

Which shall include courses relating to the examination of market analysis methods and their use to develop an organization's product/service mix and the integration of the communication, distribution and pricing strategies to achieve goals including marketing professional services, customer communications and e-business practices.

- D. Technical business subjects shall include the following subject areas:

1. Consulting Services

- a. Administrative Practice shall include courses relating to MAS practice skills, MAS engagement management, planning and control systems (human resources development and organization) and personal financial planning.
- b. The Social Environment of Business shall include courses relating to planning and control systems: manufacturing, marketing, research and development, finance and management information systems, and other management advisory systems.

## 2. Management

- a. Business Law shall include courses relating the legal system with special emphasis upon its relationship to business and the practice of accounting, such as employment law, asset protection, business law for accountants, tax management, collection law, critical legal and tax issues for accountants and legal environment of business.
- b. Finance shall include courses relating to specific financial management of an organization including budgeting, asset management, cost analysis, financial management in government, the purchase and sale of a business, and contracting for goods and services in industry.
- c. Management Advisory Services shall include courses focusing on key processes, achieving efficiencies, improving cash flow and maintaining profitability including academic practice management, advanced cash and treasury management, activity-based costing, applied project management, risk management and performance management.

## 3. Specialized Knowledge and Applications

- a. Computer Science shall consist of courses relating to networks, communications, the internet, computer hardware, system software, application software involving web browsers, word processing, spreadsheets, database management systems and presentation software.
- b. Economics shall include courses relating to the principles of pricing, stabilization, supply and demand, employment theory, fiscal policy banking systems, monetary policy, economic growth and fundamentals of the economy; including microeconomics, macroeconomics, money and banking, and public finance.
- c. Mathematics shall include courses relating to the fundamental concepts of mathematical problem-solving including algebra, geometry and calculus.

- d. Production shall include courses relating to production scheduling, inventory control, standards for pay and production and quality control including operations management, inventory management and supply operations.
    - e. Specialized Knowledge and Applications shall include courses relating to a concentrated specialized skill set and specialized industries, such as not-for-profit organizations, health care, and oil and gas; including courses relating to advanced energy options on futures, HIPAA contracts, beginning access, beginning excel, forensic accounting/auditing and business evaluation.
    - f. Statistics shall include courses relating to multivariate probability distributions, estimation of parameters, hypothesis testing, linear models, analysis of variance, analysis of enumerative data and nonparametric statistics including business statistics, quantitative analysis and probability.
  - 4. Taxes shall include courses relating to compliance and tax planning. Compliance covers tax return preparation and review and IRS examinations, ruling requests and protests. Tax planning focuses on applying tax rules to prospective transactions and understanding the tax implications of unusual or complex transactions including but not limited to: tax research, tax accounting, individual income taxation, partnership taxation, corporate income taxation, corporate tax consideration in industry, tax-exempt organizations, estate and trust taxation, compensation considerations for taxation, real estate taxation, international taxation, State and local taxes, tax practice management and procedures, computers in the tax practice, general taxation and special tax matters.
- E. Not less than six (6) hours of the one hundred twenty (120) hours required hereunder shall be devoted to regulatory ethics and behavioral ethics. New CPAs during their first licensure cycle shall obtain not less than four (4) hours of ethics CPEs of the eighty (80) hours required. Ethics shall include courses relating to the necessary ethical background knowledge required to adhere to Rules and Regulations of State licensing bodies, other governmental entities, membership associations and other professional organizations or bodies.
- 1. Subjects devoted to regulatory ethics will include programs devoted to the AICPA Code of Professional Conduct, including opinions issued thereunder, as well as programs relating to the legal, professional or ethical codes of any authoritative organization or accounting professional specialty organization. The following additional subjects will also be considered within the field of regulatory ethics: public interest and responsibilities, licenses and renewals, SEC oversight, competence – discreditable act, advertising and other form of solicitation, independence,

integrity and objectivity, confidential client information, contingent fees, commissions and other considerations, conflict of interest, discreditable acts, full disclosure, malpractice and record retention.

2. Behavioral ethics shall include courses relating to general professional ethics including ethics and professional conduct, ethical practice in business, personal ethics, ethical decision-making and corporate ethics.
3. In promulgating this requirement, it is the hope and intention of the Board that sponsoring organizations will incorporate a professional ethics component into accounting, auditing and technical business programs. The sponsoring organization should specify the hour or one half (1/2) hour value of the ethics content of such programs.

### **1.8.3 CPE Audits**

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 one thousand dollar (\$1,000.00) fine.

## **1.9 Peer Review Standards**

### **1.9.1 Peer Review Program**

- A. Applicability. Participation in the program is required of each practice unit licensed or registered with the Board who performs accounting or auditing engagements, including, but not limited to, audits, reviews, compilations, forecasts, projections or other special reports.
- B. Operation. Pursuant to R.I. Gen. Laws § 5-3.1-10, it is a condition of renewal of a practice unit permit for the firm to undergo periodic peer reviews no more frequently than once every three (3) years. On renewal, the firm shall attest and provide proof that the firm is in compliance with R.I. Gen. Laws § 5-3.1-10 and § 1.9 of this Part. Each practice unit enrolled in a program of an approved sponsoring organization shall adopt the review date assigned by the sponsoring organization.
- C. Minimum Standards. The Board hereby adopts the "Standards for Performing and Reporting on Peer Reviews" promulgated by the AICPA as its minimum standards for peer review of practice units; provided, however, that peer reviews performed by the National Society of Public Accountants shall be deemed to meet these requirements.



- D. Approved Sponsoring Organizations. The Securities and Exchange Commission Practice Section, Private Companies Practice Section, National Society of Public Accountants, AICPA Peer Review Program, and New England Peer Review are approved sponsoring organizations. Other organizations may apply to be added to the Board's list of approved sponsoring organizations.
- E. Exemptions. A practice unit which does not perform accounting or auditing engagements, including, but not limited to, audits, reviews, compilations, forecasts, projections, or other special reports shall certify that fact to the Board on renewal and shall be exempt from peer review requirements. A practice unit which begins providing these services must have a peer review within eighteen (18) months of the date such services were first provided.

### **1.9.2 Peer Review Oversight**

- A. As necessary, the full board may also sit as the Peer Review Oversight Committee to oversee the peer review program created hereunder and perform the following functions:
  - 1. Designate and monitor the sponsoring organizations for compliance with and implementation of the minimum standards for performing and reporting on peer reviews;
  - 2. Respond to all appropriate requests for clarification or interpretation of these Regulations and determine any and all questions or disputes which might arise with respect to the scope, applicability or effect of these Regulations; and
  - 3. Determine appropriate remedial action or move for the revocation, suspension or refusal to renew any annual permit for failure to comply with this program.

### **1.9.3 Mergers, Dissolutions and Separations**

- A. Mergers. In the event that two (2) or more practice units of disparate sizes are merged or combined, the surviving practice unit shall retain the peer review year of the practice unit with the largest number of staff prior to merger or combination. In the event that two (2) or more practice units with the same number of staff are merged or combined, the surviving practice unit shall retain the peer review year of the practice unit with the earlier peer review year prior to the merger or combination.
- B. Dissolutions or Separations. In the event a practice unit is divided or dissolved, any new practice unit or units created therefrom shall retain the peer review year of the former practice unit. In the event such period is less than eighteen (18) months, a new year shall be assigned so that the review occurs after eighteen (18) months of operation.

- C. Exceptions. The Board, upon a showing that strict compliance with §§ 1.9.3(A) and (B) of this Part will cause hardship, may authorize a change in a practice unit's peer review year.

#### **1.9.4 Extensions**

The Board may accept an extension, not to exceed one hundred eighty (180) days, granted by a sponsoring organization for the conduct of a peer review. The practice unit shall notify the Board within twenty (20) days of the date such extension is received by the practice unit.

#### **1.9.5 Enforcement**

- A. Permits. In the event a practice unit subject to peer review does not successfully complete its peer review by the requisite deadline, the Board shall:
  - 1. Withhold issuance of the annual permit of the practice unit until the peer review is satisfactorily completed; and
  - 2. Withhold issuance of the annual permit of each individual licensee of the practice unit who was personally and substantially responsible for the failure of the practice unit to successfully complete the peer review.
- B. Assessment. In the event a practice unit subject to peer review does not successfully complete its peer review by the end of its peer review year, the Board may assess a penalty of not more than two hundred fifty dollars (\$250.00) against such practice unit. The Board may, for good cause shown, waive this penalty. The penalty provided for herein may be assessed whether or not the practice unit has sought or received an extension in accordance with § 1.9.4 of this Part.

#### **1.9.6 Reporting**

- A. Enrolled practice units. A practice unit which is enrolled in a peer review program of an approved sponsoring organization shall submit to the Board a copy of the letter or notice of acceptance issued by the sponsoring organization at the conclusion of the peer review process. In the event the sponsoring organization does not issue a letter of acceptance the practice unit shall submit to the Board a copy of the peer review report, the letter of comments, the matters for further consideration and the practice unit's letter of response, if any.
- B. Practice Units Not Enrolled. A practice unit not enrolled in a peer review program of an approved sponsoring organization shall engage a reviewer who is authorized to perform peer reviews for such an organization. The reviewer shall apply the minimum standards described in § 1.9.1(C) of this Part and shall submit a report directly to the Board. In the event a letter of comments or matters for further consideration are issued with the report, the practice unit shall submit its letter of response to the Board.

- C. If a practice unit receives notice of termination from its peer reviewer, the practice unit shall notify the Board and provide an explanation and a plan of action to ensure compliance with the peer review requirement to the Board within twenty (20) days of the termination.

## **1.10 Administrative Procedures for Complaints, Investigations, and Contested Hearings**

### **1.10.1 Routine Complaint Processing**

- A. **Applicability.** Any person, firm, business entity or public officer, including a licensee, may submit a complaint to the Board against any licensee or person believed to be engaged in unlicensed activity (referred to herein as "respondent").
- B. **Form.** All complaints shall be submitted in writing and signed by the complainant or its authorized representative. A complaint shall state the grounds for the complaint, including a statement of facts or circumstances upon which the complaining party relies for the charge. A complaint shall state the name, address, and telephone number of the complainant or representative to be contacted by the Board or its investigative designees for purposes of investigation or giving of notice.
- C. **Construction of Complaint.** Failure to include any of the information described in § 1.10.1(B) of this Part will not necessarily preclude the Board from acting on the complaint or acting with respect to the factual allegations upon its own motion.
- D. **Notice to Respondent.** Upon receipt of a complaint, the Board shall notify the person against whom the complaint is made of the facts of the complaint.
- E. **Response by Respondent.** Within twenty (20) days of receipt of notice that a complaint has been filed, the respondent shall respond in writing to the Board.

### **1.10.2 Other Triggers for Board Investigations**

- A. **Procedure.** In addition to routine complaint processing under § 1.10.1 of this Part, the Board may initiate an investigation after receipt of any apparently reliable information from any source, including a State or Federal agency, that a person may have violated the Act or any Regulation concerning professional conduct of licensees promulgated by the Board pursuant to the Act.
- B. **Investigation and Notice.** The Board may initiate an investigation under § 1.10.2 of this Part with or without giving notice of the investigation.
- C. **Information on Criminal Acts.** Where the information received by the Board involves the conviction of or pleading guilty or *nolo contendere* by a licensee to a crime or an act constituting a crime in a court of competent jurisdiction of this or any other State or Federal Court of any of the offenses set forth in R.I. Gen.

Laws § 5-3.1-12(b)(5), the judgment of conviction or plea of a licensee for such crime shall be conclusive evidence of the conviction of that crime in any hearing before the Board. Where an appeal of a conviction or sentence imposed pursuant thereto has been filed and is pending, the Board has discretion to postpone action or to pursue disciplinary action. In exercising this discretion, the Board will be guided by any applicable due process principles and may consult with the licensee or his or her legal representative.

- D. Information on discipline by a Board of Accountancy of another State. Upon receipt by the Board of information from any authority of any other State having jurisdiction to govern the practice of accountancy or to impose disciplinary action against any accountant authorized to practice in such State that the right of a licensee to practice as a public accountant or certified public accountant, or to provide services of a related nature before any State or Federal agency, has been suspended or revoked for any reason other than the failure to pay a fee or to meet the continuing education requirements in such State, the Board may, in any hearing before the Board, consider a copy of the record of the proceedings before such State authority to be *prima facie* proof of the contents of such record and conclusive evidence of such action. Upon receipt of such information, the Board may require the licensee to appear before the Board to show cause why like discipline should not be imposed by the Board of Accountancy of this State. In the event that the Board votes to impose a sanction against a licensee, the Board shall not be bound by the nature or time period of any sanction imposed by any other authority or agency.

### **1.10.3 Board Investigation Guidelines**

- A. Authority of the Board. Pursuant to an investigation, the Board shall have the authority to compel licensees to provide any information that is necessary for the investigation, including, but not limited to, tax returns and working papers. For the purposes of an investigation, the Board shall have the authority to compel the licensee to appear before the Board to provide information for the purposes of fact finding.
- B. Conduct of a Licensee. During an investigation, the licensee shall be required to provide information as to the licensee's conduct in response to any request, whether formal or informal, for such information from the Board or its investigative designees. The licensee shall at all times during the investigation cooperate fully with the Board and its investigative designees to facilitate the expeditious resolution of the investigation. Failure of the licensee to fully comply with requests by the Board or its investigative designees is grounds for disciplinary action under R.I. Gen. Laws § 5-3.1-12(b)(9).
- C. Dismissal. If the Board finds insufficient grounds to support the charges, the complaint will be dismissed. Notice of dismissal will be provided in writing to the person who filed the complaint and to the respondent against whom the complaint was filed.

- D. **Related Matters.** Where the allegations against a respondent are similar or related to the material allegations of a pending criminal or civil matter, the Board may postpone action on the complaint pending resolution of the civil or criminal matter. The acquittal of a respondent on criminal charges or a verdict or judgment in favor of a respondent in civil litigation involving substantially similar material allegations to allegations of unprofessional conduct or unlicensed activity shall not in itself justify dismissal of a complaint or termination of an investigation predicated upon the same material allegations, but such acquittal, verdict, or judgment may be considered by the Board in reaching its decision. The dismissal of criminal charges, the settlement of civil litigation involving substantially similar material allegations to a complaint, or any agreement between a respondent and a complainant or any person in consideration of which such person agrees not to make or pursue a complaint against the respondent shall not preclude the Board in its discretion from investigation or from continuing to process a complaint previously filed.
- E. **Other Agencies.** The Board will cooperate with the agencies and authorities of other States exercising similar jurisdiction with respect to the practice of accountancy in exchanging information concerning disciplinary action against any licensee. The Board will similarly cooperate with Federal agencies that sanction the Board's licensees and/or make referrals to the Board for the Board's investigation and disciplinary action.

#### **1.10.4 Contested Hearings**

- A. **Notice to Respondent.** Upon determination by the Board that a hearing is required, a specification of the charges shall be prepared and provided to the respondent together with notice of the hearing. The notice to the respondent shall include the time and place of the hearing and shall be provided to the respondent not less than twenty (20) days prior to the date of the hearing.
- B. **Attendance at a Hearing.** At any hearing, the respondent may appear in person or may be represented by counsel. Business entity respondents shall be represented before the Board by counsel. At all hearings, legal counsel assigned to the Board shall appear and represent the Board.
- C. **Respondent's Presentation of Evidence.** The respondent will have the opportunity to produce witnesses and evidence on his or her behalf, to cross examine witnesses, and to have subpoenas issued on his or her behalf by the Board.
- D. **Powers of the Board.** The Board may issue subpoenas to compel the attendance of witnesses and the production of documents and may administer oaths, take testimony, hear proofs and receive exhibits in evidence in connection with a hearing under these Regulations. In case of disobedience of a subpoena, the Board may petition the Superior Court to require the attendance and testimony of witnesses and the production of documentary evidence.

- E. Hearing Procedure. The Board shall not be bound by strict rules of procedure or by the laws of evidence in the conducting of its proceedings, but any determination of the Board shall be based upon sufficient legal evidence to sustain the determination.
- F. Record of Hearings. The Board shall maintain a separate file with respect to each investigation as the official record of the Board.
- G. Voting. A majority vote of the Board shall be required in order to take action against a respondent. Each member of the Board voting shall be required to have attended the hearing or any continuance thereof or to have read the record of the hearing or continuance at which he or she was not in attendance.
- H. Conclusion of Hearing. The Board shall issue a decision after conclusion of the hearing. The decision shall include findings of fact and conclusions of law and be delivered to the respondent.
- I. Sanctions. If the decision is adverse to the respondent, the Board may impose any of the sanctions set forth in R.I. Gen. Laws §§ 5-3.1-12 and 5-3.1-13. In determining the sanction to be imposed in any case, the Board will consider aggravating and mitigating factors in assessing which sanctions to impose against a respondent.
- J. Settlement. Unless precluded by law, and subject to approval by the Board, at any time prior to the entry of an order, disposition by settlement may be made of any contested matter by stipulation, consent agreement, consent order, or decree.
- K. Reporting Disciplinary Actions. Where the Board is required to or has discretion to report disciplinary action to other States in which a licensee is also licensed, the Board may report such disciplinary actions to a multistate enforcement information network.
- L. Refusal to Testify. The Board may draw adverse inferences from a respondent's refusal to testify before the Board including any refusal accompanied by an assertion of Fifth Amendment rights.

### **1.11 Declaratory Rulings and Petitions for Rulemaking**

Requests for declaratory rulings and petitions for rulemaking shall be handled according to the Department of Business Regulation's Regulation for Declaratory Rulings and Petitions, [230-RICR-10-00-3](#), and in accordance with the Administrative Procedures Act, R.I. Gen. Laws Chapter 42-35.

### **1.12 Access to Public Records Act**

Requests for records pursuant to the Access to Public Records Act ("APRA") shall be handled according to the Department of Business Regulation's

Regulation for Access to Public Records, [230-RICR-10-00-1](#), and in accordance with APRA, R.I. Gen. Laws Chapter 38-2.

**400-RICR-00-00-1**

**TITLE 400 - BOARD OF ACCOUNTANCY**

**CHAPTER 00 - N/A**

**SUBCHAPTER 00 - N/A**

**PART 1 - RULES AND REGULATIONS OF THE RHODE ISLAND BOARD OF  
ACCOUNTANCY**

Type of Filing: Amendment

**Agency Signature**

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Agency Head Signature

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Agency Signing Date

**Department of State**

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Regulation Effective Date

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Department of State Initials

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Department of State Date