



Preparing for a CPE Audit

By Fred Bedoya, CPA

The primary duty of the Arizona State Board of Accountancy (Board) is to protect the public from unlawful, incompetent, unqualified or unprofessional certified public accountants through certification, regulation and rehabilitation. As part of this mission, the Board randomly selects registrants to participate in Continuing Professional Education (CPE) audits each month. The Continuing Professional Education Advisory Committee (Committee), a body that reports to the Board, then reviews supporting Certificates of Completion and communicates to the Board as to whether a registrant is compliant with all CPE requirements.

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R4-1-453(F) requires that CPAs maintain detailed records of the CPE courses taken for a three-year period from the date of the renewal submittal. Once chosen for audit, the selected CPA has 30 days to respond to the Board's request to supply the required Certificates of Completion. If needed, the Committee may also request course outlines to help support the registrant's classification of CPE.

It is the Committee's responsibility to verify the following, between what is reported on required Board CPE forms, in comparison with CPE Certificates of Completion that include the following elements:

Registrant's Name

Course Provider or Sponsor

Course Title

Credit Hours

Date of Completion

Primary Reasons for CPE

Non-Compliance:

The Committee has aggregated the primary reasons for CPE non-compliance:

1. Missing certificates of completion.
2. Certificates of completion that, while provided, do not offer sufficient evidence of the reported CPE in terms of subject, method, hours or the appropriate CPE reporting period.
3. Instructional delivery method is reported incorrectly. Required CPE hours in the method of Classroom or Live/Interactive Webinar (CW) are not met as the CPE is considered self-study and is therefore reclassified as Self-Study (SS).
4. Required CPE hours in the area of ethics (E) does not equal at least 4 total hours and/or does not include a minimum of one hour each in the following two areas:
 - Ethics related to the practice of accounting including the American Institute of Certified Public Accountants Professional Code of Conduct, and

– Arizona State Board of Accountancy statutes and administrative rules.

5. Required CPE hours in the subject areas of accounting, auditing, taxation, business law or consulting services (A/T/B/C) do not meet the minimum 50% of the total required CPE. (If 80 total CPE hours are required, then a minimum of 40 CPE hours in A/T/B/C is also required.)
6. Required CPE hours in the subject areas of accounting, auditing, and taxation (A/T) do not meet the minimum 20% of the total required CPE. (If 80 total CPE hours are required, then a minimum of 16 CPE hours in A/T is also required.)
7. CPE hours in Lecture or Discussion Leader (LL), Publishing (P), or Introductory Computer (IC) exceed the maximum allowable hours. (If 80 total CPE hours are required, then a maximum of CPE hours are credited as follows: LL ≤ 40; P ≤ 20; combination of LL and P ≤ 40; and IC ≤ 20.) Example: 100 hours of CPE are reported, but LL is reported as 65 hours, which exceeds the maximum allowable by 25

hours. The total reported CPE will be reduced by the number of hours that exceed the maximum allowed. In this example, total CPE hours are now reduced to 75, making the registrant 5 hours short in meeting requirements.

8. Repeated CPE courses are reported as having been taken, or offered as LL credit hours, during the same CPE reporting period.

9. LL preparation time exceeds the total course credit hours (e.g., the course takes 4 hours to teach, but reported preparation hours exceeds the 4 hours).

10. LL preparation time exceeds actual preparation hours (e.g., the preparation takes 2 hours, but 10 hours of preparation are reported).

CAUTIONS

CPE taken in one CPE reporting period cannot be credited towards part of another CPE reporting period.

CPE taken to satisfy a suspension of a CPA certificate may not be credited towards requirements of the subsequent registration period.



Receipts for the purchase of CPE and other such ancillary documents are not accepted as evidence of CPE attendance.

CPAs who work for employers that provide CPE are urged to maintain their own copies of Certificates of Completion on a regular basis. While larger employers typically maintain CPE records and then issue an annual CPE report, it is possible that an employee who has separated employment may not be able to obtain the CPE evidence after having left their employ. Such circumstances may put the CPA at risk for non-compliance with CPE requirements.

College coursework that is reported as CPE requires a college transcript to be submitted in lieu of Certificates of Completion.

Evidence of Lecture (LL) hours requires a letter from the college or course sponsor that can independently verify the hours spent in lecture, to include:

Lecturer's Name

College Name or Course Sponsor

Course Title

Actual teaching hours by lecturer

Range of dates that the course was taught (e.g., 8/17/2023 through 12/12/2023)

If this range crosses CPE reporting periods, then two letters are required to specify how many hours were taught in each period

If any CPE requirements are unclear or may possibly lead to a CPA's subjective interpretation, please contact Board staff members for clarification. The Board's website also offers additional guidance at www.azaccountancy.gov/Renewals/CPE.aspx, and a link to the Board's CPE Substantive Policy Statement can be found at <https://www.azaccountancy.gov/AboutUs/SubstantivePolicy.aspx>.

The Substantive Policy Statement includes:

#2017-002 - CPE Method
Classification of Rebroadcasted
Live Webinars ●

Fred Bedoya is an active member of the CPE Committee with the Arizona State Board of Accountancy. He has served on the Committee for 13 years and is a past chairperson.



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