

BOARD RULES

RULE 1 DEFINITIONS

1.1 ACT, BOARD, STATE, EXAMINATION, PRONOUNS

Throughout these Rules, the "Public Accountancy Act of 1975, as amended," codified as A.C.A. § 17-12-101 et seq., may be referred to as "the Act" and the Board of Public Accountancy as "the Board;" "this State" refers to the State of Arkansas; "examination" means the examination required for a certificate as a Certified Public Accountant prescribed by A.C.A. § 17-12-301 et seq.; and masculine terms shall include the feminine and, when the context requires, shall include partnerships, limited liability companies and corporations.

1.2 ATTEST

Providing the following financial statement services: any audit or other engagement to be performed in accordance with the "Statement on Auditing Standards," any review of a financial statement to be performed in accordance with the "Statements on Standards for Accounting and Review Services," any examination of prospective financial information to be performed in accordance with the "Statements on Standards for Attestation Engagements," and any engagement to be performed in accordance with PCAOB Auditing Standards.

1.3 CERTIFICATE

A certificate as "certified public accountant" issued under A.C.A. § 17-12-301 or a corresponding certificate as "certified public accountant" issued after examination under the laws of any state.

1.4 CLIENT

The person or entity which retains a licensee for the performance of professional services.

1.5 COMMISSION

An allowance or consideration paid upon completion of the transaction for recommending or referring a product or service to be supplied by another person.

1.6 COMPILATION

Providing a service to be performed in accordance with "Statements on Standards for Accounting and Review Services" that is presenting in the form of financial statements information that is the representation of management and/or owners without undertaking to express any assurance on the statements.

1.7 FINANCIAL STATEMENTS

Financial statements are statements and footnotes related thereto that purport to show actual or anticipated financial position which relates to a point in time or changes in financial position which relate to a period of time, including statements which use a cash or other comprehensive basis of accounting. The

term includes balance sheets, statements of income, statements of changes in comprehensive income, statements of retained earnings, statements of cash flows and statements of changes in owners' equity, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

1.8 FIRM

A partnership, corporation, limited liability company, sole proprietorship, or other entity required to be registered with the Board under the provisions of A.C.A. § 17-12-401 et seq.

1.9 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

"Generally accepted accounting principles" shall be deemed and construed to mean accounting principles or standards generally accepted in the United States. For purposes of these rules and regulations, generally accepted accounting principles are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.

1.10 GENERALLY ACCEPTED AUDITING STANDARDS

"Generally accepted auditing standards" shall be deemed and construed to mean the generally accepted auditing standards adopted by the Board. The Board shall take into consideration interpretations of Generally Accepted Auditing Standards as issued by the American Institute of Certified Public Accountants and other pronouncements having similar generally recognized authority.

1.11 HOME OFFICE

The location specified by the client as the address to which a service described in A.C.A. § 17-12-311(a)(4) is directed.

1.12 LICENSEE

The holder of a license, meaning a certificate issued under A.C.A. § 17-12-301 or registered under A.C.A. § 17-12-312 or A.C.A. § 17-12-401 et. seq. or, in each case, a certificate or permit issued or a registration under corresponding provisions of prior law.

1.13 PEER REVIEW

The process of reviewing the work product of a licensee by a qualified individual or firm, the purpose of which is to assure that professional services are performed consistent with applicable standards.

1.14 PERMIT TO PRACTICE

Permit to practice means a permit to practice public accountancy issued under prior provisions of the Act, or under corresponding provisions of the law of other states.

1.15 PRACTICE OF, OR PRACTICING PUBLIC ACCOUNTING

The performance of attest services as defined in this section or the performance of professional services while using the title or designation certified public accountant, public accountant, CPA, PA, accountant, or auditor.

1.16 PRINCIPAL PLACE OF BUSINESS

The primary location from which professional services are performed. A person or firm may only have one principal place of business at any one time. Individuals who perform professional services at multiple locations, such as individuals who perform attest services on assignment as needed in multiple jurisdictions, may designate as their principal place of business the location that most often serves as the individual's home base of operations.

1.17 PROFESSIONAL SERVICES

Services arising out of or related to specialized knowledge or skills performed by certified public accountants or public accountants, including issuing reports on financial statements, providing management or financial advisory services or consulting, preparing tax returns, or providing advice on tax matters, providing forensic accounting services, or providing internal auditing services.

1.18 PUBLIC COMMUNICATION

A public communication is a communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card, electronic transmission or directory.

1.19 RETURNING MILITARY VETERAN

A former member of the United States Armed Forces who was discharged from active duty under circumstances other than dishonorable.

1.2019 SUBSTANTIAL EQUIVALENCY

A determination by the NASBA National Qualification Appraisal Service that:

a. The education, examination and experience requirements of the state in which the individual holds a valid license are comparable to or exceed the education, examination and experience requirements contained in the Uniform Accountancy Act; or

b. The individual CPA's education, examination and experience requirements are comparable to or exceed the education, examination and experience requirements contained in the Uniform Accountancy Act.

1.210 UAA

The Uniform Accountancy Act issued jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA), as amended from time to time.

RULE 3 EXAMINATIONS (Effective July 18, 2013)

3.1 SEMESTER HOUR; ACCREDITED COLLEGES, UNIVERSITIES, SCHOOLS AND PROGRAMS; CREDIT FOR COURSES

(a) As used in these Rules, a “semester hour” means the conventional college semester hour. Quarter hours may be converted to semester hours by multiplying them by two-thirds.

(b) As used in these Rules, “accreditation” refers to the process of quality control of the education process.

The applicant’s degree must have been granted by a four-year degree-granting college or university that is accredited by one or more recognized regional accrediting agencies (including their predecessor or successor agencies). The Board recognizes the following six (6) regional accrediting agencies.

Middle States Association of Colleges and Schools;
New England Association of Schools and Colleges Commission on Institutions of Higher Education;
The Higher Learning Commission;
Northwest Commission on Colleges and Universities;
Southern Association of Colleges and Schools Commission on Colleges; and the
Western Association of Schools and Colleges Accrediting Commission for Senior Colleges and Universities.

Colleges and Universities accredited by these associations are listed in Accredited Institutions of Postsecondary Education published by the Council of Postsecondary Accreditation of the American Council on Education.

(c) A candidate is considered as graduating from an accredited educational institution if at the time the educational institution grants the applicant’s degree, it is accredited at the appropriate level as outlined in these Rules.

(d) If an educational institution was not accredited at the time an applicant’s degree was received but is so accredited at the time the application is filed with the Board, the institution will be deemed to be accredited for the purpose of subsection (c), provided;

- (1) the educational institution certifies that the applicant’s total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and
- (2) the educational institution furnishes the Board satisfactory proof, including college catalogue course numbers and descriptions, that the pre-accrediting courses used to qualify the applicant as an accounting major are substantially equivalent to post-accrediting courses, and
- (3) the applicant has met the educational requirements outlined in Section 3.2.

(e) If an applicant’s degree was received at an accredited educational institution pursuant to subsection (c) or (d), but the educational program which was used to qualify the applicant as an accounting major included courses taken at non-accredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which applicant’s degree was received, provided the accredited institution either –

- (1) has accepted such courses by including them in its official transcript; or
- (2) has certified to the Board that it will accept such courses for credit toward graduation.

(f) A graduate of a four-year degree-granting college or university not accredited at the time applicant's degree was received or at the time the application was filed will be deemed to be a graduate of an accredited educational institution if –

(1) a credentials evaluation service that is a member of the National Association of Credential Evaluation Services or one approved by the Board certifies that the applicant's degree is equivalent to a degree from an accredited educational institution defined in subsection (b); or

(2) (A) an accredited educational institution as defined by subsection (b) accepts applicant's non-accredited baccalaureate degree for admission to a graduate business degree program;
(B) the applicant satisfactorily completes at least fifteen semester hours, or the equivalent, in post-baccalaureate education at the accredited institution, of which at least nine semester hours, or the equivalent, shall be in accounting; and
(C) the accredited educational institution certifies that the applicant is in good standing for the continuation in the graduate program, or has maintained a grade point average in these courses that is necessary for graduation.

(g) The advanced subjects completed to qualify under subsection (f)(2) may not be used to satisfy the requirements of section (h).

(h) The accounting and business concentration or equivalent shall consist of the semester hours specified in Rule 3. 2 below.

3.2 EDUCATION REQUIREMENT

(a) An applicant will be deemed to have met the education requirement if the applicant has earned a graduate or an undergraduate degree, either of which includes at least 30 hours in business as listed in Section 3.2(c) and at least 30 upper-level or 20 graduate hours in accounting (or a combination thereof) as listed in Section 3.2(b), from a college or university that meets the criteria for accreditation defined in Section 3.1(b). Applicants must meet the accounting education requirements defined in Section 3.2(b) and the business education requirements defined in Section 3.2(d).

(b) The accounting component of the applicant's educational program must include at least 30 semester credit hours (SCH) of undergraduate accounting courses above the principles level or 20 SCH of graduate-level accounting courses, or a combination thereof. The accounting component must include coverage of financial accounting, management accounting, governmental and not-for-profit accounting, federal taxation, auditing and attestation, and accounting information systems. The applicant must earn a grade of "C" or better in each course included in the accounting component.

(c) The business component of the applicant's educational program must include at least 30 SCH of undergraduate courses in business, other than accounting, or 20 SCH of graduate business courses other than accounting (or a combination thereof). The applicant must earn a grade of "C" or better in each course included in the business component.

(d) The Board recognizes the essential need to include coverage of ethics and written communication in the accounting component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the accounting component.

(e) The Board recognizes the essential need to include coverage of ethics and written communication in the business component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the business component.

(f) Content areas specified in the accounting component may be covered in stand alone courses at some institutions or may be integrated or embedded within related courses at other institutions. Institutions that use an integrated approach that covers multiple subjects will be responsible for providing the Board with documentation to establish the courses within which each content area is covered.

(g) Internship credit: The accounting or business component (but not both) may include a maximum of 3 SCH earned for an accounting internship. Internship credit may not be used to fulfill the subject matter requirements listed in 3.2(b). The business component may include a maximum of 3 SCH earned for a business internship, other than in accounting.

(h) Independent study: The accounting or business component (but not both) may include a maximum of 3 SCH earned for an independent study. When appropriately documented by the institution, these hours may be used to fulfill part of the subject matter requirements listed in 3.2(b).

~~(i) Military credit: A maximum of 3 SCH for credit given by a university for military service may be used for meeting the bachelor's degree, 150 credit hour and business component requirements. Military credit may not be used to fulfill the accounting component requirement listed in 3.2(b)~~

3.3 APPLICATIONS FOR EXAMINATION

(a) Applications to take the Certified Public Accountant Examination must be made on a form provided by the Board and received by the Board on or before a date specified by the Board in the application form. See Rule 3.8

(b) An application will not be considered filed until the applicable fees required by these Rules and all required supporting documents have been received, including proof of identity as determined by the Board, official transcripts, proof the educational requirement has been satisfied, and proof that the Candidate has received the applicable degree, or certification from the school on a form prescribed by the Board that the degree has, in fact, been earned, but will be conferred at a later date. In the case where the degree is to be conferred at a later date, the Applicant shall not be credited with any score(s) until the official transcript showing that the degree has been conferred is received by the Board. All transcripts and verification of receipt of degree must be sent from the appropriate school officials directly to the Board.

(c) The candidate must cause official transcripts documenting the degree conferred to be received by the Board office within 30 days after the degree is conferred.

(d) The Board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

3.4 TIME AND PLACE OF EXAMINATION

A Notice to Schedule (NTS) will be sent to eligible candidates via the address indicated on the application form. The candidate will have six months from the date the NTS is issued to schedule and take the approved examination sections. Utilizing the NTS, candidates are required to contact the test delivery provider identified by the Board to schedule the time and place for the examination at an approved test site. If a candidate requires rescheduling, the candidate must contact the test delivery provider. Scheduling reexaminations must be made

in accordance with Rule 3.7 below.

3.5 EXAMINATION CONTENT

The examination required by A.C.A. § 17-12-301 shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.

3.6 DETERMINING AND REPORTING EXAMINATION GRADES

A Candidate shall be required to pass all Test Sections of the Certified Public Accountant Examination in order to qualify for a certificate. The Candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Board. Upon receipt of grades reported by the examination provider, the Board will review and may adopt the examination grades and will report the adopted grades to the qualified Candidate (one who has met all requirements of Rules 3. 2 and 3. 3 above).

3.7 RETAKE AND GRANTING OF CREDIT REQUIREMENTS

(a) A Candidate shall be required to pass all Test Sections of the Certified Public Accountant Examination in order to qualify for a certificate. 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 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 four Test Sections of the Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first Test Section(s) passed is taken.

(2) Candidates cannot retake a failed Test Section(s) in the same examination window. An examination window refers to a three-month period in which Candidates have an opportunity to take the CPA examination (comprised of two months in which the examination is available to be taken and one 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 out of the three months within an examination window.

(3) In the event all four Test Sections of the Uniform CPA Examination are not passed within the rolling eighteen-month period, credit for any Test Section(s) passed outside the eighteen-month period will expire and that Test Section(s) must be retaken.

(b) The Board may in particular cases extend the term of conditional credit validity notwithstanding the requirements of subsection (a) and (upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.

(c) A Candidate shall be deemed to have passed the Uniform CPA Examination once the Candidate holds at the same time official credit for passing each of the four Test Sections of the examination. For purposes of this section, credit for passing a Test Section of the computer-based examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives official notice of the passing grade.

3.8 CANDIDATE TESTING FEE

(a) The Candidate shall, for each applicable Test Section pay to the Board or its designee fees charged by the AICPA, NASBA, and the Test Delivery Provider, as well as the

application and section fees established by the State Board. The application and section fees are nonrefundable and nontransferable. The fees for AICPA, NASBA, and the Test Delivery Provider are collected by the Board and held for transfer to the entities. Those fees are nontransferable, but may be partially refunded if extreme hardship precludes the applicant from scheduling or taking the exam. Extreme hardship is defined as medical emergency of candidate or candidate's immediate family, or death in immediate family. Any other extreme hardship situation will be reviewed on a case-by-case basis by the Board. Documentation of such circumstances must be submitted along with written request as soon as possible, but no later than 30 days from the date the candidate was scheduled for the applicable section(s) or 30 days from the expiration of the NTS whichever occurs first. The fees to sit for the examination are enumerated in Rule 12.

(b) A first-time applicant is defined as an applicant who has never sat for any section of the CPA examination as an Arkansas applicant, or has never received official scores as an Arkansas candidate.

(c) A re-exam applicant is defined as an applicant taking any section of the CPA examination after sitting as a first-time Arkansas applicant.

3.9 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 Rule, 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 a "secret shopper" program.

(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 the state's Administrative Procedures Act 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.

3.10 SECURITY AND IRREGULARITIES

Notwithstanding any other provisions under these rules, the Board may postpone scheduled examinations, 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.

3.11 EDUCATION REQUIREMENT FOR LICENSURE

Any candidate who successfully completes the CPA examination must also complete 150 SCH of education in order to be licensed. Successful candidates must complete this education requirement within 3 years of the date the last CPA exam section was passed. Candidates who are unable to complete this education requirement within 3 years due to extreme hardship (medical or other) may apply to the Board for an extension.

3.12 REQUIREMENTS FOR RELICENSURE

Anyone applying for relicensure who meets the conditions established in ACA 17-1-107(b)(1) and can demonstrate that he or she passed the Certified Public Accountants (CPA) exam with scores sufficient for licensure at the time the individual's initial license was issued:

- A) Shall not be required to re-take the CPA exam in order to be re-licensed;
- B) Shall not be required to take additional college courses to meet current standards for licensure, as long as the education standards were met at the time of initial licensure.

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Rule 10 REGISTRATION**10.1 INITIAL APPLICATION, RECIPROCAL, OR REINSTATEMENT**

Application for an initial license, reinstatement, or renewal shall be made on a form provided by the Board, and in the case of application for renewal, shall be filed by January 1 of each year.

10.2 CRIMINAL BACKGROUND CHECKS

(a) Each applicant for an initial license, including a reciprocal license, or for a new license under Ark. Code Ann. § 17-12-504(h), shall apply, using forms furnished by and pursuant to instructions provided by the Board, for state and national criminal background checks to be conducted by the Identification Bureau of the Department of Arkansas State Police and Federal Bureau of Investigation; the Board may in its discretion on reasonable cause require an applicant seeking the reinstatement of a license under Ark. Code Ann. § 17-12-504(g) to apply for the criminal background checks as provided herein.

(b) The criminal background checks shall have been completed no earlier than six (6) months prior to the date of receipt of the application, unless the delay is beyond the control of the applicant.

(c) An applicant who seeks a waiver of a conviction under paragraph (d) below must cause the following certified documentation to be transmitted directly to the Board by the court or other entity or individual that is providing documentation about the applicant:

(1) Copies of court documents pertinent to conviction, i.e., information, indictment, or other charging documents, and judgments, orders, final rulings, or other documents specifying conviction and sanctions, and penalties; and

(2) Documentation from the appropriate governmental official regarding the applicant's status and compliance with regard to terms of probation, parole, restitution, penalty, or any other sanctions.

(d) (1) A person convicted of a felony or crime involving moral turpitude or dishonesty in any state or federal court may not receive or hold a license as a certified public accountant or public accountant.

(2) Provided; however, upon written request submitted with the application or after receipt of the criminal background check reports, an applicant who has a criminal conviction may seek to have the conviction waived and application approved, subject to appropriate terms and conditions.

(3) The request for waiver shall not be considered until the application, fees, applicable documentation, both federal and state criminal background check reports, and written request for waiver stating the applicant's reasons why the conviction should be waived are received by the Board.

(4) The Board, after service of notice upon the applicant, shall conduct a hearing on a request for waiver of a conviction; the hearing shall be conducted pursuant to the relevant provisions of Rule 11.

10.3 The Board will renew the license to the applicant who has complied with the registration in 10.1 provided:

(1) the necessary information was furnished on the annual registration form;

(2) the required fee for said registration was paid, and

(3) there is no existing suspension of certificate, license or right to apply.

- ~~10.4 (a)(1) A non-resident licensee seeking renewal of a license in this state can satisfy the CPE requirement of this state by meeting the comparable CPE requirements for renewal of a license, permit or registration in the state in which the licensee's principal office is located (home state).~~
- ~~(2) A non-resident applicant for renewal shall be presumed to have complied with the CPE requirements in his home state by certifying that he has met the CPE renewal requirements of that state on the renewal application of this state. The Board shall annually audit a selected sample of such certifications.~~
- ~~(3) A non-resident licensee practicing in this state under practice privileges as set forth in A.C.A. §17-12-311 must satisfy the CPE requirements for renewal of a license, permit or registration in the state in which the licensee's principal office is located (home state).~~

~~(b) If a non-resident licensee's home state has no CPE requirements for renewal of a license, permit or registration or those requirements are less than 40 hours in the past twelve months or 120 hours in the past three years, the non-resident licensee must comply with the CPE requirements for renewal of a license in this state; provided, however, any hours accepted by the Board in his home state shall be credited toward his CPE requirements in this state.~~

10.4 REPEALED

10.5 Firm Registration

- (a) A firm engaged in the practice of public accounting that has an office in this state must register with the Board. Application for an initial firm registration and subsequent renewal must be made on a form provided by the Board.
- (1) As defined in Rule 7, a firm includes a corporation, partnership, limited liability company, sole proprietorship, and other permissible forms of practice.
- (b) A firm engaged in the practice of public accounting that does not have an office in this state must register with the Board in order to provide the services listed below for any client whose home office is in this state. Applicants for an initial firm registration and subsequent renewals must be made on a form provided by the Board. Services requiring firm registration include:
- (1) A financial statement audit or other engagement to be performed in accordance with the *Statements on Auditing Standards*,
- (2) An examination of prospective financial information to be performed in accordance with *Statements on Standards for Attestation Engagements*, and
- (3) An engagement to be performed in accordance with PCAOB Standards.
- (c) In the case of firms with multiple offices, the licensee shall identify on its original and each renewal application each office to be registered, as prescribed on a form approved by the Board.

10.6 TEMPORARY LICENSURE

Notwithstanding the provisions of rules 10.1 through 10.5 above, the Board may issue temporary licenses to certain persons under the conditions set forth in Rule 18.1.

Rule 11 HEARINGS BEFORE BOARD-NOTICE-PROCEDURE-REVIEW

- 11.1 (a)(1) All investigations of possible violations of the Act, Code of Professional Conduct, or the Rules of the Board shall be investigated by the Board investigator under the supervision of the Board's Compliance Committee or CPE Compliance Committee.
- (2) The Compliance Committee shall be comprised of one member of the Board, appointed by the President, and the Board's Executive Director.
- (3) The CPE Compliance Committee shall be comprised of one member of the Board, appointed by the President, and the Board's Executive Director.

~~(b) The major portion of possible violations may be expected to be of such nature that they can be disposed of informally by correspondence between the designee of the Board, acting under the Board's instructions, and the person or persons involved.~~_[MO1]

~~(c)(1) An investigation shall not be deferred or suspended without the approval of the Board, even though the person being investigated is made a party to civil litigation or is prosecuted in a criminal action, notwithstanding that either of such proceedings involves the subject matter of the investigation. The prosecution of an accused in such criminal proceedings shall not be a bar to disciplinary proceedings, nor shall the finding, judgment or decree of any court in such civil proceedings to which the Board is not a part be binding on the Board.~~

~~(2) The Board may defer an investigation of a case in which the accountant licensee is a party to litigation, civil or criminal, provided that the accountant licensee executes an agreement in a form acceptable to the Board, providing that the terms of any settlement and the product of discovery generated during the litigation shall be produced upon request by the Board.~~_[MO2]

~~(d)~~ (b) The Board may conduct any investigation by a staff person and/or may designate investigating officer(s) to conduct investigations who shall be competent by reason of training or experience.

~~(e)~~ (c) No person or entity being investigated has a right to be present or to be heard during the investigation, but before any finding is recommended, such person or entity being investigated shall be advised of the nature of the conduct which is being investigated and ~~he~~ shall be given an opportunity to make a statement personally or by counsel, verbally or in writing, sworn or unsworn, explaining, refuting or admitting the alleged misconduct, which shall be considered by the Compliance Committee in making any finding and recommendation to the Board as to the disposition of the investigation.

~~(f)~~(d) Upon completion of an investigation, the chair of the Compliance Committee shall present a summary of the result of the investigation and recommendation ~~that as to whether~~ the Board should make a finding of probable cause to order a hearing or other action on alleged violations of the Act, Code of Professional Conduct, or these Rules ~~or no probable cause of such a violation~~.

11.2 COMPLIANCE COMMITTEE RECOMMENDATION

- (a) The Board shall consider the recommendation by the Compliance Committee and may find:
- (1) probable cause;
 - (2) no probable cause; or
 - (3) instruct the investigating officer(s) to further investigate the matter.

(b) A finding of no probable cause by the Board shall be final, and after such finding no further proceedings shall be had in the matter by the Board unless new or additional evidence not available or made known to the Board at the time of the

finding is thereafter brought to the attention of the Board. The Board shall promptly notify the person or entity being investigated and any complaining party of the Board's finding of no probable cause.

(c) If the Board finds probable cause it may direct:

(1) that disciplinary ~~action proceedings~~ against a licensee be initiated under these rules by the filing of a complaint hearing notice, setting forth the particular act or acts of conduct for which the person ~~is sought to may~~ be disciplined;

(2) that an action be instituted pursuant to A.C.A § 17-12-104 or § 17-12-105; or

(3) that other appropriate action be taken.

(d) ~~Pleadings and motions shall be filed in triplicate with the Board.~~ When a complaint hearing notice is filed, it shall be given a docket number, and ~~the any answer and~~ motions or other papers thereafter filed in the case shall refer to such docket number.

(1) At the time the complaint hearing notice is filed, a copy thereof shall be mailed, under the direction of the Board, by registered mail or certified mail, return receipt requested, to the respondent at ~~his the respondent's~~ address as shown upon the records of the Board, ~~and with such copy of the complaint there shall be transmitted a notice that~~ notifying the respondent that a hearing thereon will be held at a time and place to be specified, not less than thirty days after the mailing of such notice. The notice of hearing shall state the legal authority and jurisdiction under which the hearing is to be held.

(2) All pleadings, motions and orders filed in the case, except applications for witness subpoenas, shall be served on each party. Services shall be made by delivery of a copy of the document to be served to the party or ~~his the party's~~ attorney or by mailing or emailing it to ~~him the party at his the party's~~ last known address or email address. Delivery of a copy within this rule shall mean: handing it to the attorney or to the party, or leaving it at ~~his the attorney or the party's~~ office with ~~his the attorney or the party's~~ secretary or other person in charge ~~thereof of the office~~, -or, if there is no one in charge, leaving it in a conspicuous place therein. ~~Or, if~~ the office is closed or the ~~person attorney or party-~~ to be served has no office, leaving it at ~~his the attorney or party's~~ usual place of abode with some person of ~~his the attorney or party's~~ family above fifteen (15) years of age and informing such person of the contents thereof. Service by mail shall be deemed complete upon mailing. When an attorney makes the service, a certificate of service conforming to that required by the Arkansas Rules of Civil Procedure shall be taken as prima facie proof of such service in compliance with these rules.

(e) ~~Respondent shall answer the complaint, incorporating all defenses and admitting, denying or stating he is without knowledge of such allegation of the complaint and as a part thereof may challenge the sufficiency of the complaint and the jurisdiction of the Board. No defenses are to be raised by motion. The answer must be filed within twenty (20) days after receipt of a copy of the complaint by him, unless the time for filing pleadings is extended by the president or secretary of the Board.~~ Upon the failure of ~~the a~~ respondent to ~~file a timely answer or to~~ appear at ~~the a~~ scheduled hearing, the Board may proceed to hear evidence against ~~him the respondent~~ and may enter such order as shall be justified by the evidence, provided, however, that within thirty days from the date of any order, upon a showing of good cause for failure to respond, the Board may reopen said proceedings.

(f) ~~Licensee subject to a hearing~~ The respondent has a right to information pursuant to A.C.A. § 25-

15-208-(a)(3).

(g) Hearings upon motions may be deferred until the final hearing, and ~~whenever held,~~ rulings thereon may be reserved until the conclusion of the final hearing.

11.3 COMPUTATION OF TIME

(a) In computing any period of time prescribed or allowed by these rules, the day of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday or legal holiday in which event the period shall run until the end of the next day which is neither Saturday, Sunday nor legal holiday. When the period of time prescribed or allowed is less than seven (7) days, intermediate Saturdays, Sundays and legal holidays shall be excluded in the computation.

(b) When a party has the right or is required to do some act or take some proceeding within a prescribed period after the service of a notice or other paper upon him and the notice or paper is served upon him by mail, three (3) days shall be added to the prescribed period.

11.4 SUBPOENAS

(a) Subpoenas for the attendance of the witnesses at hearings and for the production of documents ~~at depositions and hearings~~ shall be issued by the Board upon its own initiative or upon the written application of any party. The application shall state the name and address of the witness for whom the subpoena is to be issued, the party on whose behalf the witness is expected to testify, the time and place for the witness to appear, and the designated books, papers, documents, or tangible things, if any, to be produced.

(b) Subpoenas shall be served as required by Rule 45 ~~of the,~~ Arkansas Rules of Civil Procedure, and the party at whose instance the subpoena is issued shall be responsible for obtaining service of the subpoena.

(c) Witness fees, expenses, and mileage, if requested by the witness, shall be paid by the party at whose instance the witness is summoned and shall be the same as prescribed by Rule 45, of the Arkansas Rules of Civil Procedure.

11.5 HEARINGS BEFORE THE BOARD

(a) If ~~the a~~ hearing ~~on the complaint, including the taking of testimony,~~ is to be conducted by the Board, its presiding officer, ~~other member thereof,~~ or any designated hearing officer, ~~the Board, the presiding officer, other member, or designated hearing officer~~ shall have the authority to:

- (1) Administer oaths and affirmations;~~;~~
- (2) Rule upon offers of proof and receive relevant evidence;~~;~~
- (3) Regulate the course of the hearing;~~;~~
- (4) Hold conferences for the settlement ~~of or~~ simplification of issues by consent of the parties;~~;~~ and
- (5) Dispose of procedural requests or similar matters.

However, the Board shall determine any issue that would dispose of the matter without a determination on the substance of the matters at issue.

(b) The Board, at the conclusion of the final hearing, or within a reasonable time thereafter, shall make findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged and shall enter an order stating the effective date and providing for the appropriate disciplinary action, if any, and recovery of the costs of the proceedings pursuant to A.C.A. § 17-12-602 when the Board deems such recovery appropriate.

(c) The Board shall promptly notify the respondent and any complaining party of its findings and order.

11.6 HEARINGS BEFORE A HEARING EXAMINER OR MEMBER OF THE BOARD

(a) In the alternative, the Board may appoint a hearing examiner or member of the Board, who may conduct hearings in the absence of the Board. Such member or hearing examiner and shall have the authority to:

- (1) Administer oaths and affirmations;
- (2) Rule upon offers of proof and receive relevant evidence;
- (3) Regulate the course of the hearing;
- (4) Hold conferences for the settlement or simplification of issues by consent of the parties;
- (5) Dispose of procedural requests or similar matters.

(b) In the event that the respondent challenges the sufficiency of the complaint proffered charges or the jurisdiction of the Board, any recommended ruling in favor of the respondent shall be referred to the Board for decision. Any recommended finding against the respondent shall be included in the Board member or hearing examiner's report.

(c) Within thirty (30) days after the conclusion of the final hearing before the hearing examiner or member of the Board, or within such extended period of time as may be allowed by the Board for good cause shown, the hearing examiner or member of the Board shall make a report to the Board. The report which shall include:

- (1) Recommended findings of fact and conclusions of law as to each item of misconduct with which the respondent is charged;
- (2) Recommendations as to whether or not the respondent should be found guilty of misconduct justifying disciplinary measures;
- (3) Recommendations as to the disciplinary measures to be applied, if any;
- (4) A recommended form of order.

(d) A copy of the hearing examiner's or member of the Board's report shall be served upon the respondent.

11.7 REVIEW OF HEARING EXAMINER'S OR MEMBER OF THE BOARD'S REPORT

(a) Within ten (10) days after the hearing examiner or member of the Board files his or her report with the Board, or within such extended time as may be allowed by the Board, The the record of the proceedings, including the transcript of all the testimony and exhibits, shall be filed with the Board.

(b) Within thirty (30) days after the hearing examiner or member of the Board files his or her report, or within such extended time as may be allowed by the Board for good cause shown, the respondent may file with the Board exceptions to the hearing examiner's or member of the Board's report and may file a brief in support of such exceptions. If the respondent files a brief, the counsel prosecuting the case may Executive Director may, within twenty (20) days after the respondent's brief if is filed with the Board, or within such extended time as may be allowed by the Board for good cause shown, file a brief in reply response. The parties shall file six (6) copies of the brief with the Board and shall also serve one (1) a copy of any such filings upon the opposing party or that party's his counsel.

(c) The Board shall notify the respondent of the time and place of its meeting, at least ten (10) days in advance thereof, at which time the Board will review the hearing examiner's or member of the Board's report. The respondent or his the respondent's counsel may attend and present oral argument in support of any exceptions filed under subparagraph (b) of this rule Rule 11.7(b). If the respondent or his the respondent's counsel presents such oral argument, the

~~counsel prosecuting the complaint~~ Executive Director may, through counsel, present oral argument in reply response. Each side will be allowed a stated amount of time, designated by the Board for argument.

(d) The Board, after review of the record and the hearing examiner's report, and considering the briefs and oral argument, if any, shall, within a reasonable time, make findings of fact as to each item of misconduct with which the respondent is charged, make conclusions of law, and enter an order stating the effective date and the disciplinary ~~action~~ pursuant to A.C.A. § 17-12-602 ~~et seq.~~ or otherwise exonerating the respondent.

11.8 DISPOSITION OF PROCEDURAL REQUESTS

In the event the hearing is to be conducted pursuant to Rule 11.6, or if no decision has been made by the Board to appoint a hearing examiner or member of the Board to hear the a disciplinary matter, the Board may appoint one of its members or a designated hearing officer to rule upon procedural requests or similar matters. Such rulings shall be reviewed by the Board at its hearing on the complaint matter or at the time it reviews the report of the hearing examiner or member of the Board.

11.9 EVIDENCE

The admission of evidence shall be governed by A.C.A. § 25-15-213(4).

11.10 RECORD OF PROCEEDINGS

(a) An accurate record of the testimony, evidence, and all proceedings made before a hearing examiner, a member of the Board, or before the Board shall be reported, transcribed, indexed and bound by a court reporter supplied by the Board. Any party may contract with the court reporter for a transcript of the proceedings.

(b) In the event that judicial review is sought of any Board action taken pursuant to these rules, the Board shall prepare or have prepared a certified transcript of record, ~~including all pleadings, motions, or other requests, certified transcripts of all proceedings, evidence, the hearing examiner's or member of the Board's report and exceptions here to and the Board's finding of fact and order, or so much of the foregoing as is essential pursuant to A.C.A. § 25-15-212,~~ and submit the same to the reviewing court.

(c) The party or parties seeking judicial review of an order rendered by the Board may apply to the Board for a stay of that order. The stay may be granted upon such conditions as shall be reasonable, and ~~the any~~ order granting a stay shall specify the conditions upon which the stay is granted.

11.11 PUBLICATION OF DISCIPLINARY/~~ADMINISTRATIVE~~ SANCTIONS

The Board may cause to be published in the Board's and NASBA's official publications (printed and/or electronic), and may publish in newspapers of general circulation in the state, the name of any certificate or registration holder who is the subject of a reprimand, suspension of certificate or registration, revocation of certificate or registration, or surrender of certificate or registration in lieu of disciplinary action, or any other disciplinary action. Such publication shall not occur until a final Board order has been issued. The publication may contain a narrative factual summary of the actions and ~~or~~ violations which were the basis for the disciplinary/administrative action.

Rule 13 CONTINUING EDUCATION

Pursuant to the provisions of the Act, the Board prescribes the following regulations amending requirements of continuing education to be met from time to time by licensees in order to maintain the highest standard of proficiency in the profession of public accountancy.

13.1 DEFINITIONS THAT ARE APPLICABLE TO RULE 13:

(a) Continuing Professional education (CPE): An integral part of lifelong learning required to provide competent professional accounting service to the public. The set of activities that enables accounting professionals to maintain and increase their professional competence.

(b) Group Program: An educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants either in a classroom setting or using the Internet (non-interactive Internet courses will not qualify in this area).

(c) Independent Study: An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor (all independent study must be approved in advance by the Arkansas State Board of Public Accountancy).

(d) Self-study Program: An educational process designed to permit a participant to learn a given subject without major involvement of an instructor. Self-study programs use a pilot test (a sampling of at least three individuals) to measure the average completion time from which the recommended CPE credit is determined.

(e) Authorship: An education process designed to permit a participant to increase professional competence through research and writing articles, books or CPE programs. For the writer to receive CPE credit, the article, book, or CPE program must be in the subject areas specified in Rule 13.2(a)(1) and formally accepted in writing for publication.

13.2 BASIC REQUIREMENTS

(a) An applicant for renewal of a license must have completed acceptable continuing education, except as otherwise provided in Section 13.2(b), in the amount of 120 hours within 36 months or 40 hours within 12 months immediately preceding January 1 of the year for which the license is renewed, and further provided that:

(1) All license holders shall complete at least 60% of the required hours in the subject areas of accounting, accounting ethics, attest, taxation, computer science (see rule 13.3 h) or management advisory services.

(2) License holders engaged in any attest or compilation function shall complete at least 20% of the required hours in the subject areas of attest and accounting theory/practice.

(3) All license holders must complete at least 4 hours of CPE in the area of accounting professional conduct and ethics during the 36-months immediately preceding January 1, 2005. Beginning January 1, 2005, any 36-month reporting cycle must contain at least 4 hours of CPE in the area of accounting professional conduct and ethics.

(b) The Board may make exceptions for reasons of individual hardship including, but not limited to, health, military service, foreign residency, or other good cause. No exception shall be made solely because of age or retirement.

(c) As required by ACA 17-1-106(f), the Board shall allow a full or partial exemption from continuing education requirements for the following licensees:

- (1) An active duty military service member deployed outside of the State of Arkansas;
- (2) A returning military veteran within one (1) year of his or her discharge from active duty; or
- (3) the spouse of a person under (1) or (2) above.

In order to receive a full or partial CPE exemption, a qualifying individual must submit a written request for an exemption to the Board. The written request must explain whether a full or partial waiver of the CPE requirement is sought and why such waiver is appropriate under the individual's specific circumstances. In deciding the extent of any CPE waiver allowed under this Rule, the Board will take into consideration factors including, but not limited to:

- (1) ability to access any CPE programs;
- (2) ability to access various types of CPE;
- (3) applicant's personal circumstances; and
- (4) the length of time on active duty.

(c) Responsibility for documenting the acceptability of the continuing education requirement rests with the applicant, who must retain such documentation for a period of five (5) years following the end of the year of completion of the continuing education hours.

13.3 PROGRAMS WHICH QUALIFY

(a) A program qualifies as acceptable continuing education if it is a formal program of learning which contributes directly to the professional competence of an individual licensed to practice as a public accountant. The responsibility for substantiating that a particular program meets the requirements of this paragraph rests solely upon the licensee.

(b) Continuing education programs requiring attendance will qualify only if

- (1) An outline of the program is prepared in advance and preserved.
- (2) The program is at least one hour (fifty-minute period) in length, excluding meal time and business session. Credit shall be based on contact hours. A 50-minute period will be considered as being equal to one hour. One-half CPE credit hours (equal to 25 minutes) are permitted after the first hour has been earned in a given program. Hours devoted to preparation by the participant shall not be counted as a contact hour.
- (3) The program is conducted by a qualified instructor. A qualified instructor or discussion leader is anyone whose background, training, education or experience makes it appropriate for her/him to lead a discussion on the subject matter of the particular program. A lecturer or discussion leader shall be afforded CPE credit for preparation and presentation of a program for twice the number of CPE hours applicable for participants to the extent that the program contributes to the professional accounting competence of the applicant. Such credit does not pertain to the teaching of academic courses or other CPE courses that do not

meet the criteria of Rule 13.3(a). Repetition of the same course material in the same year will not be allowable for credit as continuing education.

(4) A record of registration or attendance is maintained.

(5) The sponsor of the program is either approved registered or exempt from registration pursuant to the provisions of Rule 13.4.

(c) The following programs are examples deemed to qualify, provided Subsection 13.3(a) and (b) are met:

(1) Programs or seminars sponsored by accredited higher educational institutions [see Rule 13.4(f)(2)], government agencies, NASBA, professional organizations of Certified Public Accountants and Public Accountants, firms of Certified Public Accountants and Public Accountants, and industrial firms that meet the guidelines of Rule 13.3(b).

(2) Technical sessions at meetings of recognized national and state accounting organizations and their chapters.

(3) University or college courses offered by accredited institutions [see Rule 13.4(f)(2)] through classroom, correspondence, or distance learning.

Credit courses. Each semester hour credit shall equal 15 hours towards the requirement. A quarter hour credit shall equal 10 hours.

Non-credit short courses. Credit is computed by contact hours.

(d) Individual study programs, distance learning, independent study and self study for which evidence of satisfactory completion is issued by the provider organization prior to January 1 of the year for which the licensee is being renewed may qualify. The Board shall accept the hours of continuing education credit recommended by the provider organization (subject to the constraints of Rule 13.3(b)(2)). NASBA's Quality Assurance Services (QAS) hours will be accepted if the course is QAS registered. Sponsors of such programs, excluding those offered by providers listed in paragraphs (c1), (c2), and (c3) above, must be registered or exempt from registration pursuant to the provisions of Rule 13.4 (see Rule 13.3(f) below).

(e) Articles, books, or CPE programs, as indicated in Rule 13.1(a)(5), may qualify for self-declared CPE credit if the article, book or CPE program contributes to the professional competence of the licensee and has been formally accepted for publication in writing prior to the effective date of the license year (see Rule 13.3(f) below).

(f) Combined credit awarded in paragraphs 13.3(d) and 13.3(e) above shall not exceed 60 percent of the total CPE hours required.

(g) Acceptable continuing education will not include any education leading to completion of the requirements to acquire a CPA certificate. Included in this category is (1) any academic work necessary to qualify to take the CPA Examination [per Board Rule 3.3(b)] and (2) any CPA Review courses or course(s) offered for the specific purpose of preparing to take the CPA Examination.

(h) Computer science (see Rule 13.2(a)(1) above) does not include tutorials and/or related videos.

(i) Continuing education programs offered in other jurisdictions that have comparable CPE rules to the Arkansas Board's rules will be accepted. The burden of proof on comparable CPE lies with the licensee.

(j) In the case of an Arkansas reciprocal license, continuing education programs that

have been accepted for fulfillment of the CPE credit in the jurisdiction of the original licenses will be accepted.

13.4 APPROVED SPONSORS

(a) The sponsor of any continuing education program(s), which is not exempt under Rule 13.4(f), must, prior to offering such program(s) register as follows:

(1) Those sponsors offering programs totaling more than 16 credit hours per year, or offering programs more than 5 times per year must register with the National Registry of CPE Sponsors, administered by the National Association of State Boards of Accountancy (NASBA) sponsors of such programs in self-study format may register with NASBA's QAS as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.

(2) Those sponsors offering programs which total 16 credit hours or less per year and offering programs 5 times or less per year must either register with the National Registry of CPE Sponsors administered by NASBA or register with the Board annually using a registration form prescribed by the Board; sponsors of such programs in self-study format may register with NASBA's Quality Assurance Services as an alternative to, or in addition to, registration with the National Registry of CPE Sponsors.

(b) The sponsor of any continuing education program registered with NASBA's National Registry of CPE Sponsors or Quality Assurance Service shall comply with the requirements of the Registry. Those sponsors registering with the Board as well as those exempt under Rule 13.4(f) shall keep detailed records of the following:

- (1) The date and location of the program presentation;
- (2) The names of each instructor or discussion leader;
- (3) A list of licensees attending each program presentation, and the license numbers of such attendees; and
- (4) A written outline of the program presentation.

(c) The records required by subparagraph 13.4(b) shall be retained for a period of 5 years after the end of the year of each program presentation.

(d) The sponsor of any continuing education program approved or exempt from registration pursuant to this rule must advise attendees of such approval or exemption, together with the sponsor number, subject code and the number of continuing education hours allowable.

(e) The Board may withdraw approval of any continuing education program if the sponsor of such program fails to comply with the provisions of this Rule.

(f) The following are exempt from registering with the Board and the NASBA Registry of CPE Sponsors:

- (1) Professional accounting and legal organizations such as the American Institute of Certified Public Accountants, the Arkansas Society of Certified Public Accountants, the National Society of Public Accountants, the Arkansas Society of Public Accountants, NASBA, the Institute of Management Accountants, the American Accounting Association, the American Bar Association, the Arkansas Bar Association, and other similar organizations;
- (2) Universities or colleges that are accredited per Rule 3.1;
- (3) Firms, both accounting and industrial, offering organized in-firm education

programs which meet the requirements of Rule 13.3(a); and
(4) Governmental entities.

13.5 CPE REPORTING REQUIREMENTS

(a) Applicants for renewal of a license must submit with their annual registration a representation that the applicant has met the CPE requirement for issuance of a license together with a CPE statement, in a form prescribed by the Board, showing the continuing education programs and hours completed during the twelve months immediately preceding January 1 of the year for which the license is being renewed. The applicant must retain all supporting documentation for the programs and hours for five (5) years following the end of the year of completion.

(b) The CPE statement shall show the following:

- (1) NASBA registration number or an E, if the sponsor is exempt;
- (2) Sponsoring organizations;
- (3) Location of program;
- (4) Title of program or description of content;
- (5) Dates attended and/or completed and submitted;
- (6) Hours claimed; and
- (7) Other information as designated by the Board.

(c) On an annual basis, the Board will audit the CPE statements of a selected number of licensees, and those licensees will be required to submit support documentation acceptable to the Board as part of the audit process.

13.6 NONCOMPLIANCE AND SANCTIONS

(a) Should a licensee report less than the required number of CPE hours, the licensee shall complete the balance of the CPE hours for the reporting period and provide the Board with appropriate documentation no later than January 31 of the following CPE reporting period. Delinquent CPE hours reported to the Board under Section 13.6 shall first apply to the deficiency and any remaining CPE hours shall be applied to the current CPE reporting period.

(b) Should a licensee fail to timely report CPE hours in conjunction with the renewal application or fail to timely file a report on completion of the balance of the CPE hours as provided in paragraph (a) of this section, the Board shall serve notice of noncompliance upon the licensee. The notice shall state the nature of the noncompliance. The licensee shall, within thirty (30) days of the date of the notice, deliver acceptable documentation to the Board that the licensee has successfully completed the minimum CPE hours to correct the noncompliance.

(c) In addition to the notice of noncompliance described above, the Board may institute a proceeding to impose disciplinary action against a licensee who fails to comply with any provision under Rule 13. The disciplinary action for a licensee who completes the minimum number of CPE hours during the period provided in paragraph (a) of this section shall be a monetary penalty unless the Board determines that other disciplinary action is appropriate. The disciplinary action for a licensee who failed to obtain the minimum CPE hours before the date for correction of the delinquency under paragraph (a) of this section or who completed the minimum CPE hours after notice of noncompliance under paragraph (b) of this section may be suspension of the license unless the Board determines other disciplinary action to be appropriate.

(d) A licensee who has been suspended pursuant to this section may file a petition for reinstatement which shall state the reasons for noncompliance, that the licensee is presently in compliance, any other material information and that the licensee has not performed any of the services set forth in A.C.A. § 17-12-505 since the suspension under this section. The petitioner may request a hearing and the Board may require additional CPE hours as a condition of reinstatement. Any reinstatement shall be subject to the provisions of Rule 13.9.

13.7 INACTIVE STATUS

(a) A licensee on inactive status shall not perform any of the services set forth in A.C.A. § 17-12-505. If the licensee performs any such services, he shall be subject to discipline by the Board pursuant to A.C.A. § 17-12-602, et seq. or § 17-12-105.

(b) A licensee who complies with this Rule 13.7 shall be granted an exception to the continuing education requirement of A.C.A. § 17-12-502.

(c) To qualify for this exception, the licensee must annually pay the appropriate inactive status registration fee as determined by the Board and complete a form prescribed by the Board.

(d) A person on inactive status may convert to active status as follows:

1. Complete a form prescribed by the Board and submit payment of the appropriate fee(s) (initial or upgrade) for active status.
2. Comply with CPE requirements under these rules for the renewal period following reinstatement on a pro rata basis, such hours to be computed at a rate of 3 1/3 hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs.
3. Comply with the appropriate condition below:

(A) If inactive for less than three (3) years, the licensee must deliver documentation acceptable to the Board showing completion of forty (40) hours of CPE, qualified pursuant to Rule 13.2, for each consecutive (12) month period the licensee was on inactive status. For any period of less than twelve (12) consecutive months, whether alone or as part of a period exceeding twelve (12) months, the number of CPE hours shall be prorated at the rate of 3 1/3 hours of CPE per month of inactive status.

(B) If inactive for less than (1) year, the licensee will be considered not to have been inactive for CPE reporting purposes.

(C) If inactive for three (3) years or more, the licensee must develop and deliver to the Board a proposed program of CPE as specified in Rule 13.2(a) (to include four hours of accounting professional conduct and ethics). After the Board's approval of the CPE program, the licensee shall complete all of the CPE hours during the 36-month period immediately preceding the date of the licensee's application for active status. The licensee shall attach to said application documentation acceptable to the Board showing successful completion of all of the CPE hours comprising said CPE program.

13.8 INACTIVE/RETIRED

(a) A licensee who has reached the age of 65 years and does not perform any services set forth in A.C.A. § 17-12-505 may renew his license by payment of the

inactive/retired fee identified in Rule 12. In order to convert to a license to practice or to resume the practice of public accountancy, the licensee shall comply with the provisions of Rule 13.7(d).

(b) Licensees who have attained the inactive/retired status may use the term "retired" adjacent to their CPA title, or PA title in lieu of "inactive" as required in A.C.A. § 17-12-505.

13.9 ACTIVATION OF DELINQUENT, SUSPENDED OR REVOKED LICENSES

(a) A person whose license is delinquent, suspended, or revoked and who applies for active status will be subject to the same CPE requirements as those who wish to activate inactive licenses (see Rule 13.7).

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Rule 17 DECLARATORY ORDERS.

17.1 ISSUANCE OF DECLARATORY ORDERS

To the extent any licensee or other interested party has questions concerning the applicability of any rule, statute, or order enforced by the Board, the licensee or interested party may submit a written petition to the Executive Director for a declaratory order. The petition should include a recitation of all facts relevant to the subject matter of the inquiry. The Executive Director shall present the written request to the Board within ninety (90) days of receipt thereof, unless good cause requires a longer period, along with the Executive Director's proposed response to the request. The Board shall approve, modify or reject the Executive Director's proposed response within thirty (30) days of receipt thereof from the Executive Director, unless good cause requires a longer period.

17.2 DECLARATORY ORDERS APPROVED BY THE BOARD

No declaratory orders prepared under this Rule by the Executive Director or by the Board's staff or counsel, whether in draft or final form, shall be valid, official or of any effect unless and until such order has been approved by the Board. The Executive Director's response to a request for a declaratory order shall be prepared by the Executive Director in consultation with the Board's legal counsel, as appropriate, and presented by the Executive Director to the Board for consideration.

17.3 FORM OF DECLARATORY ORDERS

Declaratory orders shall set forth the assumed facts upon which the orders are based. The Board shall accept the facts presented in the petition and any supplement to the petition as true for purposes of formulating the declaratory order. Such assumed facts shall not constitute formal findings of fact by the Board.

Declaratory Orders shall address only the application of a rule, statute, or order enforced by the Board to an intended or contemplated, future course of conduct. The declaratory order shall interpret the applicable law or rule as applied to the facts presented, and shall not address the legality of any past or present conduct.

The identity of the requesting person shall be disclosed in the declaratory order.

If the facts and circumstances provided in the petition are insufficient in detail to enable the Board to render a declaratory order, the Board shall request supplementary information from the petitioner to enable the Board to render such order. If such supplementary information is still insufficient or is not provided, the Board shall so state and shall not render a declaratory order based upon what it considers to be insufficient detail. The timeframes outlined in this Rule shall reset upon receipt of any supplement to the petition.

17.4 RECORDS

The Executive Director shall provide a copy of each declaratory order to the requesting party and to each member of the Board. The Executive Director shall keep the original order along with a copy of the original request for the declaratory order and any information or documents provided to the Board by the requesting party for a period of three years after final disposition of the declaratory order. Copies of all documents considered by the Board, the staff, or counsel in the drafting or rendering of a declaratory order shall be retained by the Executive Director and kept in the file for that particular declaratory order.

17.5 EFFECT OF ORDERS

The Board may reconsider, withdraw, or amend prior orders upon request of a licensee or other interested party, or on its own motion, upon approval by the Board. Upon receipt of a request for reconsideration, withdrawal, or amendment of a prior declaratory order, or, upon passage of the Board's own motion to reconsider, withdraw, or amend a prior declaratory order, written notice of the request or passed motion shall be mailed to the original petitioner at the last address for that party provided to the Board. The original petitioner shall be given 30 days from the date of mailing to provide a written response. If the Board ultimately withdraws or amends the prior declaratory order, written notice of the change shall be mailed to the original petitioner at the last address for that party provided to the Board.

RULE 18 TEMPORARY LICENSURE FOR ACTIVE DUTY SERVICE MEMBERS, RETURNING MILITARY VETERANS, AND SPOUSES

The following rules are promulgated under the authority of ACA 17-1-106.

18.1 TEMPORARY LICENSURE

Upon the Board's receipt of an application for full licensure, the Board will grant to the following individuals a temporary license while completing the application process for full licensure, if the individual is the holder in good standing of a CPA license from another U.S. jurisdiction:

- (1) An active duty military service member stationed in the State of Arkansas;
- (2) A returning military veteran applying within one (1) year of his or her discharge from active duty; or
- (3) The spouse of a person under (1) or (2) above.

Completing the application process for full licensure means either:

- 1) Approval of the application for full licensure by the Board; or
- 2) The expiration of any period of time permitted to seek judicial review of the denial of an application for full licensure or completion of any judicial review proceeding and any subsequent remand proceedings following judicial review, whichever is later.

18.2 EXPEDITED PROCESSING FOR FULL LICENSURE

The Board will give preference in the order of processing to applications for full licensure filed by the following individuals:

- (1) An active duty military service member stationed in the State of Arkansas;
- (2) A returning military veteran applying within one (1) year of his or her discharge from active duty; or
- (3) The spouse of a person under (1) or (2) above.

18.3 CONSIDERATION OF MILITARY TRAINING AND EXPERIENCE

When considering an application for full licensure from an active duty military service member stationed in the State of Arkansas or a returning military veteran applying within one (1) year of his or her discharge from active duty, the Board will:

- (1) Consider whether or not the applicant's military training and experience in the practice of accounting is substantially similar to the experience or education required for licensure.
- (2) Accept the applicant's military training and experience in the practice of accounting in lieu of experience or education required for licensure, if the Board determines

that the military training and experience is a satisfactory substitute for the experience or education required for licensure.

18.4 EXTENSION OF EXPIRATION DATE OF LICENSE

(a) The license of an active duty military service member or spouse of an active duty military service member will not expire until one hundred (180) days following the active duty service member's or spouse's return from active deployment.